

**Information Memorandum on Offering of Newly Issued Ordinary Shares through  
a Private Placement Transaction of Sermuang Power Corporation Public Company Limited**

The Board of Directors' Meeting of Sermuang Power Corporation Public Company Limited (the “**Company**”) No. 4/2021 held on July 6, 2021 has passed the resolution to propose that the shareholders' meeting consider and approve the issuance and offering of newly issued ordinary shares as detailed below:

According to the Executive of the Company and the investor UOB Kay Hian Private Limited (“**UOBKH**”) and Mr. Pongsak Thammathataree (“**Mr. Pongsak**”) (UOBKH and Mr. Pongsak are collectively refer as the “**Investors**”) had the opportunity to meet with Investors which there is no any relations between the Investors, therefore, the Investors and Executive of the Company discussed the approach to joint ventures in the Company. After considering the financial potential of the 2 Investors, the Executive and the Board of Directors of the Company deemed that 2 Investors will enhance the Company's financial potential as well as it also broaden business network. Therefore, the Board of Directors deemed it appropriate to propose to the shareholders' meeting for the approval of the issuance and offering of up to 50,000,000 newly issued ordinary shares with a par value of THB 1.00 per share to specific investors (Private Placement: “**PP Transaction**”) to UOBKH up to 30,000,000 newly issued shares or approximately 2.82 percent of issued shares after the capital increase at the offering price of 12.10 Baht per share totaling of 363,000,000 Baht and Mr. Pongsak up to 20,000,000 newly issued shares or approximately 1.88 percent of issued shares after capital increase at the offering price of 12.10 Baht per share totaling of 242,000,000 Baht. The details are following;

Specific Investor	number of shares offering	Offering Price (THB/share)		Total Value (THB)	Shareholding proportion compared to the number of issued and paid-up shares of the company	
					Current	After PP
UOBKH	30,000,000	12.10	363,000,000	-	2.82%	
Mr. Pongsak	20,000,000	12.10	242,000,000	-	1.88%	

PP Transactions are considered as the offering of securities to specific investors (Private Placement) with a specific offering price designated by shareholders' resolution and the offering price is the piece as agreed between the Company and the Investors with the discount of not exceeding 10 percent of market price. The Board of Directors has considered the best interest of the Company and deemed that the rate of discount is reasonable.

In this regard, the “Market Price” is considered from the market price which refers to volume weighted average price of the Company's ordinary shares traded on the SET of not less than 7 consecutive business days and not exceeding 15 consecutive business days prior to the date on which the Board of Directors passed its resolution to propose the Shareholders' Meeting of the Company to consider approving the issuance and allocation of the Company's newly issued ordinary shares by way of private placement, whereby the weighted average price of the Company's shares for the previous 15 consecutive

business days during the period from June 15, 2021 to July 5, 2021 is equal to THB 13.3614 per share (Source: SETSMART from www.setsmart.com).

PP Transactions are not considered as an offering of newly issued shares at the low price pursuant to the Notification of the Capital Market Supervisory Board No. TorJor. 72/2558 Re: Approval for Listed Companies to Offer Newly Issued Shares through Private Placement (as amended) (the “**Notification No. TorJor. 72/2558**”). Moreover, the said PP Transactions require an approval from the shareholders’ meeting, and the Company is also required to obtain a permission from the Office of the Securities and Exchange Commission (the “**SEC Office**”) prior to the said offering.

However, if the offering price of newly issued ordinary shares to a specific person (Private Placement) is lower than 90 percent of the market price of the Company's shares Prior to the SET's order to accept such newly issued ordinary shares as listed securities, the Company has a duty to prohibit investors from selling all such newly issued ordinary shares within one year from the date of the Company's newly issued ordinary shares trading in the Stock Exchange of Thailand (Silent Period) after the date on which the Company's newly issued ordinary shares Such started trading on the stock exchange. After a period of 6 months, investors will be able to gradually sell the prohibited shares in the amount of 25% of the total shares prohibited from sale, in accordance with the rules prescribed in the Notification of the Stock Exchange of Thailand Re: Rules, Conditions and Procedures for Consideration of the Request for the Acceptance of Ordinary Shares or Preferred Shares in the Capital Increase as Listed Securities B.E. 2558 dated May 11, 2015 (and as amended)

