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No. BTS 2419/2017

February 10, 2017

Subject: Entering into the concession contract for the MRT Pink Line Project (Khae Rai – Min Buri) and the concession contract for the MRT Yellow Line Project (Lat Phrao – Samrong) with the Mass Rapid Transit Authority of Thailand, the establishment of joint venture companies, and the convening of Extraordinary General Meeting of Shareholders No. 1/2017

Attention: President
Stock Exchange of Thailand

Enclosure: Information Memorandum on the Acquisition of Assets Re: Entering into the Concession Contract for the MRT Pink Line Project (Khae Rai – Min Buri) and the Concession Contract for the MRT Yellow Line Project (Lat Phrao – Samrong)

Reference is made to Letter No. 2251/2016 dated December 14, 2016 of BTS Group Holdings Public Company Limited (the “**Company**”) which was disclosed through the Stock Exchange of Thailand (the “**SET**”) that the Company, Sino-Thai Engineering & Construction Public Company Limited (“**STEC**”) and Ratchaburi Electricity Generating Holding Public Company Limited (“**RATCH**”), under the name “**BSR Joint Venture**”, were the bidders that had proposed the best offers for the MRT Pink Line Project (Khae Rai – Min Buri) (the “**MRT Pink Line Project**”) and the MRT Yellow Line Project (Lat Phrao – Samrong) (the “**MRT Yellow Line Project**”) to the Mass Rapid Transit Authority of Thailand (the “**MRTA**”).

By means of this letter, the Company would like to inform you that, in order for the Company to undertake the actions necessary for or in connection with the successful implementation of the MRT Pink Line Project and the MRT Yellow Line Project, the Board of Directors’ Meeting No. 2/2017 of the Company on February 10, 2017 passed the following material resolutions:

- 1) The Board of Directors approved the establishment by the Company of the joint venture companies under the BSR Joint Venture Agreement (the “**JV Company**” or “**JV Companies**”). The Company initially anticipates that two JV Companies will be established, whereby one JV Company will enter into the concession contract for the MRT Pink Line Project, and another JV Company will enter into the concession contract for the MRT Yellow Line Project. The details of the JV Companies are as follows:

Name: : The Company will disclose the names of the JV Companies through the SET upon the establishment of both JV Companies.

Type of Business : One JV Company will engage in the operation of the MRT Pink Line Project, and the other JV Company will engage in the operation of the MRT Yellow Line Project.

Capital and Shares : THB 3,500,000,000, divided into 350,000,000 ordinary shares, with a par value of THB 10 per share. Thereafter, before the

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commencement of the commercial operation of the MRT Pink Line Project and the MRT Yellow Line Project, the paid-up registered capital of each JV Company will be approximately THB 14,000,000,000 – 17,423,000,000, divided into 1,400,000,000 – 1,742,300,000 ordinary shares, with a par value of THB 10 per share.

Shareholding Structure : The Company will hold 75 percent, STEC will hold 15 percent, and RATCH will hold 10 percent of the shares in each JV Company.

Relationship : STEC and RATCH are not connected persons of the Company, and this transaction is not classified as a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551.

- 2) The Board of Directors approved to propose to the shareholders meeting of the Company to consider and approve (i) the submission of the proposals for the investment in the MRT Pink Line Project and the MRT Yellow Line Project (including the proposals relating to the extensions of the MRT Pink Line Project and the MRT Yellow Line Project) of the Company (under BSR Joint Venture) made to the MRTA, (ii) the JV Companies to enter into the concession contract for the MRT Pink Line Project, including the extension of the MRT Pink Line Project (the “**Acquisition of the MRT Pink Line Project Concession**”), and the concession contract for the MRT Yellow Line Project, including the extension of the MRT Yellow Line Project (the “**Acquisition of the MRT Yellow Line Project Concession**”), as well as other matters in relation thereto, with the MRTA and (iii) the delegation of power to the Executive Committee, or any persons designated by the Executive Committee, to negotiate the concession contract for the MRT Pink Line Project, including the extension of the MRT Pink Line Project, and the concession contract for the MRT Yellow Line Project, including the extension of the MRT Yellow Line Project, as well as to carry out any other acts necessary for or in relation thereto on behalf of the JV Companies in order to successfully complete the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession, by taking into consideration the appropriateness, benefits and the impacts on the Company and its shareholders. The entering into the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession is classified as an acquisition of assets pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, 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) (as amended) (collectively, the “**Notifications on Acquisition and Disposal**”), with a transaction value calculated based on the Total Value of Consideration Basis equivalent to 102.31 percent. In addition, after combining the transaction value with other asset acquisition transactions of the Company occurring during the past six months prior to the entering into these transactions, the total transaction value calculated based on the Total Value of Consideration Basis is equivalent to 108.40 percent. The calculation is based on the consolidated financial statements of the Company for the nine-month period ended December 31, 2016. Thus, the transactions constitute a Class 4 Transaction pursuant to the Notifications on Acquisition and Disposal, which is a transaction with the transaction value of 100 percent or more. However, the entering into the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT

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Yellow Line Project Concession ~~does not constitute an indirect listing on the SET pursuant to the Notifications on Acquisition and Disposal~~ because it falls under the exception of Clause 24 of the Notifications on Acquisition and Disposal namely, (1) the acquired business is in a similar line of business and supports the business of the Company, (2) the Company does not have a policy to make a major change in its main business, (3) after the acquisition of assets, the Company still has suitable qualifications for listing on the SET, and (4) there will be no material change in the composition of the Board of Directors, shareholders or controlling persons of the Company. Therefore, the Company is not required to obtain the approval of the SET for entering into these transactions by submitting a request for listing of new securities to the SET. However, the Company still has the following duties: (1) disclose the information memorandum on the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession to the SET in accordance with the Notifications on Acquisition and Disposal, the details of which are as set out in the Enclosure; (2) arrange for a shareholders meeting of the Company in order to obtain approval on the entering into the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession, as well as other matters in relation thereto, whereby the resolution on the matter must be passed by votes of no less than three-fourths of the total votes cast by the shareholders attending the shareholders meeting and eligible to vote, excluding the votes cast by the interested shareholders; and (3) appoint an independent financial advisor (IFA) to provide opinion on the aforementioned transactions, as well as to submit such opinion to the Office of the Securities and Exchange Commission (the “**SEC Office**”), the SET, and the shareholders of the Company.

