

Information Memorandum on the Offering of the Newly Issued Ordinary Shares of Sakol Energy Public Company Limited to the Existing Shareholders in respect to Their Shareholding (Right Offering)

March 1, 2021

The Board of Directors' Meeting of Sakol Energy Public Company Limited (the "Company") No. 1/2021 held on March 1, 2021 resolved to approve the allotment of newly issued ordinary shares of the Company in total number of 186,000,000 shares with a par value of THB 0.5 per share, or equivalent to 16.67 percent of the paid-up capital of the Company after the increase of paid-up capital to offer at the same time or different times to the existing shareholders in proportion to their respective shareholdings (Right Offering) at the ratio of 5 existing ordinary shares to 1 newly issued ordinary share (any fraction of shares after calculation shall be disregarded), at the offering price of THB 0.80 (eighty satang) per share, totaling THB 148,800,000, to be used as a payment for the consideration for the acquisition of 399,998 ordinary shares of N15 Technology Company Limited ("N15"), or equivalent to 100 percent of the total number of paid shares of N15, totaling the value of THB 145,000,000, which will be transferred to the Company through the entire business transfer process (the "Acquisition of the Ordinary Shares of N15"). Please see further details of the Acquisition of the Ordinary Shares of N15 in the Information Memorandum on the Connected Transaction and Asset Acquisition (Class 2) of the Company.

In this regard, the key information for the consideration of shareholders is as follows:

1. **Details of the Share Offering**

The Company will issue 186,000,000 newly issued ordinary shares of the Company with a par value of THB 0.50 per share, which is equivalent to 16.67 percent of the paid-up capital of the Company after the increase of the paid-up capital to offer at one time or multiple times to the existing shareholders in proportion to their respective shareholdings (Right Offering) at the ratio of 5 existing ordinary shares to 1 newly issued ordinary share (totaling 186,000,000 shares to be allotted), any fraction of shares after calculation shall be disregarded, at the offering price of THB 0.80 per share, totaling not exceeding THB 148,800,000 and set the Subscription Period for the newly issued ordinary shares of the Company to be during May 24, 25, 27, 28 and 31, 2021 (5 business days).

In case where there are the newly issued ordinary shares remaining after the first allotment to all existing shareholders in proportion to their respective shareholdings, the Company will allot the remaining unallotted shares to the shareholders who express their intention to subscribe for additional newly issued ordinary shares in excess to their share allotment proportionate to their shareholding (Oversubscription) at the same offering price. The Company will proceed with the allotment of shares until there are no remaining newly issued ordinary shares left for further allotment or until no more shareholder expresses the intention

to subscribe for the newly issued ordinary shares. However, if there are remaining shares left from the allotment to the shareholders, the Company will proceed with the capital decrease by canceling such unallotted shares and will not offer such shares to specific investors.

In case where there are shareholders expressing their intention to oversubscribe for the newly issued ordinary shares in excess to their respective shareholdings and the result of which is that there is an increase in shareholding in the Company of the shareholder and the persons under Section 258 of the Securities and Exchange Act B.E. 2535 (1992) (including the amendments thereof) of such shareholder such that reaches or exceeds any trigger point to make a tender, such shareholder is required to make a tender offer for all securities of the Company pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 (2011) Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (the “**Notification on the Acquisition of Securities for Business Takeovers**”), except for the case that such shareholder is exempted from making the tender offer for all securities of the Company according to the Notification on the Acquisition of Securities for Business Takeovers.

In the allotment of the newly issued ordinary shares, the Company reserves the right to not allocate shares to any subscriber if such allotment violates or may result in the violation of foreign shareholding restriction set out in the Articles of Association of the Company which currently allows the foreign shareholders to hold shares in the Company in the amount not exceeding 49 percent of the total number of sold shares of the Company.

The Company will determine the list of shareholders entitled to subscribe for and receive the allotment of the newly issued ordinary shares in proportion to their respective shareholdings (Record Date) in this Clause on May 7, 2021. In this regard, the issuing and offering of newly issued ordinary shares through right offering is still uncertain until the Company obtains the approval from the 2021 Annual General Meeting of Shareholders of the Company.

## 2. Objectives of Issuing the Newly Issued Ordinary Shares, Plan to Utilise Proceeds and Details of the Project

### 2.1 Objectives of Issuing the Newly Issued Ordinary Shares and Plan to Utilise Proceeds

To utilise proceeds from the capital increase in the amount of THB 148,800,000 as a consideration for the Acquisition of the Ordinary Shares of N15 in a total number of 399,998 shares, totaling the consideration value of THB 145,000,000. The amount of money remaining after the capital increase will be utilized as working capital for business or the necessary and appropriate investment as the Board of Directors deems

appropriate, whereby the benefits of the Company and shareholders shall be significantly taken into account.