After the issuance and allocation of the Company's newly issued ordinary shares for sale to such investors, the investor will become a shareholder of 4.70% of the total issued shares of the Company (After the registration of the increase of the paid-up capital of the Company). In this regard, the investor has no related person holding the Company's shares which does not need to include the holding of securities for making a tender offer for all securities of the Company (Tender Offer). From the reasons that, the investors have no relationship with or has acted together (Concert Party) or has no person under Section 258. under the Securities and Exchange Act B.E. 2535 (and as amended) or no person holding shares in place of (Nominee)) is not obliged to make a tender offer for all securities of the Company (Tender Offer) because it has acquired shares of the Company less than 25 percent of the total voting rights of the Company According to the Notification of the Capital Market Supervisory Board No. TorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated May 13, 2011 (and as amended).

In addition, the Board of Directors ’Meeting resolved to grant approval to propose the Shareholders Meeting to consider authorizing the Board of Directors or the Executive Committee or the Chief Executive Officer or the person authorized by the Board of Directors or the Executive Committee or the Chief Executive Officer to take any arrangements in relation to the issuance, offering, allocation and subscription for such newly issued ordinary shares, including the following matters:

- (1) To determine, amend, add details relating to the issuance, offering, allocation and subscription for the newly issued ordinary shares, the offering date of the newly issued ordinary shares, and the payment method for the newly issued ordinary shares )whereby the period of allocation and subscription may be on one or several occasions(, including such arrangements relating to the issuance, offering, allocation and subscription for such newly issued ordinary shares, and information filing and disclosure to the SET;
- (2) To sign, amend, change, contact or report any information in the applications and evidence necessary for and in connection with the issuance, offering, allocation, subscription and delivery of such newly issued ordinary shares, including contact and filing of the applications, documents and evidence with the Ministry of Commerce, the SEC Office, the SET, government agencies and/or other relevant authorities, and the listing of the Company’s newly issued ordinary shares on the SET, and to have the

authority to take any other actions as deemed necessary and appropriate to ensure the successful completion of the Company's issuance, offering and allocation of the newly issued ordinary shares by way of private placement.

The Company would like to inform information about the issuance and offering of newly issued ordinary shares to specific investors, together with information that is essential to the decision of the shareholders. The details are as follows.

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

The Company will proceed with the PP Transactions after obtaining an approval from the Extraordinary Meeting of Shareholders of the Company No. 2/2021 which will be held on October, 19, 2021. In addition, the Company expects the proceeding under the PP Transactions to be completed within the 4<sup>th</sup> quarter of 2021.

## 2. Contractual Parties and Relationship with the Company

<b>Issuers</b>	:	The Company
<b>Persons being offered with shares</b>	:	<ol style="list-style-type: none"> <li>1. UOBKH will be offered up to 30,000,000 newly issued ordinary shares.</li> <li>2. Mr. Pongsak will be offered up to 20,000,000 newly issued ordinary shares.</li> </ol>
<b>Relationship with the Company</b>	:	The Investors are not a connected person of the Company under the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 entitled Rules on Connected Transactions (as amended) and the Notification of the Board of Governors of the SET entitled Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (A.D. 2003) (as amended) (the “ <b>Connected Transactions Notification</b> ”)
<b>Relationship with the Company's directors, executives or major shareholders</b>	:	The Investors is not connected persons of the Company according to the Connected Transactions Notification and have no relationship with directors, management and major shareholder of the Company. In addition, the Investor have no plan to be the directors and/or controller of the Company after the execution of this PP Transaction.
<b>Expected Benefits from the Investors</b>	:	The Company foresees that both investors are potential investors because there are investments in various business groups which will encourage the company to have more diverse business network.

