

- Unofficial Translation -

*Should there be any discrepancies between the original Thai document and its English translation; the original Thai document shall prevail.*

Information Memorandum regarding the allocation of the newly issued ordinary shares  
SNC Former Public Company Limited  
16 December 2020

The Board of Directors' Meeting of SNC Former Public Company Limited ("the Company" or "SNC") No. 7/2020 held on 16 December 2020 has approved the issuance and offering of new ordinary shares. The details are as follows:

1. Offering Details

Offering amount of not exceeding 112,222,661 shares at the par value of Baht 1.00 per share. The details are as follows:

- 1.1 Allocate to the public (Public Offering) where the offering price, subscription and payment period for the public (Public Offering) will be determined later by the Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee  
  
If there are any shares remaining after the allocation as aforementioned, the Company shall further propose the Shareholders' Meeting to consider and approve the reduction of registered capital.
- 1.2 The offering price, subscription and payment period will be determined by the Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee later, after the approval for the offering of newly issued ordinary shares by the SEC.
- 1.3 The Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee shall be empowered
  - To determine and adjust the relevant details of the issuance and offering of newly issued ordinary shares to public (Public Offering) in all aspects which including but not limited to the offering price, subscription and payment period, and relevant conditions
  - To correct words or texts in any related document such as minutes of meeting, memorandum, application form and/or take any action to comply with the Registrar request for the Company's capital register to the Department of Business Development, Ministry of Commerce
  - To provide the information, execute the application and necessary supporting documents relevant to the issuance and offering of the Public Offering shares, including to contact and file such application and documents to the authorities or government agencies concerning the issuance

and offering of the Public Offering shares, and the listing of the new shares on the Stock Exchange of Thailand

- To take any other actions which are deemed necessary and appropriate to the issuance and offering of the Public Offering shares

2. Objectives of the capital increase and plans for utilizing proceeds received from the capital increase

The Company will use funding from new shares issuance for the following objectives:

- (1) to support the construction of factories and warehouses for rent, for the Toolbox manufacturing business and the construction of warehouses for electric appliances business with an amount of approximately Baht 780 million and repay short-term loan from financial institutions at the early stages of the construction (if any).
- (2) to support the relocation of production lines from Samut Prakan Province to Rayong to be a one-stop production center with a budget of Baht 200 million.

The Company will use the proceeds received in excess of Clause (1) and (2)

- (3) to use as working capital.
- (4) and/or for repayment of loans from financial institutions.

The Company expects to use the proceeds received from the capital increase for the objectives (1) (2) and (3) by 2021, whereby the amount received from this capital increase will depend on the offering price which will be determined after the approval for the offering of newly issued shares by the SEC, and will be considered as appropriate based on the market price of the Company's shares at the time of offering of securities.

Other details for the construction of factories and warehouses for rent, for the manufacturing of Toolbox and warehouses for electric appliances business and risk from such project operation in the information memorandum on the acquisition of assets. (Enclosure 1)

3. Shareholder Effects from Share Issuance

3.1 Price Dilution

Price Dilution will be depended upon the offering price of newly issued ordinary shares which will be determined by the Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee later, after the approval for the offering of newly issued ordinary shares by the SEC which will be considered as appropriate based on the market price of the Company's share during the offering period.

Nevertheless, in case that the Company offers newly issued ordinary shares to the public (Public Offering) at the offering price with a discount of 5% to 20% from the market price, the price dilution will range from 1.40% to 5.61%, respectively.

*Remark: The Price Dilution above is only to show the effect that will occur if the Company offers newly issued ordinary shares with a discount from the market price in such specified range. The Company may set the offering price of the newly issued shares at a price higher than the market price or have more discount on the market price than disclosed as appropriated, depending on the market price of the Company's shares and the market conditions in the stock exchange at the time of offering period.*

### 3.2 Control Dilution

After the issuance and offering of newly issued ordinary shares to the public (Public Offering), the Control Dilution will be as follows:

Control Dilution = The number of newly issued shares offering to PO / (The number of paid-up capital + The number of newly issued shares offering to PO)
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$$\begin{aligned} \text{Control Dilution} &= 112,222,661 / (287,777,339 + 112,222,661) \\ &= 28.06 \% \end{aligned}$$