- 3) The Board of Directors approved the appointment of Capital Plus Advisory Co., Ltd., a financial advisor whose name appears on the approved list of the SEC Office, as the Independent Financial Advisor (IFA) of the Company to provide the shareholders with opinion on matters regarding the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession as required by the Notifications on Acquisition and Disposal, as well as to prepare any other necessary documentation as required by any relevant regulatory authority.
- 4) The Board of Directors determined the date, time and venue of the Extraordinary General Meeting of Shareholders No. 1/2017 to be held on April 3, 2017, at 14.00 hrs., at Bangkok Convention Centre (BCC Hall), 5th Floor, Central Plaza Ladprao, No. 1697, Phaholyothin Road, Chatuchak Subdistrict, Chatuchak District, Bangkok 10900 in order to consider the following agenda items:

Agenda Item 1: Message from the Chairman;

Agenda Item 2: To consider and adopt the Minutes of the 2016 Annual General Meeting of Shareholders;

Agenda Item 3: To consider and approve the submission of the proposals for the investment in the MRT Pink Line Project (Khae Rai – Min Buri) and the MRT Yellow Line Project (Lat Phrao – Samrong) (including the proposals relating to the extensions of the MRT Pink Line Project and the MRT Yellow Line Project) of the Company (under BSR Joint Venture) made to the Mass Rapid Transit Authority of Thailand; and the entering into the concession contract for the MRT Pink Line

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Project, including the extension of the MRT Pink Line Project, and the concession contract for the MRT Yellow Line Project, including the extension of the MRT Yellow Line Project, as well as other matters in relation thereto, with the MRTA;

Agenda Item 4: Other matters (if any); and

determined the date to record the names of the shareholders who shall be entitled to attend the Extraordinary General Meeting of Shareholders No. 1/2017 (Record Date) on February 24, 2017; and the date to collect the names of the shareholders under Section 225 of the Securities and Exchange Act B.E. 2535 (1992) (as amended) by closing the share register book and suspending the share transfer (Book Closure Date) on February 27, 2017. In addition, the Board of Directors delegated the power to the Executive Committee, or any persons designated by the Executive Committee, to amend the agenda items, date, time and venue of the Extraordinary General Meeting of Shareholders No. 1/2017, including all information in the information memorandum relating to the acquisition of assets of the Company, in order to comply with the relevant laws and regulations, the opinion of the relevant regulatory authority, or in order to clarify the aforementioned statements and/or documents.

Please be informed accordingly.

Sincerely yours,
BTS Group Holdings Public Company Limited

(Mr. Keeree Kanjanapas)
Chairman of the Board of Directors
and Chairman of the Executive Committee

Information Memorandum on the Acquisition of Assets

Re: Entering into the Concession Contract for the MRT Pink Line Project (Khae Rai – Min Buri) and the Concession Contract for the MRT Yellow Line Project (Lat Phrao – Samrong)

On November 7, 2016, BTS Group Holdings Public Company Limited (the “**Company**”), Sino-Thai Engineering & Construction Public Company Limited (“**STEC**”), and Ratchaburi Electricity Generating Holding Public Company Limited (“**RATCH**”), under the name “**BSR Joint Venture**”, jointly submitted the proposals for the investment in the MRT Pink Line Project (Khae Rai – Min Buri), including the extension of the MRT Pink Line Project (the “**MRT Pink Line Project**”) and the MRT Yellow Line Project (Lat Phrao – Samrong), including the extension of the MRT Yellow Line Project (the “**MRT Yellow Line Project**”) to the Mass Rapid Transit Authority of Thailand (the “**MRTA**”). Thereafter, on December 14, 2016, the MRTA issued Letters Nos. MRTA 004/3227 and MRTA 004/3228 stating that BSR Joint Venture was the bidder who had proposed the best offers for the MRT Pink Line Project and the MRT Yellow Line Project. In furtherance of the above and in order for the Company to undertake any acts necessary for or in connection with the MRT Pink Line Project and the MRT Yellow Line Project, the Board of Directors’ Meeting No. 2/2017 of the Company on February 10, 2017 resolved to approve the establishment by the Company of the joint venture companies under the BSR Joint Venture Agreement (the “**JV Company**” or the “**JV Companies**”). At the initial stage, it is expected that two JV Companies will be established and the shareholding ratios in the JV Companies among the Company, STEC, and RATCH will be 75 percent, 15 percent, and 10 percent, respectively. One of the JV Companies will enter into the concession contract for the MRT Pink Line Project, including the extension of the MRT Pink Line Project (the “**Acquisition of the MRT Pink Line Project Concession**”) and another JV Company will enter into the concession contract for the MRT Yellow Line Project, including the extension of the MRT Yellow Line Project (the “**Acquisition of the MRT Yellow Line Project Concession**”) with the MRTA. Notwithstanding the foregoing, both JV Companies will enter into the concession contracts only after (1) the MRTA has been granted approval by the Cabinet to enter into the concession contract for the MRT Pink Line Project and the concession contract for the MRT Yellow Line Project and (2) the Company has been granted approval to enter into the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession by the Extraordinary General Meeting of Shareholders of the Company.

The entering into the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession is classified as an acquisition of assets pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, 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) (as amended) (collectively, the “**Notifications on Acquisition and Disposal**”), with a transaction value calculated based on the Total Value of Consideration Basis equivalent to 102.31 percent. In addition, after combining the transaction value with other asset acquisition transactions of the Company occurring during the past six months prior to the entering into this transaction, the total transaction value calculated based on the Total Value of Consideration Basis is equivalent to 108.40 percent. The calculation is based on the consolidated financial statements of the Company for the nine-month period ended December 31, 2016. Thus, the transactions constitute a Class 4 Transaction pursuant to the Notifications on Acquisition and Disposal, which is a transaction with the transaction value of 100 percent or more. However, the entering into the Acquisition of the MRT Pink Line Project Concession and the

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Acquisition of the MRT Yellow Line Project Concession ~~does not constitute an indirect listing on the Stock Exchange of Thailand (the “SET”) pursuant to the Notifications on Acquisition and Disposal because it falls under the exception of Clause 24 of the Notifications on Acquisition and Disposal namely, (1) the acquired business is in a similar line of business and supports the business of the Company, (2) the Company does not have a policy to make a major change in its main business, (3) after the acquisition of assets, the Company still has suitable qualifications for listing on the SET, and (4) there will be no material change in the composition of the Board of Directors, shareholders or controlling persons of the Company.~~ falls under the exception of Clause 24 of the Notifications on Acquisition and Disposal as detailed below.

(1) The acquired business is in a similar line of business and supports the business of the Company

The Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession are in a similar line of business and support the business of the Company. The Company’s businesses consist of 4 main businesses, namely mass transit business, media business, property business and services business. The Company operates its mass transit business through Bangkok Mass Transit System Public Company Limited (“BTSC”) (a subsidiary in which the Company holds 97.46 percent) engaging as the service provider for the MRT Green Line Project as well as the extension thereof. The nature of business of the MRT Green Line Project is in a similar line of business as those of the MRT Pink Line Project (including the extension of the MRT Pink Line Project) and the MRT Yellow Line Project (including the extension of the MRT Yellow Line Project). In addition, the Company operates its media business through VGI Group, which comprises VGI Global Media Public Company Limited (“VGI”) (a subsidiary in which the Company holds directly 19.87 percent and indirectly through BTSC 51.00 percent) and its subsidiaries, providing media network services as well as commercial development and other commercial activities both inside and outside of the stations and the rolling stocks, etc. The Company also engages in services business which supports the core businesses of the Company and its subsidiaries. Therefore, the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession will support, enhance and create new business opportunities for the existing media business and services business of BTS Group. In addition, they will also enhance the opportunities for the property business of BTS Group in investing in new property development projects along the MRT routes.