## 3. Characteristics of the Transaction

### 3.1 Information of Specific Investors

#### 3.1.1 UOB Kay Hian Private Limited

<b>Name</b>	:	UOB Kay Hian Private Limited
<b>Registered Date</b>	:	1 August 1990
<b>Type of Business</b>	:	Securities and financial businesses
<b>Business Description</b>	:	Operating as a brokerage services in Singapore
<b>Address</b>	:	8 Anthony Road 01-01 Singapore, 229957 Singapore
<b>Source of Fund</b>	:	UOB Kay Hian Private Limited engages in securities investment

UOB Kay Hian Private Limited has a policy to invest in various securities in Thailand and is interested to investing in the Company newly issued shares. After Private placement transaction, UOB Kay Hian Private Limited will hold 2.82% of number of issued and paid-up shares of the Company.

Remark: Ultimate shareholders of UOB Key Hian Private Limited are UOB Key Hian Holding Limited at 100.0 percent, which registered in Singapore Stock Exchange. UOB Key Hian Holding Limited held by 1. United Oversea Bank Limited 2. K.I.P Incorporated and 3. Mr. Wee Ee Chao at 37.44 percent 30.85 percent and 10.94 percent respectively, whereby other shareholding portion belong to Institutional investor and minority shareholders.

### 3.1.2 Mr. Pongsak Thammathataree

<b>Name</b>	:	Mr. Pongsak Thammathataree
<b>Nationality</b>	:	Thai
<b>Address</b>	:	Room 1902 Marriott Hotel Sukhumvit 57 Khlong tan Nuer Wattana Bangkok 10110
<b>Profession/Experience</b>	:	1987-1999 working as a physician at Su-ngai Kolok Hospital, Phanthong Hospital, Rayong Hospital 1999-2014 engaging in services business in healthcare industry 2015 onwards - investor

- Source of Fund** : Return from being a shareholder in the following companies
- Shareholder in proportion of 18.90% of issued and paid-up share of Com7 Public Company Limited based on shareholder information as of April 30, 2021
  - Shareholder in proportion of 5.31% of issued and paid-up share of Dohome Public Company Limited based on shareholder information as of April 4, 2021
  - Shareholder in proportion of 4.17% of issued and paid-up share of Rojukiss International Public Company Limited based on shareholder information as of April 30, 2021
  - Shareholder in proportion of 4.10% of issued and paid-up share of J.S.P. Property Public Company Limited based on shareholder information as of March 10, 2021
  - Shareholder in proportion of 3.29% of issued and paid-up share of JMT Network Services Public Company Limited based on shareholder information as of August 24, 2021
  - Shareholder in proportion of 2.52% of issued and paid-up share of Chayo Group Public Company Limited based on shareholder information as of June 11, 2021
  - Shareholder in proportion of 2.26% of issued and paid-up share of SGF Capital Public Company Limited based on shareholder information as of April 1, 2021
  - Shareholder in proportion of 2.13% of issued and paid-up share of Pato Chemical Industry Public Company Limited based on shareholder information as of March 19, 2021
  - Shareholder in proportion of 1.81% of issued and paid-up share of Jay Mart Public Company Limited based on shareholder information as of March 24, 2021
  - Shareholder in proportion of 1.07% of issued and paid-up share of Siam Steel International Public Company Limited based on shareholder information as of May 13, 2021
  - Shareholder in proportion of 0.80% of issued and paid-up share of Sky Tower Public Company Limited based on shareholder information as of May 10, 2021

Mr. Pongsak Thammathataree is a well-known investor in Thailand's capital market and is interested in investing in newly issued shares of the Company. After PP Transaction, Mr. Pongsak Thammathataree will hold 1.88% of total issued and paid-up shares of the Company.