## 2.2 Details of the Project in which the Company and/or the Subsidiaries will Utilise the Proceeds from the Capital Increase

After the shareholders' meeting of the Company passes a resolution to approve the entering into such transaction, the Company will proceed with the Acquisition of the Ordinary Shares of N15. The details of which are as follows:

<b>Company name</b>	N15 Technology Company Limited
<b>Business</b>	Operates the business of classification and transformation of office waste and non-hazardous industrial waste by shredding such waste to produce the Refuse Derived Fuel (RDF). The plant is situated in Phan Thong district, Chonburi province.
<b>Registered office</b>	No. 444 Olympia Thai Tower, 6 <sup>th</sup> Floor, Ratchadapisek Road, Samsennok subdistrict, Huay Kwang district, Bangkok
<b>Incorporation date</b>	February 19, 2014
<b>Registered capital and paid-up capital (as of March 1, 2021)</b>	Registered capital: THB 40,000,000, dividing into 400,000 ordinary shares With a par value of THB 100 per share Paid-up capital: THB 40,000,000
<b>Directors (as of March 1, 2021)</b>	<ol style="list-style-type: none"> <li>1. Mrs. Aree Sumethchotimetha</li> <li>2. Ms. Intira Sumethchotimetha</li> <li>3. Mr. Jakkrapong Sumethchotimetha</li> <li>4. Mr. Rapeepat Sumethchotimetha</li> <li>5. Mr. Thanapon Sumetchotimaytha</li> </ol>

**2.3 Opportunities to Generate Income to the Company and the Expected Effects in case of Unsuccessful Project and Project Risks**

**2.3.1 Opportunities to Generate Income to the Company**

The entering into the Acquisition of the Ordinary Shares of N15 is the strengthening of the Company group by expanding business to the classification and transformation of office waste and non-hazardous industrial waste to produce the refuse derive fuel (RDF) and the risk diversification from the core businesses of the Company in order to promote the capacity of the Company to build the stability and stabilisation for the long-term business operation of the Company.

Furthermore, the business of waste classification and disposal services of N15 tends to grow progressively as it is in line with the form and trend of environmental conservation whereby the transformation of waste into alternative energy is currently the best way of waste disposal.

**2.3.2 Expected Effects in case of Unsuccessful Project and Project Risks**

For the Acquisition of the Ordinary Shares of N15, the Company may experience the risks in case where the income and performance of N15 do not go as expected, which may occur from various causes, such as the risk from fluctuation of raw material price. In this regard, the Board of Directors of the Company has prudently considered such risks and the Company will preliminarily manage such risks whereby the Company has the guideline to enter into the memorandum of understanding with the sanitary landfill which clearly specifies the purchase price and the amount of waste so as to manage the risk from the fluctuation of raw material price. Moreover, the Company has a plan to increase the efficiency and capability of the raw material management at the sanitary landfill which will contribute to the reduction of raw material costs and diversification of risk from the fluctuation of raw material price.

**2.4 Total Budgets Expected for the Preliminary Use and Total Budgets Expected to be Used for the Project to Generate Income to the Company**

The Company enters into the Acquisition of the Ordinary Shares of N15 of which the transaction value is THB 145,000,000. The amount of money remaining after the capital increase will be utilized as working capital for business or the necessary and appropriate investment as the Board of Directors deems appropriate, whereby the benefits of the Company and shareholders shall be significantly taken into account.

In this aspect, after considering the sources of fund of the Company for the investment in the project above, there will be no material effects on the working capital which will be utilised for the business operation of the Company.

### 3. Information regarding the Expected Effects from the Capital Increase and Share Allotment

The offering of shares of the Company detailed above will have the effects on the shareholders as follows:

#### 3.1 Price Dilution

$$= \frac{\text{The Market Price before the Offering} - \text{The Market Price After the Offering}}{\text{The Market Price before the Offering}}$$

$$= \frac{0.87 - 0.80}{0.87}$$

$$= 8.01 \text{ percent}$$

The Market Price before the Offering is the Weighted Average Price of the Company's shares traded on the SET for a retrospective period of fifteen (15) consecutive working days prior to the date on which the Board of Directors of the Company resolved to propose the agenda item to the 2021 Annual General Meeting of Shareholders to consider and approve the Company to offer the sale of the newly issued ordinary shares, i.e. from February 4, 2021 to February 25, 2021, which is equal to THB 0.87.