(2) The Company does not have a policy to make a major change in its main business

The Company does not have a policy to change its main business. The Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession, which have a concession term of 30 years, will enable the Company to continuously operates the mass transit business, which is its main business, further on;

(3) The Company still has suitable qualifications for listing on the Stock Exchange of Thailand after the acquisition of assets

The Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession are acquisitions of businesses that do not engage in any illegal activities. In addition, after the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession, the Company still has suitable qualifications to maintain its listing status on the Stock Exchange of Thailand (the “SET”), i.e.

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(a) the directors, executives and controlling persons of the Company have the required qualifications and do not have any prohibited characteristics or any characteristics indicating the lack of suitability to be trusted to manage a business whose shares are held by the public; (b) the Company has in place a good corporate governance system in which the independent directors and the Audit Committee have the required composition and qualifications as prescribed; (c) the Company's auditor is on the approved list of the Office of the Securities and Exchange Commission (the "SEC Office"); (d) the Company has in place a sufficient and appropriate internal control system; (e) the Company and its subsidiaries do not have any conflict of interest; (f) the Company maintains its free float requirement; and (g) the Company has set up a provident fund in accordance with the law governing provident funds.

(4) There is no material change in the composition of the Board of Directors, shareholders, or controlling persons of the Company

The Company has no material change in the composition of the Board of Directors, shareholders, or controlling persons of the Company. Currently, Mr. Keeree Kanjanapas Group, which holds 41.27 percent of the total number of voting shares of the Company, is a major shareholder and a controlling person of the Company. After the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession, Mr. Keeree Kanjanapas Group will remain as a major shareholder and a controlling person of the Company, and does not have a policy to change the members of the Board of Directors and the executives of the Company in the near future.

Therefore, the Company is not required to obtain the approval of the SET for entering into these transactions by submitting a request for listing of new securities to the SET. However, the Company still has the following duties:

- (1) disclose the information memorandum on the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession to the SET in accordance with the Notifications on Acquisition and Disposal;
- (2) arrange for a shareholders' meeting of the Company in order to obtain approval on the entering into the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession, as well as other matters in relation thereto, whereby the resolution on the matter must be passed by votes of no less than three-fourths of the total votes cast by the shareholders attending the shareholders' meeting and eligible to vote, excluding the votes cast by the interested shareholders; and
- (3) appoint an independent financial advisor (IFA) to provide opinion on the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession, as well as to submit such opinion to the SEC Office, the SET, and the shareholders of the Company.

In this regard, the details of the information memorandum with regard to the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession are as follows:

1) Transaction Date

The Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession will occur only after (1) the MRTA has been granted approval by the Cabinet to enter into the concession contract for the MRT Pink Line Project and the concession contract for the MRT Yellow Line Project and (2) the Company has been granted approval to enter into the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession by the Extraordinary General Meeting of Shareholders of the Company.

BSR Joint Venture is currently in the process of negotiating the concession contract for the MRT Pink Line Project, including the extension of the MRT Pink Line Project, and the concession contract for the MRT Yellow Line Project, including the extension of the MRT Yellow Line Project, with the MRTA, and it is anticipated that the contracts will be executed within the second quarter of 2017.

2) Contractual parties and relationship with the Company

2.1) Acquisition of the MRT Pink Line Project Concession

Grantor	:	The Mass Rapid Transit Authority of Thailand
Concessionaire	:	The JV Company to be established under the BSR Joint Venture Agreement. The JV Company will be a subsidiary of the Company as 75 percent of its shares will be held by the Company, 15 percent by STEC, and 10 percent by RATCH.
Relationship	:	The MRTA, STEC, and RATCH are not connected persons of the Company.

2.2) Acquisition of the MRT Yellow Line Project Concession

Grantor	:	The Mass Rapid Transit Authority of Thailand
Concessionaire	:	The JV Company to be established under the BSR Joint Venture Agreement. The JV Company will be a subsidiary of the Company as 75 percent of its shares will be held by the Company, 15 percent by STEC, and 10 percent by RATCH.
Relationship	:	The MRTA, STEC, and RATCH are not connected persons of the Company.

In this regard, the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession are not classified as connected transactions under the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Entering into Related Parties 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) (as amended).

3. General Characteristics and Transaction Value

3.1) Acquisition of the MRT Pink Line Project Concession

(1) General Characteristics of the MRT Pink Line Project Concession

Main Proposal

The concession contract for the MRT Pink Line Project is a concession under the public-private partnership (PPP) net cost scheme with a term of 33 years and three months. The public sector is responsible for the acquisition of land ownership whereas the private sector (the JV Company) is responsible for the design, civil works, mechanical and electrical systems and rolling stock, including the operation and maintenance services of the straddle-type monorail system. In this regard, the private sector will receive a subsidy from the public sector for the civil works.

The JV Company will be responsible for the collection of revenues, which comprises fare-box revenues, parking fees, commercial development revenues, and revenues derived from other commercial activities both inside and outside of the stations and the facilities, the monorail system, park & ride buildings, and walkways to other buildings connecting to the MRT Pink Line Project for a term of 30 years from the date of issuance of the Commissioning Certificate or the Substantial Commissioning Certificate from the MRTA.

As consideration for the rights granted under the concession contract for the MRT Pink Line Project, the JV Company agrees to share the revenues with the MRTA in the amount of approximately THB 250,000,000 (the “**Revenue Share for the MRT Pink Line Project**”) throughout the term of the concession contract for the MRT Pink Line Project and agrees to transfer the ownership of the Pink Line system and its related assets procured and constructed by the JV Company under the concession contract for the MRT Pink Line Project, such as the land, structures, rolling stock, connecting walkways and other related assets in connection with the implementation of the concession contract for the MRT Pink Line Project to the MRTA.

Additional Proposal – Extension of the MRT Pink Line Project

In submitting the aforementioned main proposal for the investment in the MRT Pink Line Project, BSR Joint Venture also submitted an additional proposal relating to the extension of the MRT Pink Line Project to the MRTA. BSR Joint Venture proposed to construct a spur-line from the MRT Pink Line Project to connect and provide train services from the MRT Pink Line Project station to the center of Muang Thong Thani, with a length of approximately 2.8 kilometers. The extension includes two stations, the first station being located at Impact Challenger Hall and the second station being located at the lake area in Muang Thong Thani. BSR Joint Venture or the JV Company will be solely responsible for this investment and will, similar to the main proposal, transfer the ownership of the mass transit railway system and any related assets in connection with the extension of the MRT Pink Line Project procured and constructed by the JV Company under the concession contract for the MRT Pink Line Project to the MRTA.