### **3.2 Relationship of the private placement who will be allocated the Company's newly-issued ordinary shares with the Company**

Prior to the capital increase and offering of the newly issued shares of the Company by the way of private placement, the Company has no relationship with the Investors and after the offering of the newly issued shares of the Company, there is no Investor who holds the shares in the proportion that will be the major shareholder of the Company. The Investors shall not nominate any person to be the director and/or the executive of the Company, therefore, it will not consider as the connected person of the Company. Thus, the issuance and offering of the newly issued shares of the Company by the way of private placement shall not be considered as the connected transaction of the Company pursuant to the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 entitled Rules on Connected Transactions (as amended) and the Notification of the Board of Governors of the SET entitled Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (A.D. 2003) (as amended).

### **3.3 Reasons for Allocating Capital Increase Shares to Investors and Benefits That the Company Expects to Receive from Investors' Investments**

The Board of Directors has considered and deemed that the Investors who will be allocated the Company's newly issued ordinary shares are the person with financial potential and have sufficient sources of funds for the subscription of the Company's newly issued shares. In this regard, the Investors who will be allocated the newly issued ordinary shares of the Company will not participate in management (Financial Investor), therefore, the Company has no plan to change the directors, executives, policies or business plans in any respect. In this regard, the capital increase and the allocation of the newly issued ordinary shares of the Company by the way of private placement is to support the business expansion and investment of the Company in the future, which will result in the Company's better profitability including it will decrease the burden of borrowing money from the financial institutions for business expansion. In addition, the Company expects that the Company will have an opportunity to receive additional advice from investors including the benefits of a business network from the Investors because the Investors are investors with a diverse business network and credibility.

### **3.4 Basis Used to Determine the Offering Price, Market Price and Appropriateness of the Offering Price**

The determination of the offering price is equivalent to 12.10 baht per share, which offering to the investors is appropriate as it refers to market price and negotiation, which is not less than 90 percent of the market price equivalent to 12.0253 baht per share. Therefore, the issuance and offering of the newly issued ordinary shares is not considered as the offering of newly shares at the low price pursuant to the Notification No. TorJor. 72/2558. In consideration of the market price, the Company uses the volume weighted average price of the Company's ordinary shares traded on the SET during the 15 consecutive business days prior to the date on which Board of Directors' Meeting of the Company resolved to propose to the shareholders' meeting to consider and approve the said offering of newly issued ordinary shares, i.e. from June 15, 2021 to July 5, 2021 which is equivalent to THB 13.3614. (information from SETSMART as shown in [www.setsmart.com](http://www.setsmart.com)).

In this regard, the offering price is the price as agreed between the Company and the Investors with the discount of not exceeding 10 percent of market price and the "Market Price" is considered from the market price which refers to volume weighted average price of the Company's ordinary shares traded on SET of 15 consecutive business days prior to the date on which the Board of Directors passed its resolution to propose the Shareholders' Meeting of the Company during the period from June 15, 2021 to July 5, 2021 is equal to THB 13.3614 per share. The Board of Directors has considered the best benefit

of the Company and considers that the determination of the discount from the market price at such rate is appropriate.

#### 4. Objectives of Capital Increase and Plans for Utilizing Proceeds Received from the Capital Increase

As the Company aims to expand investment and develop a total of 400 megawatts of power plant projects by 2024 through the investment in renewable energy power plant projects for Greenfield Project Investment as well as investment in projects that are already operating (Operating Assets). Moreover, the Company is considering the proposal and conditions for investing in several renewable energy power plant projects.

Therefore, the Company intends to raise capital to provide funding for future expansion. Moreover, the Company plans to use the proceeds from this capital increase to expand its renewable energy business both domestically and internationally. According to the Company's investment plan which the Company will be expanded from investing in renewable energy business during 2021 -2020 which represents approximately 900 - 1,400 million baht. The details are as follows:

- 1) Small Power Producer power plant (SPP) located in northeastern part of Thailand which require approximately 400 – 700 million baht of funding. The Company expects that if the terms of the transaction are negotiated successfully, the Company will be able to invest in the project within the fourth quarter of 2021. (“**Investment project in Thailand**”)
- 2) Renewable energy power plant which size is comparable to Small Power Producer power plant (SPP) located in Vietnam and require approximately 500 – 700 million baht of funding. The Company expects that if the terms of the transaction are negotiated successfully, the Company will be able to invest in the project within the first quarter of 2022. (“**Investment project in Vietnam**”)

Remark Very Small Power Producer (“VSPP”) is a renewable power plant with less than 1 megawatt contracted capacity. Small Power Producer (“SPP”) is a renewable power plant with less than 90 megawatt contracted capacity. Independent Power Producer (“IPP”) is a renewable power plant with more than 90 megawatt contracted capacity.

