

Information Memorandum on issuance and offering of Newly Issued Ordinary Shares of Thanulux Public Company Limited by way of Private Placement which is a connected transaction

The Board of Directors' Meeting of Thanulux Public Company Limited (the "Company") No. 8/2022 which held on September 30, 2022 resolved to propose the Extraordinary General Meeting of Shareholders No. 2/2022 of the Company ("Shareholders' Meeting") to consider and approve an increase of the registered capital of the Company by THB 179,547,664 from the current registered capital of THB 132,000,000 to be the new registered capital of THB 311,547,664 by issuing the newly issued ordinary shares and offering by the way of private placement (Private Placement) in the amount of 87,237,766 shares at par value of THB 1.00 per share and offering to the existing shareholders proportionate to their shareholding percentage (Right Offering) in the amount of 92,309,898 shares at a par value of THB 1.00 per share. The details of allocation of the newly issued shares by way of private placement (Private Placement) are as follows:

1. Details of Offering of Newly Issued Ordinary Shares by way of Private Placement, Determination of Offering Price and Market Price

1.1 General Characteristic of the Transaction

Transaction Details	The Company will offer and allocate the newly issued shares in the amount of not exceeding 87,237,766 shares at par value of THB 1.00 per share to BTS Group Holding Public Company Limited and/or its subsidiaries determined by BTS Group Holding Public Company Limited ("BTS") by way of private placement (Private Placement) which specifically determined the price at THB 33.06 per share, not exceeding THB 2,884,080,543.96 in total.
Date of Transaction	The Company expects to complete the share subscription process within December 2022. (in addition, it is depends on an approval of the Securities and Exchange Commission and procedures of the Department of Business Development, Ministry of Commerce)
The Share Issuer and Offeror	Thanulux Public Company Limited (the "Company")
Person who has been allocated the Company's newly issued ordinary shares	BTS and/or its subsidiaries determined by BTS

by way of private placement (Private Placement)	
--	--

1.2 Offer and Allocation Method

The Company will offer and allocate the newly issued shares in the amount of not exceeding 87,237,766 shares at par value of THB 1.00 per share to BTS Group Holding Public Company Limited and/or its subsidiaries determined by BTS Group Holding Public Company Limited (“BTS”) by way of private placement (Private Placement). The Board of Directors shall pass a resolution to specifically determine the offering price to propose the shareholders’ meeting to consider and specifically determine the offering price at THB 33.06 per share, totaling of not exceeding THB 2,884,080,543.96, which is not lower than 90% of the market price of the Company’s shares pursuant to the regulation of the Notification of the Capital Market Supervisory Board No. TorJor. 72/2558 Re: Permission for Listed Companies to Offer Newly Issued Shares to Specific Investors dated October 28, 2015 (as amended) (the “**Notification No. TorJor. 72/2558**”). In this regard, the “market price” refers to the weighted average price of the Company’s shares listed on the SET for the past period of at least 7 consecutive business days prior to the date the Board of Directors passed its resolution to propose this matter to the Shareholders’ Meeting of the Company to approve the offering of newly issued shares, during the period from September 21, 2022 to September 29, 2022 is equal to THB 27.26 per share (Source: SETSMART from www.setsmart.com).

The Board of Directors has considered and viewed that BTS is a potential investor and is able to invest into the Company and is able to support the business of the Company in accordance with the Company’s objectives, which will create the sustainability growth in long term. BTS, who has been allocated the Company’s newly issued ordinary shares by way of private placement (Private Placement) and the offering price has been specifically determined in this case, is regarded as a connected transaction of a listed company under the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules on Connected Transactions, dated August 31, 2008 (as amended) 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), dated November 19, 2003 (as amended) (the “**Notifications on Connected Transactions**”). This is because, after the issuance and allocation of the newly issued shares to BTS, BTS will be the major shareholder of the Company which will hold the shares in the Company in an amount of 87,237,766 shares representing 41.09% of the total issued and paid-up shares of the Company (after the paid-up registration of the Company and after the offering of this newly issued shares). In addition, the allocation of the newly issued shares to BTS on this occasion shall result in BTS acquiring the ordinary shares in the Company that passes the trigger point requiring to make a tender offer as (Mandatory Tender Offer) under the Notification

of the Capital Market Supervisory Board No. TorJor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeover dated May 13, 2011 (as amended) (the “**Notification No. TorJor. 12/2554**”). As a result, BTS may receive additional ordinary shares from the Company's existing shareholders in addition to the shares from the private placement allocation from the tender offer.; as a result, BTS shall be the controller of the Company, which is regarded as the Company's connected person under the Notifications on Connected Transactions.