Status of the concession contract for the MRT Pink Line Project

At present, BSR Joint Venture is in the process of negotiating the draft concession contract, as set out in the Terms of Reference, for the MRT Pink Line Project with the MRTA (the “**Draft Concession Contract for the MRT Pink Line Project**”). The material issues are, among others, the following: (1) variation or change of works by the MRTA, (2) delay in the provision of land by the MRTA (these two issues may have an impact on the investment cost and the implementation of the works under the concession contract as well as the ability of the JV Company to perform its obligations under the concession contract and to collect revenues in the future), and (3) right of the MRTA to purchase the buildings and the mass transit railway system after the termination of the concession contract (which may have an impact on the investment of the JV Company and the overall performance of the Company).

Therefore, the terms and conditions of the executed version of the concession contract for the MRT Pink Line Project may differ from the Draft Concession Contract for the MRT Pink Line Project. For this purpose, the Company will propose to its shareholders’ meeting to delegate the power to the Executive Committee, or any persons designated by the Executive Committee, to negotiate the concession contract for the MRT Pink Line Project and the extension of the MRT Pink Line Project, as well as to carry out any other acts necessary for or in relation thereto on behalf of the JV Company in order to successfully complete the Acquisition of the MRT Pink Line Project Concession, by taking into consideration the appropriateness, benefits and the impacts on the Company and its shareholders.

As BSR Joint Venture has submitted an additional proposal relating to the extension of the MRT Pink Line Project together with the main proposal for the investment in the MRT Pink Line Project to the MRTA, the Company anticipates that the terms and conditions of the extension of the MRT Pink Line Project will be included in the concession contract for the MRT Pink Line Project. However, if the negotiations for the extension of the MRT Pink Line Project are delayed, the Company may decide to enter into the concession contract for the MRT Pink Line Project with the MRTA first, without the details relating to the extension of the MRT Pink Line Project, if such action would be more beneficial to the Company.

(2) Scope of work under the concession contract for the MRT Pink Line Project

Main Proposal

The key obligations of the JV Company as the concessionaire under the concession contract can be summarized as follows:

Phase 1: Design and construction of the civil works, facilities, maintenance and repair depots, park & ride buildings and other buildings; relocation and/or reconstruction of public utilities under the concession contract for the MRT Pink Line Project; manufacture, supply, and installation of the mechanical and electrical equipment, monorail rolling stock, and other associated systems and computer programs for overall management and administration, including conducting system individual testing, integrated systems testing, and trial runs, as well as training and

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technology transfers. The implementation period of Phase 1 is three years and three months from the date on which the MRTA issues the Notice to Proceed, unless an extension is granted by the MRTA. The MRTA will issue the Notice to Proceed after the execution of the concession contract for the MRT Pink Line Project; and

Phase 2: Train operation and provision of train services under the concession contract for the MRT Pink Line Project on a continual basis; fare collection; rescue operations; maintenance of the rolling stock for the MRT Pink Line; and improvement of related equipment and materials for the civil infrastructure and the system equipment, including recruitment of knowledgeable and experienced personnel and reserving supply of materials, equipment, and spare parts as necessary and sufficient for the implementation of the concession contract for the MRT Pink Line Project. The implementation period of Phase 2 is 30 years from the date of issuance of the Commissioning Certificate or the Substantial Commissioning Certificate from the MRTA.

In this regard, the JV Company is required to furnish the following performance security to guarantee its performance under the concession contract for the MRT Pink Line Project with the MRTA:

Performance Security for Phase 1: On the date of execution of the concession contract for the MRT Pink Line Project, the JV Company shall deliver to the MRTA a performance security in the form of a letter of guarantee issued by a financial institution(s) in the amount of THB 2,500,000,000. The MRTA shall return the performance security after the JV Company has completed all the works for Phase 1 and is ready to commence the commercial operation, and the MRTA has issued the Commissioning Certificate to the JV Company and the JV Company has delivered a performance security for Phase 2 to the MRTA in replacement of this performance security.

Performance Security for Phase 2: On the date of issuance of the Commissioning Certificate by the MRTA and the commencement of the works for Phase 2, the JV Company shall deliver to the MRTA a new performance security in the amount of THB 750,000,000 and the MRTA shall return the performance security after the JV Company has been released from its obligations under the concession contract; and

Undertaking by BSR Joint Venture: On the date of execution of the concession contract for the MRT Pink Line Project, the JV Company shall deliver to the MRTA a written undertaking issued by the Company, STEC, and RATCH under BSR Joint Venture, as the tenderer of the proposal for the investment in the MRT Pink Line Project, to warrant the performance and obligations of the JV Company under the concession contract. Such undertaking shall remain in effect throughout the period of the implementation of Phase 1 and Phase 2.

Additional Proposal – Extension of the MRT Pink Line Project

The main duties of the JV Company as the concessionaire can be summarized as follows:

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- Phase 1 Construction of a spur-line to connect and provide train services from the MRT Pink Line Project station to the center of Muang Thong Thani, with a length of approximately 2.8 kilometers. The extension includes two stations, the first station being located at Impact Challenger Hall and the second station being located at the lake area in Muang Thong Thani. Similar to the implementation period under the main proposal, it is expected that the implementation period of Phase 1 will be three years and three months from the date on which the MRTA issues the Notice to Proceed, unless an extension is granted by the MRTA.
- Phase 2 This is expected to be similar in nature to the scope of work under Phase 2 of the main proposal, with the implementation period being 30 years from the date of issuance of the Commissioning Certificate or the Substantial Commissioning Certificate from the MRTA.

(3) Transaction Value

The Acquisition of the MRT Pink Line Project Concession constitutes an acquisition of asset pursuant to the Notifications on Acquisition and Disposal. In this regard, the Company has taken the estimated investment cost for the MRT Pink Line Project, including the extension, and the Revenue Share of the MRT Pink Line Project, in the amount of approximately THB 47,564,000,000 in the calculation of the transaction value, which is equivalent to 51.65 percent based on the Total Value of Consideration Basis. The calculation is based on the consolidated financial statements of the Company for the nine-month period ended December 31, 2016, and is detailed as follows:

(a) Net Tangible Assets (NTA) Basis

Not applicable as the transaction is an acquisition of concession for an MRT project.

(b) Net Profit Basis

Not applicable as the transaction is an acquisition of concession for an MRT project.

(c) Total Value of Consideration Basis

$$\begin{aligned} &= \frac{\text{Total value of consideration paid} \times 100}{\text{Total assets of the Company and its subsidiaries}} \\ &= \frac{47,564,000,000 \times 100}{92,091,428,000} \\ &= \text{approximately 51.65 percent} \end{aligned}$$

(d) Value of Securities Basis

Not applicable as there is no issuance of new securities.