Both renewable energy power plants are already operated (Operating Assets). Therefore, these 2 investments are free from risk of development and construction and has satisfactory past performance. After complete the investment, the Company will be able to recognize revenue from sales of electricity immediately which is highly stably due to long-term power purchase agreement.

The Company would like to clarify that the process of investment in both renewable energy power plant is in process of feasibility studies and observes status of the power plants relating to financing, legal, technical, and an engineering qualification, and negotiation with relevant contract parties. The progress of the project feasibility study is satisfactory. However, the Company is unable to disclose the name and other details of the projects at this time because the Company has a restriction on the confidentiality of the projects that require the consent from the relevant parties. Moreover, the disclosure of any specific details of the project may have a negative impact on the Company’s investment negotiation which may cause other investors who are interested in investing in the projects aware of the Company’s negotiation information with the project owners.

Hence, after the completion of capital increase and offering of newly issued ordinary shares of the Company through a private placement, the Company will receive capital of 605.0 million baht which the Company expects to be sufficient investment for one of the two projects mentioned above. The Company will consider the preferred rate of return of investment, revenue from sales of electricity, technical and engineering qualification, readiness of raw material (such as intensity of sunlight in the project area for investment in Solar power plant or wind speed in the project area for investment in Wind

power plant). Also, the Company will assess on the historical ability of electricity generation of the project, cost structure, other qualifications and conditions that are different in each project (Project Specific Risks) together with rules and regulations relating to power plant operation, and source of funding of the Company.

If the Company has successfully completed the above proposal of investment in above renewable energy power plant, the Company will bring the investment project for board of director to consider the appropriateness and advantage of the investment. Hence, the above investment in the renewable energy power plant is not a connected transaction according to the Connected Transaction Notification.

In the event that the Company unable to receive the capital increase, the Company may lose the opportunity to expand the business according to the Company's business plan. However, if the Company has to invest more than the amount received from this capital increase, the Company will consider using other source of funds while take into account of financial status of the Company and capital market condition for the maximum benefit to the Company and shareholders. For instance, the Company may consider using the cash from the issuance of debenture no.1/21 of 600 million baht on July 21<sup>st</sup>, 2021 for the objective of working capital at the amount of 340 million baht to support investment in renewable energy that the Company desire to invest, issuance of new debenture, or loans from financial institution to support the investment of renewable energy power plant that the Company is in the process of studying and negotiating.

The investment in the renewable energy business mentioned above is currently uncertain because the Company is under study feasibility and negotiate with related contract parties. However, during the negotiation process, the Company will consider a suitable method to deal with the proceed from capital increasing by using as a working capital of the Company for the maximum benefit of the Company and shareholders. Hence, if the Company unable to reach the agreement to invest in the 2 projects, the Company will use the proceed from capital increasing to support the business expansion in 2022 which is align with the Company's investment plan to expand investment in renewable energy to 400 megawatts in 2024. Currently, the Company has total of 372.3 megawatts in renewable energy power plant. The Company's investment expansion plan is considering both Greenfield Project Investment as well as Operating Assets. The Company has considered the preliminary information of several renewable energy power plant project to seek investment opportunities to achieve investment goal in order to obtain the maximum benefit of the Company and Shareholders.