BTS is not a connected person of the Company prior to the issuance and allocation of newly issued ordinary shares to BTS at this time under the Notifications on Connected Transactions.

If the offering price of the newly issued ordinary shares to the private placement is lower than 90% of the market price of the Company's shares before the SET approves listing the ordinary shares as listed securities, the person receiving the shares in this private placement is prohibited from selling all of such newly issued ordinary shares within one year from the date on which the Company's newly issued ordinary shares start trading on the SET (Silent Period). Upon a lapse of 6 months after the Company's newly issued ordinary shares have started trading on the SET, such person may gradually sell up to 25 percent of such locked-up shares in accordance with the requirements set out in the Notification of the SET Re: Rules, Conditions and Procedures for Consideration of Application for Listing of Ordinary Shares or Preferred Shares for Capital Increase as Listed Securities B.E. 2558 (2015) dated May 11, 2015 (as amended).

1.3 The Calculation of Transaction Size

The aforementioned offering newly issued ordinary shares to BTS is regarded as connected transaction is an asset or service transaction in which the total consideration value is THB 2,884 million and the highest transaction value is 73.95 percent of the Company's net tangible assets calculated from the reviewed quarterly financial statements of the Company for the period of 6 months as of June 30, 2022 calculated from the reviewed quarterly financial statements of the Company for the period of six months as of June 30, 2022. (NTA from the Reviewed Financial Statements of the Company as of June 30, 2022 equaling THB 3,900.11 million.) In addition, after aggregating with the other connected transaction with the related person of BTS which is the Investment in real estate business from U City Public Company Limited and U Global Hospitality Company Limited a subsidiary of U City Public Company Limited (The details are set out in Enclosure 5.) with the total consideration value of connected transaction of THB 2,294.35 million. The highest transaction value has total consideration value of THB 5,178.43 million representing 132.78% of NTA. (NTA from the Reviewed Financial Statements of the Company as of June 30, 2022 equaling THB 3,900.11 million.) Therefore, this transaction is more than 3 percent of the net tangible assets of the Company which the Company is required to obtain approval from the Board of Directors and disclose the information memorandum on the connected transaction of the Company to SET pursuant the Notifications on Connected Transactions. In addition, the Company must

obtain approval from the Shareholders' meeting by affirmative votes of not less than three-fourths of the total number of votes of the shareholders who attend the meeting and are entitled to vote, discarding the interested persons including appointing an independent financial advisor (IFA) who is a financial advisor approved by the Securities and Exchange Commission (the "SEC Office").

The net tangible assets in accordance with the financial statement as of June 30, 2022 which use to calculate the transaction size is equal to THB 3,900.11 million.

1.4 Conditions to Entering into the Transaction

The transaction which offering the ordinary shares to BTS will occur when the condition precedents as specified in the shares subscription agreement between the Company and BTS including other agreements and other documents related to the transaction has been completed. The material terms of the shares purchase agreement and the shareholders agreement are summarized as follows:

Subject	Details
Parties	(1) The Company (2) BTS
Purchase Shares	87,237,766 newly issued ordinary shares with par value of THB 1.00
Purchase Price	THB 33.06 in total not exceeding THB 2,884,080,543.96
Significant Terms of Condition Precedent	(1) The shareholders' meeting of the Company has the resolution to approve the following matters: <ul style="list-style-type: none">- the issuance and offering the newly issued ordinary shares by the way of Private Placement by clearly determined the offering price to BTS;- the issuance and offering of newly issued ordinary shares to the existing shareholders proportionate to their shareholding percentage (Right Offering);- the investment in 50 percent of the ordinary shares of 7 companies, operating real estate business from U City Public Company Limited and U Global Hospitality Company Limited.