3.2) Acquisition of the MRT Yellow Line Project Concession

(1) General Characteristics of the MRT Yellow Line Project Concession

Main Proposal

The concession contract of the MRT Yellow Line Project is a concession under the public-private partnership (PPP) net cost scheme with a term of 33 years and three months. The public sector is responsible for the acquisition of land ownership whereas the private sector (the JV Company) is responsible for the design, civil works, mechanical and electrical systems and rolling stock, and the operation and maintenance services of the straddle-type monorail system. In this regard, the private sector will receive a subsidy from the public sector for the civil works.

The JV Company will be responsible for the collection of revenues, which comprises fare-box revenues, parking fees, commercial development revenues, and revenues derived from other commercial activities both inside and outside of the stations and facilities, the monorail system, park & ride buildings, and walkways to other buildings connecting to the MRT Yellow Line Project for a term of 30 years from the date of issuance of the Commissioning Certificate or the Substantial Commissioning Certificate from the MRTA.

As consideration for the rights granted under the concession contract for the MRT Yellow Line Project, the JV Company agrees to share the revenues with the MRTA in the amount of approximately THB 250,000,000 (the “**Revenue Share for the MRT Yellow Line Project**”) throughout the term of the concession contract for the MRT Yellow Line Project and agrees to transfer the ownership of the Yellow Line system and its related assets procured and constructed by the JV Company under the concession contract for the MRT Yellow Line Project, such as the land, structures, rolling stock, connecting walkways and other any related assets in connection with the implementation of the concession contract for the MRT Yellow Line Project to the MRTA.

Additional Proposal – Extension of the MRT Yellow Line Project

In submitting the aforementioned main proposal for the investment in the MRT Yellow Line Project, BSR Joint Venture also submitted an additional proposal relating to the extension of the MRT Yellow Line Project to the MRTA. BSR Joint Venture proposed to construct an extension of the MRT Yellow Line Project to the north, with a length of 2.6 kilometers, to connect with the MRT Green Line Extension (Mo Chit – Sapan Mai – Khu Khot) which is currently under construction. The extension includes two stations, the first station being located in the middle of the extended route and the second station being located before approaching Ratchayothin Intersection. [In this regard, BSR Joint Venture or JV Company will, similar to the main proposal, transfer the ownership of the mass transit railway system and any related assets in connection with the extension of the MRT Yellow Line Project procured and constructed by the JV Company under the concession contract for the MRT Yellow Line Project to the MRTA.](#) At present, BSR Joint Venture is in the process of negotiating with the MRTA on the investment in this proposed extension.

(Translation)

In addition, BSR Joint Venture proposed to purchase the land in the area where the maintenance and repair depot for the MRT Yellow Line Project is to be constructed instead of the MRTA, which will enable the MRTA to save on costs from the expropriation of this land. BSR Joint Venture or the JV Company will construct a multi-purpose building, comprising (1) a repair and maintenance depot, whereby BSR Joint Venture or JV Company will grant the MRTA the right to use this area; and (2) a commercial area, which BSR Joint Venture or the JV Company is entitled to develop and utilize for all commercial purposes (including the surrounding area of the repair and maintenance depot). In proposing to purchase the land for the MRTA, BTS Group has a plan to invest and develop such land (which may include other surrounding area) into a commercial property project, which will be a separate project from the MRT Yellow Line Project. Once there is an explicit conclusion on the investment in such property project, the Company will proceed in accordance with the requirements of the laws and the relevant regulations, including the Notifications on Acquisition and Disposal.

Status of the concession contract for the MRT Yellow Line Project

At present, BSR Joint Venture is in the process of negotiating the draft concession contract, as set out in the Terms of Reference, for the MRT Yellow Line Project with the MRTA (the “**Draft Concession Contract for the MRT Yellow Line Project**”). The material issues are, among others, the following: (1) variation or change of works by the MRTA, (2) delay in the provision of land by the MRTA (these two issues may have an impact on the investment cost and the implementation of the works under the concession contract as well as the ability of the JV Company to perform its obligations under the concession contract and to collect revenues in the future), and (3) right of the MRTA to purchase the buildings and the mass transit railway system after the termination of the concession contract (which may have an impact on the investment of the JV Company and the overall performance of the Company).

Therefore, the terms and conditions of the executed version of the concession contract for the MRT Yellow Line Project may differ from the Draft Concession Contract for the MRT Yellow Line Project. For this purpose, the Company will propose to its shareholders’ meeting to delegate the power the Executive Committee, or any persons designated by the Executive Committee, to negotiate the concession contract for the MRT Yellow Line Project and the extension of the MRT Yellow Line Project, as well as to carry out any other acts necessary for or in relation thereto on behalf of the JV Company in order to successfully complete the Acquisition of the MRT Yellow Line Project Concession, by taking into consideration the appropriateness, benefits and the impacts on the Company and its shareholders.

As BSR Joint Venture has submitted an additional proposal relating to the extension of the MRT Yellow Line Project together with the main proposal for the investment in the MRT Yellow Line Project to the MRTA, the Company anticipates that the terms and conditions of the extension of the MRT Yellow Line Project will be included in the concession contract for the MRT Yellow Line Project. However, if the negotiations for the extension of the MRT Yellow Line Project are delayed, the Company may decide to enter into the concession contract for the MRT Yellow Line Project with the MRTA

(Translation)

first, without the details relating to the extension of the MRT Yellow Line Project, if such action would be more beneficial to the Company.

(2) Scope of work under the concession contract for the MRT Yellow Line Project

The key obligations of the JV Company as the concessionaire under the contract can be summarized as follows:

Phase 1: Design and construction of the civil works, facilities, maintenance and repair depots, park & ride buildings and other buildings; relocation and/or reconstruction of public utilities under the concession contract for the MRT Yellow Line Project; manufacture, supply, and installation of the mechanical and electrical equipment, monorail rolling stock, and other associated systems and computer programs for overall management and administration, including conducting system individual testing, integrated systems testing, and trial runs, as well as training and technology transfers. The implementation period of Phase 1 is three years and three months from the date on which the MRTA issues the Notice to Proceed, unless an extension is granted by the MRTA. The MRTA will issue the Notice to Proceed after the execution of the concession contract for the MRT Yellow Line Project; and

Phase 2: Train operation and provision of train services under the concession contract for the MRT Yellow Line Project on a continual basis; fare collection; rescue operations; maintenance of the rolling stock for the MRT Yellow Line; and improvement of related equipment and materials for the civil infrastructure and the system equipment, including recruitment of knowledgeable and experienced personnel and reserving supply of materials, equipment, and spare parts as necessary and sufficient for the implementation of the concession contract for the MRT Yellow Line Project. The implementation period of Phase 2 is 30 years from the date of issuance of the Commissioning Certificate or the Substantial Commissioning Certificate from the MRTA.