If the investment negotiation is successful, the Company will disclose information memorandum to Stock Exchange of Thailand and other action as required by relevant laws and regulations

## **5. Information Related to Effects Arising from Capital Increase or Share Allocation through Private Placement**

### **5.1 Effects Arising from Capital Increase**

In case each of UOBKH and Mr. Pongsak subscribe for the newly issued ordinary shares allotted to such specific investors in full as follows:

- (1) UOBKH subscribes for 30,000,000 newly issued ordinary shares allotted to such specific investor; and
- (2) Mr. Pongsak subscribes for 20,000,000 newly issued ordinary shares allotted to such specific investor.

The effects arising thereof on the existing shareholders of the Company are as detailed as follows:



**5.1.1 Price Dilution after Share Offering through a Private Placement**

$$\begin{aligned}
&= \frac{(\text{Market Price before offering}) - (\text{Market Price after offering})}{\text{Market Price before offering}} \\
&= \frac{(13.3614 \times 1,014,199,683) + (12.1000 \times 50,000,000) - \text{Market Price after offering}}{1,014,199,683 + 50,000,000} \\
&= \frac{13.3614 - 13.3021}{13.3614} \\
&= 0.44 \%
\end{aligned}$$

**5.1.2 Earnings per Share Dilution after Share Offering through a Private Placement**

$$\begin{aligned}
&= \frac{\text{EPS before offering} - \text{EPS after offering}}{\text{EPS before offering}} \times 100 \\
&= \frac{(0.7290 - 0.6948)}{(0.7290)} \times 100 \\
&= 4.70\%
\end{aligned}$$

whereby the Earnings per share after offering = (The Company's accumulated earnings in the past 12 months ending March 31, 2021)

$$\begin{aligned}
&= \frac{(\text{Number of ordinary shares after the issuance of newly issued ordinary shares allotted to specific investors})}{(1,014,199,683 + 50,000,000)} \\
&= 0.6948 \text{ THB/Share}
\end{aligned}$$

### 5.1.3 Control Dilution after Share Offering through a Private Placement

$$\begin{aligned}
 &= 1 - \frac{\text{Number of paid-up shares of the Company's ordinary and preferred shares}}{\text{Number of the Company's ordinary and preferred shares after the issuance of newly issued shares allotted to specific investors}} \times 100 \\
 &= 1 - \frac{1,014,199,683}{(1,014,199,683 + 50,000,000)} \times 100 \\
 &= 4.70\%
 \end{aligned}$$

### 5.2 Worthiness to the Shareholders compared with impact to Earnings per Share Dilution or Control Dilution

Comparing the benefits that the shareholders will receive from the PP transaction with the impact on the share of profits or voting rights of the shareholders as detailed above, the Company has the opinion that the offering of the newly issued ordinary shares will benefit the shareholders more than the voting or share price dilution due to the Company shall utilize the received capital to be the source of fund to Company business expansion. In this regard, The Company has rules for investing in renewable energy power plant projects at a rate of return that will be received from the investment of not less than 10% and taking into account the benefits that shareholders will receive primarily. Such capital increase will increase the profitability of the Company in the long run.

## 6. Opinion of the Board of Directors

### 6.1 Rationale and Necessity for Capital Increase

The Board of Directors has the opinion that the issuance and offering of newly issued ordinary shares of the Company to the specific investors will support the Company's source of funds to finance the current business plan and expansion the business in the future according to Company's future business plan to gain total capacity at 400 MW within 2024. Currently, there are at least 2 projects that the Company is on the process of a feasibility study and in the process of negotiating for an acquisition. The offering newly issued ordinary shares to investors who have a financial potential and having interest in purchasing the Company's newly issued ordinary shares directly, thus making it certain that the Company will be able to get the funds and be able to raise funds in a short period of time. Consequently, the Company can utilize such funds to invest in projects that the Company are currently under the feasibility study process and can negotiate immediately. In addition, the offering of new ordinary shares in this time can also reduce the financial burden of the existing shareholders in the capital increase.