### 3.3 Earnings per Share Dilution

After the issuance and offering of newly issued ordinary shares to the public (Public Offering), the EPS Dilution will be as follows:

EPS Dilution = (EPS before offering – EPS after offering) / EPS before offering
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$$\text{EPS Dilution} = 28.06\%$$

## 4. Opinion of the Board of Directors

### 4.1 Reason and necessity for the capital increase of the Company

The main objective of the capital increase is to support the plan to build factories and warehouses for rent, which will generate stable income for the group of companies and to support the relocation of production lines from Samut Prakan to Rayong Province, as well as to be used as working capital and repayment of loans from financial institutions. In addition, the capital increase will help increase the Company's capital, which currently has a registered capital of Baht 287,777,339 to reserve for the business expansion of the Group in the future. The Board of Directors considered and viewed that the capital increase is reasonable and necessary. Moreover, in order to make this capital increase the most successful and to provide opportunities for potential investors, both institutional and retail investors, to become the Company's shareholders, the Board of Directors considers that the offering of shares to the public (Public Offering) is a proper method for this capital increase.

### 4.2 Probability of the plan to utilize proceeds from the new shares offering and projects to be implemented



The main objective of the capital increase plan which aims to support the plan to build factories and warehouses for rent is possible. Due to the expansion of the production that the Company is an original equipment manufacturer (OEM) for customers, during the past 2 years, there has been a continuous increase in growth rate and such customer is interested in expanding their business by renting the Company's factory space for the said business. The Company is now in the process of entering into a rental agreement with the customer, and has presented such investment plan to the Board of Directors for approval, disclosed information on the acquisition of assets in the Company's business expansion projects, and in the process of circulating the information to shareholders. Furthermore, the Company's Board of Directors believes that the said investment plan will increase the Company's income diversity while still within the scope of the business in which the Company has expertise and this will enable the Company to have consistent income and cash flow throughout the rental term, helping to create sustainable returns for the Company in the future, as well as helping to create added value for shareholders in the long term.

#### 4.3 Reasonability of the capital increase and the adequacy of source of funds in case the proceeds from the capital increase do not cover the budget needed to be used as planned

The aforementioned capital increase plan and funding utilization plan are reasonable and feasible because it is an investment in the construction of factories and warehouses for rent in the Toolbox business, which the Company is an OEM and still continue to operate, also the existing customer is interested in renting factory and warehouse space for the operation which is now in the process of entering into a rental agreement. However, in case that the proceeds from this offering does not cover the budget needed to be used for the operation, the Company is still able to obtain financing from commercial bank loans because the current debt-to-equity ratio (D/E Ratio) (as of 30 September 2020) is 0.91 which is not that high and the Company is negotiating with financial institutions to provide funding for its early operations.

#### 4.4 Expected effects on the Company's business operation as well as the financial position and operating results of the Company due to the capital increase and the implementation of project plan

The Company will have sufficient source of funds for the Group's business expansion and will help increase the Company's capital appropriately to support the business expansion in the future. Also, in case the Company is able to expand the business as planned, it will help increase potential, competition, and create sustainable returns in the future as well as help to create long-term shareholder value.

### 5. Warranty of Directors

The Board of Directors certifies that the Board of Directors has performed its duty with honesty and has carefully preserved the benefit of the Company in relation to such increase of the registered capital. However, in case that such performance of duty causes damage to the Company, the shareholders are entitled to file a lawsuit to claim for damages from such director on behalf of the Company as specified in section 85 of the Securities and Exchange Act B.E. 2535. Moreover, in case that such performance of duty causes a director

or his/her related person to obtain undue benefit, the shareholders shall be entitled to file a lawsuit to claim for such benefit from such director on behalf of the Company as specified in section 89/18 of the Securities and Exchange Act B.E. 2535.

By considering the fact and reason above, the Board of Directors has resolved to approve the capital increase agenda of the Company.

The Company hereby certifies that the information contained in this report is accurate and complete in all respects.



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(Mr. Somchai Ngamkitcharoenlap)

Director

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(Mr. Somchai Thaisanguanvorakul)

Director

(Company's stamp)