Subject	Details
	<p>(2) The Company has been approved or deemed to be approved from the SEC for the issuance and offering the newly issued ordinary shares by the way of Private Placement by clearly determined the offering price to BTS.</p> <p>(3) The Company has entered into the Share Purchase Agreement for purchasing of the ordinary shares of 90 percent in Oxygen Asset Company Limited from Saha Pathana Inter-Holding Plc (“SPI”).</p> <p>(4) The Company and BTS shall be contented, approved and/or the waiver from the relevant regulatory authorities in relation with the shares issuance and allocation, including the subscription of newly issued ordinary shares</p> <p>(5) The Board of Directors of BTS approved the subscription of newly issued ordinary shares according to price and the conditions in the shares subscription agreement. (because this transaction has the transaction size which is not required the approval from the shareholder’s meeting of BTS.</p> <p>(6) BTS must obtain all necessary approvals from the authorities in order to successfully conduct the transactions under this agreement.</p> <p>(7) The conditions precedent under the share purchase agreements of all seven Target Companies and the share purchase agreement of Oxygen Asset Co., Ltd. shall have been fully satisfied or waived.</p>

After the issuance and allocation of the newly issued shares to BTS as aforementioned, BTS will nominate 3 persons to be elected as directors of the Company to replace 3 of the 9 existing directors of the Company.

1.5 Price Determination, and Total Value and the Regulation which Use for the Total Price Determination of the Transaction

The Board of Directors meeting resolved to propose the Shareholders’ Meeting to specifically determine the offering price of newly issued ordinary shares, which is the negotiated and agreed price between the Company and BTS which is not lower than 90% of the market price of the Company’s shares pursuant to the regulation of the Notification No. TorJor. 72/2558. In this regard, the “market price” refers to the weighted

average price of the Company's shares listed on the SET for the past period of at least 7 consecutive business days prior to the date the Board of Directors passed its resolution to propose this matter to the Shareholders' Meeting of the Company to approve the offering of newly issued shares, during the period from September 21, 2022 to September 29, 2022 is equal to THB 27.26 per share (Source: SETSMART from www.setsmart.com). (The Company's Book Value as of June 30, 2022 is THB 32.97 per share.) In addition, the Board of Directors' Meeting took into account the current economic and capital market conditions, the value of asset, financial position and operating results, expertise including the potential of BTS, whether financial experience and expertise in the business operation as well as the growth opportunities for the Company including business networks which will benefit the Company as a strong alliance to support the Company's growth in long term.

1.6 Types of the Offered Investors and the Relationship with the Investors

The Company will allocate the newly issued ordinary shares to BTS. The significant information about the investors and their relationship with the Company are as follows:

Subject	Details
Company’s Name	BTS Group Holdings Public Company Limited and/or its subsidiaries determined by the BTS Group Holdings Public Company Limited (“BTS”)
Nature of Business	BTS Group is a multi-industry conglomerate utilising data and partnerships to amplify value from its proprietary transport and media network through our 3 core businesses, MOVE, MIX and MATCH.
Incorporated Country	Thailand
Address	TST Tower, No. 21, Soi Choeipuang, Vibhavadi Rangsit Road, Jompol Sub-district, Chatuchak District, Bangkok
Registration Date	March 1, 1991
10 Major shareholders as of August 4, 2022	# List of Shareholders Percentage
	1. Mr. Keeree Kanjanapas’s Group ^{1/} 40.25
	2. Thai NVDR Co., Ltd. 9.93
	3. Social Security Office 3.30