In this regard, the JV Company is required to furnish the following performance security to guarantee its performance under the concession contract for the MRT Yellow Line Project with the MRTA:

Performance Security for Phase 1: On the date of execution of the concession contract for the MRT Yellow Line Project, the JV Company shall deliver to the MRTA a performance guarantee in the form of a letter of guarantee issued by a financial institution(s) in the amount of THB 2,500,000,000. The MRTA shall return the performance security after the JV Company has completed all the works for Phase 1 and is ready to commence the commercial operation, and the MRTA has issued the Commissioning Certificate to the JV Company and the JV Company has delivered a performance security for Phase 2 to the MRTA in replacement of this performance security.

Performance Security for Phase 2: On the date of issuance of the Commissioning Certificate by the MRTA and the commencement of the works for Phase 2, the JV

(Translation)

Company shall deliver to the MRTA a new performance security in the amount of THB 750,000,000 and the MRTA shall return the performance security after the JV Company has been released from its obligations under the concession contract; and

Undertaking by BSR Joint Venture: On the date of execution of the concession contract for the MRT Yellow Line Project, the JV Company shall deliver to the MRTA a written undertaking issued by the Company, STEC, and RATCH under BSR Joint Venture, as the tenderer of the proposal for the investment in the MRT Yellow Line Project, to warrant the performance and obligations of the JV Company under the concession contract. Such undertaking shall remain in effect throughout the period of the implementation of Phase 1 and Phase 2.

Additional Proposal – Extension of the MRT Yellow Line Project

The main duties of the JV Company as the concessionaire can be summarized as follows:

- Phase 1 Construction of the extension of the MRT Yellow Line Project to the north, with a length of 2.6 kilometers, to connect with the MRT Green Line Extension (Mo Chit – Sapan Mai – Khu Khot) which is currently under construction. The extension includes two stations, the first station being located in the middle of the extended route and the second station being located before approaching Ratchayothin Intersection. Similar to the implementation period under the main proposal, it is expected that the implementation period of Phase 1 will be three years and three months from the date on which the MRTA issues the Notice to Proceed, unless an extension is granted by the MRTA.
- Phase 2 This is expected to be similar in nature to the scope of work under Phase 2 of the main proposal, with the implementation period being 30 years from the date of issuance of the Commissioning Certificate or the Substantial Commissioning Certificate from the MRTA.

(3) Transaction Value

The Acquisition of the MRT Yellow Line Project Concession constitutes an acquisition of asset pursuant to the Notifications on Acquisition and Disposal. In this regard, the Company has taken the estimated investment cost for the MRT Yellow Line Project, including the extension, and the Revenue Share of the MRT Yellow Line Project, in the amount of approximately THB 46,654,000,000 in the calculation of the transaction value, which is equivalent to 50.66 percent based on the Total Value of Consideration Basis. The calculation is based on the consolidated financial statements of the Company for the nine-month period ended December 31, 2016, and is detailed as follows:

(a) Net Tangible Assets (NTA) Basis

Not applicable as the transaction is an acquisition of concession for an MRT project.

(Translation)

(b) Net Profit Basis

Not applicable as the transaction is an acquisition of concession for an MRT project.

(c) Total Value of Consideration Basis

$$\begin{aligned} &= \frac{\text{Total value of consideration paid} \times 100}{\text{Total assets of the Company and its subsidiaries}} \\ &= \frac{46,654,000,000 \times 100}{92,091,428,000} \\ &= \text{approximately 50.66 percent} \end{aligned}$$

(d) Value of Securities Basis

Not applicable as there is no issuance of new securities.

Total Transaction Value

After combining the transaction values of the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession, the total transaction value calculated based on the Total Value of the Consideration Basis is 102.31 percent. In addition, after combining such transaction values with other asset acquisition transactions of the Company occurring during the past six months prior to the entering into these transactions, the total transaction value calculated based on the Total Value of Consideration Basis is equivalent to 108.40 percent. The calculation is based on the consolidated financial statements of the Company for the nine-month period ended December 31, 2016. Thus, the transactions constitute a Class 4 Transaction pursuant to the Notifications on Acquisition and Disposal, which is a transaction with the transaction value of 100 percent or more. However, the entering into the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession ~~does not constitute an indirect listing on the SET pursuant to the Notifications on Acquisition and Disposal because it falls under the exception of Clause 24 of the Notifications on Acquisition and Disposal namely, (1) the acquired business is in a similar line of business and supports the business of the Company, (2) the Company does not have a policy to make a major change in its main business, (3) after the acquisition of assets, the Company still has suitable qualifications for listing on the SET, and (4) there will be no material change in the composition of the Board of Directors, shareholders or controlling persons of the Company. The details are as mentioned above.~~ Therefore, the Company is not required to obtain the approval of the SET for entering into these transactions by submitting a request for listing of new securities to the SET.

4. Details of assets to be acquired

4.1) Acquisition of the MRT Pink Line Project Concession

The starting point of the MRT Pink Line Project connects to the MRT Purple Line Project (Bang Yai – Bang Sue) in front of the Nonthaburi Government Complex on Rattanathibet Road.

It then turns left at Khae Rai Intersection to Tiwanon Road and runs along Tiwanon Road. At Pak Kret Intersection, it turns right towards Chaeng Watthana Road, passing Lak Si Intersection where it will connect to the MRT Red Line Project. It then passes Phithak Ratthathammanun Monument where it connects to the MRT Green Line Project, and enters Ramintra Road until reaching Min Buri Intersection. The route continues along Sihaburanukit Road and turns left to go southwards, crossing over Khlong Sam Wa and Khlong Saen Saep. It then turns onto Ramkhamhaeng Road, and crosses under the MRT Orange Line Project (Thailand Cultural Center – Min Buri (Suwinthawong)) to enter Min Buri Station where there is an interchange station linking to the MRT Orange Line Project. The entire route is about 34.5 kilometers, with 30 stations, one maintenance and repair depot, and one park & ride building.

In addition, BSR Joint Venture has submitted a proposal relating to the extension of the MRT Pink Line Project through a spur-line to connect and provide train services from the MRT Pink Line Project station to the center of Muang Thong Thani, with a length of approximately 2.8 kilometers. The extension includes two stations, the first station being located at Impact Challenger Hall and the second station being located at the lake area in Muang Thong Thani. This extension will extend from the Sri Rat Station (PK10).

4.2) Acquisition of the MRT Yellow Line Project Concession

The starting point of the MRT Yellow Line Project is at the MRT Chaloem Ratchamongkhon Line (MRT Blue Line Project First Phase) interchange, Ratchada-Lat Phrao Intersection. It runs along Lat Phrao Road down to Bang Kapi Intersection. The route is then heading south, along Srinagarinda Road, where it will interchange with the MRT Orange Line Project at Lam Salee Intersection and continues further until it meets with the Airport Rail Link at Rama IX Intersection. It then runs along Srinagarinda Road, passing all the way to Phattanakan Intersection, Sri Nut Intersection, Sri Udomsuk Intersection, Sri Iam Intersection, and Sri Thepa Intersection. After then, the route continues westward along Thepha Rak Road, passing through the MRT Green Line Project (Bearing – Samut Prakarn) with its destination located at Samrong Station. The entire route is about 30 kilometers, with 23 stations, one maintenance and repair depot, and one park & ride building.