However, if the company does not receive money from this capital increase, the Company will miss an opportunity to further expand and expand its business according to the Company's business plan which in each period of time, the suitable and qualified projects that allow the Company to invest are limited and some project may have a number of potential investors, therefore, in order to increase the Company's competitive potential with other potential investors including reduce the risk of losing the opportunity to invest in suitable projects, The Company therefore needs to prepare for investment by providing funding sources for future investments. However, if the Company requires more than the amount of capital increased, the Company will consider financing other sources to be used as a source of funds to invest in renewable energy projects above. The financial status of the business and capital market conditions will be taken into account in order to maximize the benefits of the business and its shareholders

for example: The Company may consider using cash from the issuance of debentures No. 1/2021 amounting to THB 600 million issued on July 21, 2021 with the objective is to use as working capital of THB 340 million to support investment in renewable energy projects that the Company wishes to invest in, issuance and offering of additional debentures or capital loans from financial institutions to accommodate investments in renewable energy projects that the Company is studying and negotiating.

For that reason, the Board of Directors has the opinion that the Company requires additional capital to support its business operations at present and expanding the business in the future.

## **6.2 Possibility of the Plan for Use of Proceeds and Sufficiency of Source of Capital**

The Board of Directors of the Company deemed that the current feasibility studying and negotiating process with the relevant parties for the investment in aforementioned renewable energy projects is satisfactory and there is a possibility to invest. The Company expects that if the negotiation of conditions for entering into the transaction is successful, the Company will be able to complete the investment within the fourth quarter of 2021 for investment projects in Thailand or within the first quarter of 2022 for investment projects in Vietnam (as the case maybe).

However, before investing in renewable energy power plants, the Company must conduct a thorough feasibility study of the project until completion. If the study results show that such returns may not be as expected by the Company, the Company has no obligations to make such investments. In addition, the Company also considering other renewable energy power plant projects that are in the process of studying the information in the next order in order to be able to carry out the above money utilization objectives.

The Company expects that the issuance and offering of the newly issued shares to the Investors indulging receive the fund from such issuance shall sufficient for the potential projects which is under the Company's consideration. The issuance and offering of newly issued shares shall be completed within the scope of time as required by the applicable law pursuant to the Notification No. TorJor. 72/2558 and the resolution of the shareholders meeting within quarter 4 of 2021.

However, if the company does not receive money from this capital increase, the Company will miss an opportunity to further expand and expand its business according to the Company's business plan. However, if the Company requires more than the amount of capital increased, the Company will consider financing other sources to be used as a source of funds to invest in renewable energy projects above. The financial status of the business and capital market conditions will be taken into account in order to maximize the benefits of the business and its shareholders for example: The Company may consider using cash from the issuance of debentures No. 1/2021 amounting to THB 600 million issued on July 21, 2021 with the objective is to use as working capital of THB 340 million to support investment in renewable energy projects that the Company wishes to invest in, issuance and offering of additional debentures or capital loans from financial institutions to accommodate investments in renewable energy projects that the Company is studying and negotiating.

The offering of such newly issued shares does not affect the Company's financial covenants or the maintenance of financial ratios with financial institutions that provide loans to the Company. In addition, the Company expects that in the future the Company will gradually receive returns in the form of dividends which provide the company the sufficient source of funds to expand the business as planned.

## **6.3 Potential Impact of Capital Increase on the Company's Business Operations, Financial Position and Operating Results**

The Board of Directors has the opinion that the Company's increasing the registered capital by issuing the new shares to the specific investors will strengthen both the financial structure. and the long-term debt-to-equity ratio. In the accounting period ending 6 months in 2021, the Company's debt to

equity ratio was 2.52 times and after this capital increase offering the debt-to-equity ratio of the Company shall be decreased. This will increase the financial flexibility of the project in the future. Therefore, the capital increase will not adversely affect the business operation, financial position and performance of the Company.

#### **6.4 Justifications of the Offering Price of Newly Issued Shares by way of Private Placement and Backgrounds for Determination of the Offering Price**

The Company determines the offering price which is negotiated between the Company and the investors by considering it from the market price of the Company's shares which is calculated from the weighted average price of the Company's shares trading on the Stock Exchange of Thailand for a period of 15 consecutive business days prior to the date of the Board of Directors' meeting, that is, between June 15, 2021 and July 5, 2021, which is equal to 13.3614 baht per share. As a results, the offering price of the newly issued ordinary shares The above capital is therefore not less than 90 percent of the market price announced at TorJor. 72/2558.