	4.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	2.78
	5.	STATE STREET EUROPE LIMITED	1.57
	6.	Bualuang Securities Public Company Limited	1.14
	7.	Bualuang Long-Term Equity Fund	0.84
	8.	K 20 Select Long-Term Equity Fund	0.75
	9.	CACEIS BANK, LUXEMBOURG BRANCH	0.63
	10.	Vayupak Fund 1	0.56
	*Remark:		
	1/ Mr. Keeree Kanjanapas's Group comprises (1) Mr. Keeree Kanjanapas holding 2,664,383,552 shares (20.24%) in his own name and via a custodian namely UBS AG SINGAPORE BRANCH in the amount of 930,000,000 shares (7.06%), a custodian namely UBS AG HONG KONG BRANCH in the amount of 376,180,900 shares (2.86%), a custodian namely CREDIT SUISSE AG, SINGAPORE BRANCH in the amount of 192,011,200 shares (1.46%), and a custodian namely THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, HONGKONG BRANCH, in the amount of 100,000,000 shares (0.76%); and (2) Mr. Kavin Kanjanapas holding 604,757,095 shares (4.59%); (3) Miss Susan Kanjanapas holding 32,000,055 shares (0.24%); (4) K 2 J Holding Co., Ltd. holding 400,818,000 shares (3.04%); and (5) AMSFIELD HOLDINGS PTE. LTD. holding 51,092 shares (0.00%).		
	2/ K 2 J Holding Co., Ltd is a company incorporated under Hing Kong law, held by (1) Excel Pacific Group Ltd is a company incorporated under foreign law, holding 49.00% of the total shares (2) Mrs. Anchalee Kanjanapas holding 20.00% of the total shares (3) Mr. Kavin Kanjanapas holding 19% of the total shares (4) Miss Susan Kanjanapas holding 10% of the total shares (5) Mr. Keeree Kanjanapas holding 2% of the total shares.		
Director of the Company as of November 7, 2022 (Source: www.set.or.th as of November 7, 2022)	#	List of Directors	Position
	1.	Mr. Keeree Kanjanapas	Chairman
			Chairman of the Executive Committee
	2.	Mr. Kavin Kanjanapas	Managing Director
	3.	Mr. Anat Arbhahirama	Director

	<p>4. Mr. Surapong Laoha-Unya Director</p> <p>5. Mr. Rangsin Kritalug Director</p> <p>6. Mr. Kong Chi Keung Director</p> <p>7. Mr. Suchin Wanglee Independent Director / Audit Committee</p> <p>8. Mr. Charoen Wattanasin Independent Director / Audit Committee</p> <p>9. Mr. Cheong Ying Chew, Independent Director Henry</p> <p>10. Mrs. Pichitra Mahaphon Independent Director / Chairman of the Audit Committee (Deputy)</p> <p>11. Mr. Karoon Chandrangsu Independent Director</p> <p>12. Mr. Paisal Tarasansombat Independent Director</p>
<p>The Relationship with the Company</p>	<p>Subsequently the allocation of the newly issued ordinary shares by the way of private placement, BTS will become the major shareholder of the Company by holding 87,237,766 shares, representing 41.09% of the total issued and paid up shares of the Company (After the company increase the paid-up registered capital, after the issuing and offering the newly issued ordinary shares). As a result of the shares allocation to BTS, BTS will acquiring ordinary shares in the Company until the proportion is over the point where the mandatory tender offer is required in accordance with the Notification No. TorJor. 12/2554. In this regard, BTS may receive additional ordinary shares of the Company from this allocation of newly issued ordinary shares by the way of private placement from making a tender offer for all securities of the business from the existing shareholders of the Company which may result BTS to be the controller of the Company and will be considered as a connected person according to the Notifications on Connected Transactions.</p>

	However, prior the issuance and the allocation of newly issued shares to BTS, BTS is not connected person or has any connection with the Company under the definition of the Notifications on Connected Transactions in any way.
--	--

2. Purpose of Issuance of Newly Issued Ordinary Shares and Plan for Use of Proceeds

2.1 Purpose of Issuance of Newly Issued Ordinary Shares and Plan for Use of Proceeds

The Company will use the money received from the capital increase to invest in other securities for the business expansion as approved by the Board of Directors No. 8/2565 on September, 30 2022. For the remaining, the Company has considered to use for the repayment for debts of the Company and/or the subsidiaries and the joint venture company, including to use as a working capital and support future investment expansion. This will result in better liquidity and performance of the Company by the consideration to the benefits of the Company and the shareholders. The details of the preliminary plan for use of proceeds are as follows:

Purpose	Approximately Amount (Million Baht)	Plan for Use of Proceeds Timeline
(a) Investment in 90% of ordinary shares in Oxygen Asset Company Limited.	835.70	Within 2022
(b) Investment in 50% of ordinary shares in 7 companies which operate the residence real estate development i.e., 1. Ratchada Alliance Co., Ltd. 2. Pharam 9 Alliance Co., Ltd. 3. Khu Khot Station Alliance Company Limited 4. Majestic Park Company Limited 5. Ratburana Alliance Company Limited 6. Suksawat Alliance Co., Ltd.	531.92	Within 2022

Purpose	Approximately Amount (Million Baht)	Plan for Use of Proceeds Timeline
7. Future Domain Company Limited		
(c) To use for repayment for debts of the Company and/or the subsidiaries and the joint venture company, including to use as working capital of the business and to support future investment expansion.	1,516.46	Within 2022 - 2023
Total	2,884.08	

In this regard, the total value of all consideration for the allocation of the Company's newly issued ordinary shares by the way of private placement (Private Placement) is not more than THB 2,884.08 million.

2.2 Project Description

The Board of Directors meeting resolved to approve the issuance of newly issued ordinary shares by the way of private placement (Private Placement) with the objectives specified in Clause 2.1 in order to expand the business with details of related investments in accordance with the objectives the use of proceeds in Clause 2.1. In addition, please consider the details of the investment in the Information Memorandum on Acquisition of Assets by Purchasing Ordinary Shares in Oxygen Asset Company Limited from Saha Pathana Inter-Holding Plc., which is a Connected Person (Enclosure 3), and Information Memorandum on Acquisition of Assets by Purchasing Ordinary Shares in 7 real estate development companies from U City Public Company Limited, which is a connected person (Enclosure 4).

2.3 Opportunities that the Project can Generate Income for the Company

- (1) Investment in financial business through Oxygen Asset Company Limited which operate lending business to entrepreneurs with securities as collateral and operate asset management business through Oxygen Asset Management Limited, which held by Oxygen Asset Company Limited 100%. Such business has a good growth tendency and has limited competitors in the market, especially in the market which focuses on medium-sized customers. This is the Company's opportunity to grow in this business in the future.
- (2) Investment in 50% of ordinary shares in 7 companies which operate the residence real estate development and operated by the high potential and famous partner in this industry. This will generate

the reasonable investment returns and increase the growth of the Company in short term and long term during the starting period of financial business operating.

2.4 Expected Impacts on the Company in the Event that the Project cannot be Successfully Implemented

In the event of unsuccessfully implemented to invest in the financial business and in 7 companies that operate in real estate business as specified in the objectives, it may affect the Company as follows;

- (1) In case of investing in the financial business through Oxygen Asset Company Limited, the Company will lose the opportunity to recognize additional revenue and profit in the Company's consolidated financial statements, and the opportunity to recognize cash flows from dividends in the future. This may affect to the Company's goal to generate growth through investment in new businesses.
- (2) In case of investing in 7 companies operating in real estate business, the Company will lose the opportunity to recognize the share of profit from the associated companies in the consolidated financial statements when these invested companies recognize the revenue from sales of real estate. This may affect to the Company's goal to generate growth through investment in new businesses.

However, the investment under the use of proceed plan is classified as an investment in new businesses. In the event that the Company is unable to successfully invest in the profit, it will not affect the performance of the Company's current core business.

2.5 Risk from Project Implementation

The Company may be exposed to risks from entering into new businesses as follows;

- (1) Risks from the investment in financial business
 - (a) Risk from investing in new business because the Company does not have the experience in the financial business

Since the Company operates in manufacturing and distribution of garments and leather goods to the domestic and export markets. Therefore, it will invest in Oxygen Asset Company Limited ("Oxygen") which operates in loan provision business in which it has no experience. Nonetheless, SPI, which is the Company's major shareholder and the founder of Oxygen, still holds 10% of Oxygen's registered and paid-up capital. Therefore, the Company may seek advice from SPI and expects to gain good cooperation in the joint management of Oxygen's business. Besides, the Company considers that Oxygen's team and management have the knowledge,

capability and experience in the lending business, which will enable OA to operate the business as usual and sustainably grow. In addition, SPI as the Company's major shareholder, retains a 10% stake in Oxygen, which will still be able to provide additional support.