The Market Price after the Offering is calculated from:

$$\frac{\text{The Market Price after the Offering} = (\text{Number of paid shares} \times \text{The Market Price before the Offering}) + (\text{Number of newly issued ordinary shares} \times \text{Offering Price})}{(\text{Number of paid shares} + \text{Number of newly issued ordinary shares})}$$

$$= \frac{(930 \text{ million shares} \times \text{THB } 0.87) + (186 \text{ million shares} \times \text{THB } 0.80)}{(930 \text{ million shares} + 186 \text{ million shares})}$$

$$= \text{THB } 0.86 \text{ per share}$$

After the offering of the newly issued ordinary shares, there will be a price dilution at 8.01 percent.

#### 3.2 Control Dilution

In case every existing shareholder subscribe for the newly issued ordinary shares in proportion to their shareholdings, there shall be no control dilution.

#### 3.3 Earnings per Share Dilution

$$\begin{aligned}
 &= \frac{\text{EPS before the Offering} - \text{EPS after the Offering}}{\text{EPS before the Offering}} \\
 &= \frac{0.039 - 0.032}{0.039} \\
 &= 16.67 \text{ percent}
 \end{aligned}$$

After the offering of the newly issued ordinary shares, there will be an earnings per share dilution at 16.67 percent.

### 3.4 Benefits to the Company and Shareholders of the Company

The entering into the Acquisition of the Ordinary Shares of N15 will lead to the investment in the classification and transformation of office waste and non-hazardous industrial waste by shredding waste to produce the Refuse Derived Fuel: RDF, which the Company expects that the business will benefit the Company and the shareholders as follows;

- (1) The investment in N15 will provide an opportunity for the business growth and expansion. It is also a risk diversification from the core businesses of the Company in order to promote the capacity of the Company to build stability and stabilization for the long-term business operation of the Company.
- (2) The business of waste classification and disposal services of N15 tends to grow progressively as it is in line with the form and trend of environmental conservation whereby the transformation of waste into alternative energy is currently the best way of waste disposal. The Company anticipates that the Company will be able to generate income from the business of N15 in addition to the core businesses of the Company and there is an opportunity to receive good return from the investment in N15 as it is the investment in the environmental sustainability management.
- (3) Moreover, the Company shall have more liquidity as a result of working capital received from the capital increase.

### 4. Opinion of the Board of Directors of the Company regarding the Matters specified in the Notification of Capital Market Supervisory Board No. Torchor. 73/2558 Re: Particulars of Notice Calling Shareholders' Meeting of Listed Companies to Obtain Approval for Issuance and Offer of Securities for Sale

The Board of Directors of the Company passed a resolution to propose the shareholders' meeting consider and approve the Company to invest in the Acquisition of the Ordinary Shares of N15 as the Board of

Directors considered and viewed that the entering into such transaction is beneficial for the Company since N15 has experiences and accomplishments in the business of waste classification and transformation which will benefit the business operation of the Company group in the future since the business of waste classification and disposal services of N15 tends to grow progressively as it is in line with the form and trend of environmental conservation whereby the transformation of waste into alternative energy is currently the best way of waste disposal, and the competitiveness of the Company will be more stable as a result.

### **4.1 Specification of the Offering Price and the Appropriateness of the Offering Price**

The Company will make a payment for the ordinary shares of N15 in cash of THB 145,000,000 which is the value derived from the negotiation and agreement between the Company and the Seller based on the fair value valuation according to the discounted cash flow method. In this regard, the Company has assessed the return on such investment and expected that the return which the Company will receive is within the investment framework that the Company views it is appropriate.

The offering of newly issued ordinary shares to the existing shareholders pro rata to their respective shareholdings at the subscribing ratio of 5 existing shares to 1 newly issued share, at the offering price of THB 0.80 will amount to THB 148,800,000 for the Company to receive, which is sufficient for the entering into the Acquisition of the Ordinary Shares of N15. The amount of money remaining after the capital increase will be utilized as working capital for business or the necessary and appropriate investment as the Board of Directors deems appropriate, whereby the benefits of the Company and shareholders shall be significantly taken into account.

However, in case of insufficient proceeds received from an issuance of newly issued ordinary shares, the Company shall borrow money from domestic financial institutions. In consideration of sources of fund of the Company for entering into the above project, the Company speculates that such borrowing shall not be subject to the conditions that affects the rights of shareholders of the Company.

### **4.2 Reasons and Necessity for the Capital Increase**

It is necessary for the Company to increase the capital in order for the Company to have capital to accommodate the business operation plan specified in Clause 2. Objectives of Issuing the Newly Issued Ordinary Shares and Plan to Utilize Proceeds of this Information Memorandum. Accordingly, the Board of Directors of the Company considers issuing the newly issued ordinary shares for the allotment to the existing shareholders in order to use the proceeds from the capital increase as a source of fund of the Company. Moreover, the Board of Directors of the Company is of the view that when considering the current economic situation which is highly unstable, the offering of the newly issued ordinary shares to the existing

shareholders in proportion to their respective shareholdings (Rights Offering) is one of alterations that shall enable the Company to repay for a purchase of ordinary shares in N15 and to manage and administer its cashflow by saving the reserve fund to be utilized in necessary and emergency situation.