In addition, in order to enhance the connectivity with other MRT projects, BSR Joint Venture has submitted a proposal for an extension to the north, with a length of 2.6 kilometers, along Ratchadaphisek Road to end at Ratchayothin Intersection, where it will connect with the N10 Station (near Soi Phaholyothin 24) of the MRT Green Line Extension (Mo Chit – Sapan Mai – Khu Khot) which is currently under construction. The extension includes two stations, the first station being located in the middle of the extended route and the second station being located before approaching Ratchayothin Intersection, whereby a walkway will need to be constructed to connect to the N10 Station of the MRT Green Line Extension.

5) Total value of consideration and payment method

5.1) Acquisition of the MRT Pink Line Project Concession

The total value of consideration for the Acquisition of the MRT Pink Line Project Concession comprises the estimated investment cost for the MRT Pink Line Project, including the extension, in the amount of approximately THB 47,314,000,000 and the Revenue Share of the MRT Pink Line Project in the amount of approximately THB 250,000,000, totaling approximately THB 47,564,000,000.

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5.2) Acquisition of the MRT Yellow Line Project Concession

The total value of consideration for the Acquisition of the MRT Yellow Line Project Concession comprises the estimated investment cost for the MRT Yellow Line Project, including the extension, in the amount of approximately THB 46,404,000,000 and the Revenue Share of the MRT Yellow Line Project in the amount of approximately THB 250,000,000, totaling approximately THB 46,654,000,000.

6) Value of assets to be acquired

The JV Companies are entitled to the exclusive rights to operate the MRT Pink Line Project and the MRT Yellow Line Project and to collect revenues, which comprises fare-box revenues, parking fees, and commercial development revenues, for a term of 30 years from the date of issuance of the Commissioning Certificate or the Substantial Commissioning Certificate from the MRTA, and agree to share the revenues with the MRTA in the amount of approximately THB 250,000,000 for the MRT Pink Line Project and approximately THB 250,000,000 for the MRT Yellow Line Project throughout the term of the concession contracts.

In addition, the JV Companies are entitled to the subsidies from the public sector in the amount of THB 22,500,000,000 for the civil works of the MRT Pink Line Project and THB 25,050,000,000 for the civil works of the MRT Yellow Line Project, totaling THB 47,550,000,000. The MRTA will gradually pay such subsidies to the JV Companies after the issuance of the Commissioning Certificate from the MRTA. The payment will be made on an annual basis within a period of not less than 10 years. The JV Companies will recognize such subsidies as receivables in the balance sheet and will gradually deduct the payment thereof according to the amount received from the MRTA.

7) Basis used to determine the value of consideration

In determining the value of consideration for the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession, the Company (under BSR Joint Venture) has taken into account the following (1) the estimated investment cost for the MRT Pink Line Project and the MRT Yellow Line Project in accordance with the Terms of Reference of the MRTA, which includes but is not limited to (a) the costs of the design and construction of the civil works, facilities, maintenance and repair depots, park & ride buildings and other buildings; relocation and/or construction of public utilities under the concession contract for the MRT Pink Line Project and the concession contract for the MRT Yellow Line Project; (b) the costs of the design, manufacture, procurement, supply, and installation of the mechanical and electrical equipment, including the supply of monorail rolling stock, other related systems, and maintenance equipment, including conducting integrated systems testing, trial runs, and training and maintenance; (c) consultancy fees for the MRTA and independent certification engineers; and (d) other expenses relating to the MRT Pink Line Project and the MRT Yellow Line Project, such as the acquisition of land or properties for use in the projects, preparation of reports on changes in the project descriptions, and environmental impact assessment report (if applicable); (2) the estimated investment cost of the extensions of the MRT Pink Line Project and the MRT Yellow Line Project; and (3) the Revenue Shares of the MRT Pink Line Project and the MRT Yellow Line Project payable to the MRTA throughout the term of the concession contracts.

8) Expected benefits for the Company

- (a) The Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession, which have a concession term of 30 years, will enable the Company to continuously operate its business until 2050 (the total of the implementation period of Phase 1 of three years and three months and the implementation period of Phase 2 of 30 years).
- (b) The Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession will provide another source of income for the Company because the Company will be the major shareholder holding 75 percent in each of the JV Companies, which are the concessionaires entitled to the exclusive rights for the collection of revenues, which comprises fare-box revenues, parking fees, and commercial development revenues for a term of 30 years under the concession contract for the MRT Pink Line Project and the concession contract for the MRT Yellow Line Project.
- (c) The MRT Pink Line Project and the MRT Yellow Line Project will increase the number of riders and generate revenues for the MRT Green Line Project. The MRT Pink Line Project includes a plan to construct an interchange station linking to the MRT Green Line Project (Mochit – Sapan Mai) and the MRT Yellow Line Project will be connected to the MRT Green Line Project (Bearing – Samut Prakarn). As such, the MRT Pink Line Project and the MRT Yellow Line Project will act as feeders and assist in the transfer of commuters from the outer Bangkok areas to the inner Bangkok areas through the service of the MRT Green Line Project operated by BTSC.
- (d) The Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession will support and enhance other businesses of BTS Group because the entering into the concession contract for the MRT Pink Line Project and the concession contract for the MRT Yellow Line Project will grant the JV Companies the rights for commercial development and other commercial activities both inside and outside of the stations and the facilities, the monorail systems, park & ride buildings, and walkways to other buildings. This will support, enhance and create new business opportunities for the existing media business and services business of BTS Group. In addition, the MRT Pink Line Project and MRT Yellow Line Project will also enhance the opportunities for the property business of BTS Group in investing in new property development projects along the MRT routes.

9) Source of funds

It is expected that the source of funds for the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession will comprise the following:

- Investment capital from the Company, STEC, and RATCH in proportion to their respective investments in each JV Company. In this regard, the Company shall invest in the amount of approximately THB 10,500,000,000 – 13,067,250,000 for the JV Company operating the MRT Pink Line Project and approximately THB 10,500,000,000 – 12,009,750,000 for the JV Company operating the MRT Yellow Line Project. The investment capital will be

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obtained from the Company's operating cash flow, loans from financial institutions and the debt capital market.

- Loans secured from the financial institutions for both JV Companies in the amount of approximately THB 67,293,000,000, divided into approximately THB 33,356,000,000 for the JV Company operating the MRT Pink Line Project, and approximately THB 33,937,000,000 for the JV Company operating the MRT Yellow Line Project. The Company is currently in negotiations with the financial institutions.
- Fund from Bangkok Land Public Company Limited. At this initial state, Bangkok Land Public Company Limited intends to support the construction costs of the extension of the MRT Pink Line Project to the center of Muang Thong Thani in the amount of approximately THB 1,250,000,000. The Company is currently in negotiations with Bangkok Land Public Company Limited as to the terms and conditions of the fund.