(b) Risk of the required rate of return failing to meet the forecast

To invest in Oxygen, the Company studied, analyzed and forecasted the expected return. The Company found that Oxygen recorded gross profit margin at 75.42% and net profit margin at 33.22% based on the audited financial statements as of December 31, 2021, %, suggesting that Oxygen's profitability ratio is quite high. However, its historical financial information could not guarantee the future performance which may be affected from the uncertainty of economic, the competition in the industry, etc, that may result to the return failing to meeting the expectation. However, from the due diligence of Oxygen, the Company found that Oxygen has a prudent lending policy with a clear credit approval policy. The interest rate covers operating costs. and has strong collateral with a higher appraised value than the loan As a result, the Company sees that Oxygen has adequate operational measures to prevent operational risks. In addition, secured lending business shows the positive growth according to the business situation, which would be a positive factor that will drive returns in the future.

(c) Risk of liquidity shortage due to borrowers' loan defaults

Since Oxygen operates a lending business, there would be a risk that the borrowers will not be able to repay the interest and principal in accordance with the conditions in the loan agreement. Oxygen will have to take a legal action to enforce the mortgaged properties for auction sale, which will cause Oxygen the liquidity shortage. However, regarding the due diligence, Oxygen has a prudent lending policy and has a sufficiently comprehensive risk control process and liquidity management policy. Since Oxygen established in October 2021, Oxygen's borrowers have good record to repayment, the interest and principal were paid on a regular basis and currently has no default, cause Oxygen the higher of cash inflow than cash outflow. In addition, the Company's loan collateral assets are quality assets.

(2) Risks from the investment in real estate business

(a) Risk from investing in new business because the Company does not have the experience in the real estate development business

Since the Company operates in manufacturing and distribution of garments and leather goods to the domestic and export markets. Therefore, investing in real estate business through investments in the common stock of 50 % of the 7 companies is considered an investment in a new business that the company has never operated before. However, all 7 real estate projects are operated by the famous and real estate developer in Thailand which has high potential both financially and operationally and has expertise in the business for a long time. Thus, it seems that the risk has been mitigated. In addition, after the acquisition of shares under the investment transaction in the real estate business, the Company will nominate its representatives as the directors in the Target Companies and will additionally recruit personnel with knowledge and skill in the real estate business to meet the investment objective of the Company.

(b) Risk of the required rate of return failing to meet the forecast

To invest in the real estate business consists of the acquisition of 50% of shares in 7 Target Companies, the Company studied, analyzed and considered the details carefully. However, due to economic factors such as higher interest rates and inflation including competition in the industry may cause the Company the failure of expected return. Nonetheless, the joint venture partner in all 7 Target Companies has amassed the expertise and experience for longer than 30 years. It also is the developer of all real estate projects under the operating agreement with the minimum required rate of return being specified and will receive the return from those projects as well, which is expected to be able to cover a variety of uncertain factors.

that are not the Company's existing businesses. However, the Board of Directors foresees that the Company has the potential to operate various related businesses, including the current major shareholders of the Company and BTS, which will be allocated the newly issued ordinary shares and will become a shareholder of the Company. This will be a significant role in the development and enhance ability and the potential of the Company to operate the new businesses, and promote the Company's performance in the future.

3. **Impacts to the existing shareholders from this offering of newly issued ordinary shares**

The issuance of newly issued ordinary shares of the Company at the abovementioned price will affect the shareholders as follows:

3.1 Price Dilution

After the issuance and offering of newly issued ordinary shares by the way of private placement (Private Placement), it will not affect the price dilution of the Company because the offering price is higher than the market price. It can be calculated as follows:

$$\begin{aligned} &= \frac{\text{market price before the offering} - \text{market price after the offering}}{\text{market price before the offering}} \\ &= \frac{27.26 - 29.64}{27.26} \\ &= -8.74 \text{ percent (The offering price is higher than the market price,} \\ &\quad \text{thus there is no effect from price dilution.)} \end{aligned}$$

The market price before offering:

Weighted average price of ordinary shares in the SET for the past period of 7 consecutive business days prior to the date of the Board of Directors meeting on September 30, 2022 (between 21 to 29 September 2022, equivalent to THB 27.26 per share).