#### **4.3 Possibilities of Plan to Utilise Proceeds from the Share Offering**

The Company wishes to utilise proceeds received from the offering of newly issued ordinary shares as a payment for the Acquisition of the Ordinary Shares of N15 whereby the Company has a plan to enter into the transaction after obtaining the approval from the 2021 Annual General Meeting of Shareholders and after the offering of newly issued ordinary shares is completed under related condition precedent set out in Clause 10. of the Information Memorandum on the Connected Transaction and Asset Acquisition (Class 2) of the Company. Please see further details in the Information Memorandum on the Connected Transaction and Asset Acquisition (Class 2) of the Company

#### **4.4 Suitability of the Capital Increase and Sufficiency of Funds**

The Board of Directors of the Company is of the opinion that the Company has studied the necessity of this capital increase whereby the offering of newly issued ordinary shares will amount to THB 148,800,000 for the Company to receive, which is the sufficient amount for the Acquisition of the Ordinary Shares of N15 in the value of THB 145,000,000, which is to accommodate the expansion and growth of businesses of the Company to strengthen the competitiveness with other entrepreneurs. In addition, the transaction does not affect the cashflow and liquidity of the Company in the business operation. In this regard, after considering any method of fundraising, the Board of Directors of the Company is of the view that the offering of the newly-issued ordinary shares to the existing shareholders in proportion to their respective shareholdings (Right Offering) is the appropriate and suitable method for the benefits of the Company in the current situation.

However, in case of insufficient proceeds received from an issuance of newly issued ordinary shares, the Company shall borrow money from domestic financial institutions. In consideration of sources of fund of the Company for entering into the above project, the Company speculates that such borrowing shall not be subject to the conditions that affects the rights of shareholders of the Company.

Furthermore, for the business operation of N15, N15 is of no necessity to use additional funds from the Company as N15 has sufficient operating cashflows for the business operation.

#### **4.5 Expected Impacts on the Business Operation of the Company, as well as the Financial Position and Performance of the Company from the Capital Increase and Undertaking according to the Plan to Utilise Proceeds**



Since the proceeds received from the offering of newly issued ordinary shares will be utilised as a payment for the Acquisition of the Ordinary Shares of N15, the Board of Directors of the Company is of the opinion that it does not have any impact on the change of the business nature and policy of the Company, whereby the Company will still operate the business of natural gas vehicles private mother station and biomass power plant, which are according to the vision, mission and normal business plan of the Company. Furthermore, the Company is able to expand its businesses to the waste classification and disposal services that tends to grow progressively as it is in line with the form and trend of environmental conservation whereby the transformation of waste into alternative energy is currently the best way of waste disposal and it is the investment in the environmental sustainability management.

### 5. Directors' Affirmation

In case where the directors of the Company do not perform their duties in compliance with the law, objectives and the Articles of Association of the Company, as well as the resolution of the shareholders meeting, with integrity and care in the protection of benefits of the Company in relation to the capital increase by performing an act or omitting to act which is considered a non-performance of duties and causing damage to the Company, the Company is able to claim for the compensation from such director. If the Company does not claim for such compensation, one or more shareholders holding the aggregate number of shares in of not less than 5 percent of the total number of sold shares of the Company may notify the Company to make a claim for compensation and if the Company does not proceed with the matter notified by the shareholder(s), such shareholder(s) is able to file legal action against such director for the compensation on behalf of the Company pursuant to Section 85 of the Public Limited Companies Act B.E. 2535 (including the amendment thereof). Furthermore, if any action or omission of the director which is not a performance of duties in compliance with the law, objectives and the Articles of Association of the Company, as well as the resolution of the shareholders meeting, with integrity and care in the protection of benefits of the Company in relation to the capital increase causes any director or his/her related persons to obtain undue benefits, the Company may file legal action against the director for disgorgement of such benefits to the Company, or one or more shareholders holding the aggregate number of shares in of not less than 5 percent of the total number of sold shares of the Company may notify the Company to proceed with such action and if the Company fails to proceed with the matter as directed within one month from the date of the notice, such shareholder(s) may exercise the rights to bring an action for disgorgement of benefits on behalf of the Company pursuant to Section 89/18 of the Securities and Exchange Act B.E. 2535 (1992) (including the amendments thereof).

Please be informed accordingly.

Sincerely yours,

A handwritten signature in blue ink, appearing to be 'J. Sumethchotimetha'.

(Mr. Jakkrapong Sumethchotimetha)

Managing Director

Authorised to sign on behalf of the Company