In this regard, the offering price is the piece as agreed between the Company and the Investors with the discount of not exceeding 10 percent of market price and the "Market Price" is considered from the market price which refers to volume weighted average price of the Company's ordinary shares traded on the SET of 15 consecutive business days prior to the date on which the Board of Directors passed its resolution to propose the Shareholders' Meeting of the Company during the period from June 15, 2021 to July 5, 2021 is equal to THB 13.3614 per share. The Board of Directors has considered the best benefit of the Company and considers that the determination of the discount from the market price at such rate is appropriate.

#### **6.5 Rationale and Necessity for the Offering of Newly Issued Shares by way of Private Placement**

The Company considers the criteria for allocating shares to specific persons by considering investors with potential in capital which may be natural persons and/or domestic institutional investors and/or foreign funds with potential for funding and have the ability to consider investing with the Company immediately and have a desire to invest in the long term for the maximum benefit of the Company.

The Investors have the available resources for the investment, experience in the investment in various kind of business indulging good financial status and good relationship and interested in the renewable energy business investment model which requires high investment and takes time to pay back the capital. Moreover, it relates to the daily life of the general public which will have a positive impact on society and the economy as a whole. Also, it has the recurring income that can withstand the volatility of the economy well.

Moreover, the investors specialize in a variety of business operations as well as having good financial status and good relationship with various business groups. This will allow the Company to receive the amount of capital it needs to use in its business operations, as well as to increase the potential and confidence in the Company's business operations to its stakeholders and financial institutions including the capacity to promote and support to expand the Company's business plan. As a results, the Company foresees the potential and opportunity for growth and the opportunity to increase the source of income for the Company in the future for the benefit of the shareholders as a whole, including having business alliances that are generally accepted as shareholders as well as enhance the Company's reputation which can attract more investors' attention as well.

The Board of Directors has the opinion that the issuance and offering of the Company's newly issued ordinary shares to investors will provide the Company with funds to support its current business plans and future business expansion. The issuance and offering of new ordinary shares will help the

Company to raise funds within a short period of time and reduce the burden of existing shareholders in raising capital which will result in the company Better liquidity and performance

However, the Board of Directors has considered alternative source of funds as follows:

- (1) Public offering method: The Board of Directors has the opinion that this method consumes a lot of time than the capital increase in the issuance and offering of the Company's newly-issued ordinary shares to the existing shareholders in proportion to their shareholding and private placement
- (2) Debt issuance method: Board of Directors has considered the issue of debt instruments or borrowing from financial institutions resulting in higher interest-bearing debt and financing cost in an unforeseen event which shall result in the breach financial covenant.
- (3) Issuance and offering of newly issued ordinary shares to existing shareholders in proportion to their respective shareholdings (Rights Offering): The Board of Directors considers that such fundraising has limitations on the uncertainty of the amount of funds that will be received because the company May not receive support from existing shareholders in subscribing for the Company's newly issued ordinary shares complete by number

#### **7. Certification of the Board of Directors on Capital Increase**

In the event where any director of the Company fails to perform his/her functions with integrity and due care to protect the Company's interests in this capital increase, and such failure has caused damage to the Company, the shareholders may take legal actions to claim damages from such director on behalf of the Company pursuant to Section 85 of the Public Limited Companies Act B.E. 2535 (1992) (as amended). In the event where the failure to perform such functions has caused any directors or persons concerned to gain undue benefits, the shareholders may take legal actions to recover such benefits from the directors on behalf of the Company pursuant to Section 89/18 of the Public Limited Companies Act B.E. 2535 (1992) (as amended).

#### **8. Opinion of the Audit Committee and/or the Director Which is Different from the Board of Directors' Opinion**

The Audit Committee is of the opinion in accordance with the Board of Directors of the Company.