10) Opinion of the Board of Directors on the entering into the transactions

The Board of Directors' Meeting No. 2/2017 of the Company on February 10, 2017 resolved to approve, and to propose that the shareholders' meeting of the Company consider and approve, (i) the submission of the proposals for the investment in the MRT Pink Line Project and the MRT Yellow Line Project (including the proposals relating to the extensions of the MRT Pink Line Project and the MRT Yellow Line Project) of the Company (under BSR Joint Venture) made to the MRTA, and (ii) the entering into the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession by the JV Companies, as well as other matters in relation thereto, with the MRTA, as the Board of Directors has considered the feasibility and the appropriateness of the aforementioned transactions, and is of the opinion that the transactions are reasonable and in the best interests of the Company and its shareholders due to the following reasons:

- (a) The Acquisition for the MRT Pink Line Project Concession and the Acquisition for the MRT Yellow Line Project Concession, which have a concession term of 30 years, will enable the Company to continuously operate its business until 2050 (the total of the implementation period of Phase 1 of three years and three months and the implementation period of Phase 2 of 30 years).
- (b) The Acquisition for the MRT Pink Line Project Concession and the Acquisition for the MRT Yellow Line Project Concession will provide another source of income for the Company because the Company will be the major shareholder holding 75 percent in each of the JV Companies, which are the concessionaires entitled to the exclusive rights for the collection of revenues, which comprises fare-box revenues, parking fees, and commercial development revenues for a term of 30 years under the concession contract for the MRT Pink Line Project and the concession contract for the MRT Yellow Line Project. Considering that the potential routes of the MRT Pink Line Project and the MRT Yellow Line Project are connected to and accessible by other mass transit railways, this is likely to have a positive effect on the number of riders who will use the services of the aforementioned projects.
- (c) The MRT Pink Line Project and the MRT Yellow Line Project will increase the number of riders and generate revenues for the MRT Green Line Project. The MRT Pink Line Project includes a plan to construct an interchange station between the MRT Pink Line

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Project and the MRT Green Line Project (Mochit – Sapan Mai). The MRT Yellow Line Project will be connected to the MRT Green Line Project (Bearing – Samut Prakarn). As such, the MRT Pink Line Project and the MRT Yellow Line Project will assist in the transfer of commuters from the outer Bangkok areas to the inner Bangkok areas through the service of the MRT Green Line Project operated by BTSC.

- (d) The Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession will support and enhance other businesses of BTS Group because the entering into the concession contract for the MRT Pink Line Project and the concession contract for the MRT Yellow Line Project will grant the JV Companies the rights for commercial development and other commercial activities both inside and outside of the stations and the facilities, the monorail systems, park & ride buildings, and walkways to other buildings. This will support, enhance and create new business opportunities for the existing media business and services business of BTS Group. In addition, the MRT Pink Line Project and MRT Yellow Line Project will also enhance the opportunities for the property business of BTS Group in investing in new property development projects along the MRT routes.
- (e) The MRT Pink Line Project and the MRT Yellow Line Project serve as an extension of the country's mass rapid transit network. The projects will facilitate commuters, in particular, commuters in outer Bangkok areas and its vicinity and Nonthaburi Province, in enjoying convenient and quick rides to inner Bangkok areas. In addition, the projects will alleviate the traffic congestion problem in the areas accessible by the MRT Pink Line Project and the MRT Yellow Line Project.

In this regard, the Board of Directors has considered the risks that are material and may arise from the entering into the Acquisition of the MRT Pink Line Project Concession and the Acquisition of the MRT Yellow Line Project Concession, which can be summarized as follows:

- (a) *Risk from the delay in the design and construction of civil works, as well as the supply, and installation of mechanical and electrical equipment and rolling stock:* The JV Companies may have to contract third parties to perform the design and construction of the civil works and to supply and install the mechanical and electrical equipment and the rolling stock for the MRT Pink Line Project and the MRT Yellow Line Project. As such, the construction and the supply of related equipment and materials depend on the ability and capacity of such third parties. In the event that an incident arises that is beyond the control of the Company and/or the JV Companies, such incident may have an impact on the ability of the JV Companies to perform the obligations and may cause a delay in the implementation of the works under the concession contracts. Nevertheless, the Company (on behalf of the JV Companies) will use its best efforts to carefully select suppliers and/or contractors with appropriate experience, expertise as well as creditability, in order to ensure that the works and the obligations of the JV Companies under the concession contracts are completed within the specified period.
- (b) *Risk from the fluctuation or increase in investment cost:* In operating the MRT Pink Line Project and the MRT Yellow Line Project, the JV Companies must bear the costs for the design and construction of the civil works, mechanical and electrical systems, rolling stock, as well as other operating costs, e.g. maintenance expenses, electricity costs, employees' benefits and welfare. If the fluctuation of such costs is beyond the

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control of the Company and/or the JV Companies, it may have an adverse effect on the performance of the Company. Nevertheless, the Draft Concession Contract for the MRT Pink Line Project and the Draft Concession Contract for the MRT Yellow Line Project allow the JV Companies to adjust the fare rates when certain situation arises. Furthermore, based on BTS Group's 17 years of experience and expertise in the mass transit business operation, the Company (on behalf of the JV Companies) will use its best efforts to carefully manage the costs associated with the MRT Pink Line Project and the MRT Yellow Line Project in order to create the utmost benefits to the Company and its shareholders.

- (c) *Risk from the delay in the provision of land:* The MRTA shall arrange for the ownership of land to be utilized by the JV Companies in the implementation of the MRT Pink Line Project and the MRT Yellow Line Project. In the event that the MRTA is unable to complete the expropriation and/or arrange for the ownership of such land to the JV Companies, such event may cause a delay in the implementation of the works under the concession contracts and may result in an increase in the costs associated with the MRT Pink Line Project and the MRT Yellow Line Project to be higher than the estimated investment cost.
- (d) *Risk from the termination of the concession contract of the MRT Pink Line Project and the MRT Yellow Line Project:* Under the Draft Concession Contract for the MRT Pink Line Project and the Draft Concession Contract for the MRT Yellow Line Project, the MRTA has the right to terminate the contracts in the event that the JV Companies are in any material breach of the contracts. In this regard, the MRTA has the right to purchase the buildings and the mass transit railway system (if any) of the projects that the MRTA considers useful and usable whether in whole or in part. In the event that the MRTA does not exercise the right to purchase any of the buildings or the mass transit railway system, the JV Companies may lose all or part of the investment from the entering into the transactions. Nevertheless, the Company (on behalf of the JV Companies) will use its best efforts to carefully perform the obligations under the concession contracts in order to prevent the occurrence of such event.

11) Opinions of the Audit Committee and/or the Directors that are different from those of the Board of Directors in Clause 10

None.