Market Price after the Offering:

$$\begin{aligned} &(\text{market price before the offering} \times \text{number of paid-up shares}) + \\ &= \frac{(\text{offering price} \times \text{number of offering shares})}{\text{number of paid up shares} + \text{number of offering shares}} \\ &= \frac{(27.26 \times 125,075,000) + (33.06 \times 87,237,766)}{125,075,000 + 87,237,766} \\ &= \text{THB 29.64 per share} \end{aligned}$$

3.2 The effect of the voting rights of the existing shareholders (Control Dilution)

After the issuance and offering of newly issued ordinary shares by the way of private placement (Private Placement), it will affect the voting rights of the existing shareholders by reduced 41.09% in the voting rights. It can be calculated as follows:

$$\begin{aligned}
 &= \frac{\text{number of offering shares}}{\text{number of paid up shares} + \text{number of offering shares}} \\
 &= \frac{87,237,766}{125,075,000 + 87,237,766} \\
 &= 41.09\%
 \end{aligned}$$

3.3 Earning Per Share ("EPS") Dilution

$$\begin{aligned}
 &= \frac{\text{EPS before offering} - \text{EPS after offering}}{\text{EPS before offering}} \\
 &= \frac{0.5022 - 0.2959}{0.5022} \\
 &= 41.09\%
 \end{aligned}$$

$$\begin{aligned}
 \text{EPS before offering} &= \frac{\text{Net profit}}{\text{Number of paid-up shares}} \\
 &= \frac{62,818,496}{125,075,000} \\
 &= \text{THB 0.5022 per share}
 \end{aligned}$$

$$\text{EPS after offering} = \frac{\text{Net profit}}{\text{Number of paid-up shares}}$$

$$\begin{array}{rcl} & \text{Number of paid-up shares + number of offering} & \\ & \text{shares} & \\ = & 62,818,496 & \\ & \text{125,075,000 + 87,237,766} & \\ = & \text{THB 0.2959 per share} & \end{array}$$

Net profit is calculated from 12 previously, from June 30, 2021 to June, 30 2022.

3.4 The value that shareholders receive compared to the impact on their share of profits or their voting rights.

The financial status from the capital increased and the implementation of the plan for use of proceeds, the capital increased will affect the decrease in earnings per share dilution equal to 41.09 as detailed above. The Board of Directors viewed that the offering of the newly issued ordinary shares to BTS will benefit the shareholders more than the abovementioned effects, as BTS is one of the leading business groups in Thailand with a potential, having a strong financial position, and has long experience in managing and investing in various businesses both domestically and internationally. In addition, the Company can utilize the money received from the capital increased to invest in the business which has a potential to grow and get good investment returns in the future by the Company does not have to rely on the Company's cash flow or its working capital.

4. Opinions of the Board of Directors

4.1 Rationale and Necessity for capital Increase

The Board of Directors of the Company has considered and viewed that the issuance and offering the newly issued ordinary shares by the way of Private Placement will result in the Company having sufficient capital to invest in assets and/or potential new businesses, able to continue and create additional sustainably growth of both revenue and profit for the Company in the future. In addition, BTS will become a business alliance with the Company, which BTS is considered as one of the leading business groups in Thailand which has experience in managing and investing in various businesses. This will increase the competitiveness of the Company in the long term, as well as other possible synergies in the future. After BTS become a shareholder, BTS will appoint the executive in the Company in order to support and promote the Company's management on an ongoing basis. In addition, the purpose of the issuance of the newly issued ordinary shares is to fund the acquisition of the investment in financial business and the investment real estate business according to the use of proceed plan as aforementioned.

Nonetheless, the Board of Directors has considered various forms of capital increase and views that the issuance and offering of its ordinary shares by way of a private placement to BTS is the most suitable option because (1) the issuance of shares for public offering will involve a lengthy and costly process as well as a risk of failing to obtain the required amount of funds due to the Company being unable to pre-determine the offering price for the newly issued shares, and (2) the rights offering of newly issued ordinary shares to the existing shareholders will create a burden on the shareholders and involve a risk of failing to obtain the required amount of funds due to the uncertainties in the exercise of subscription rights by the shareholders. On the other hand, the issuance and offering of shares by way of a private placement will be conducted with the party who has financial readiness, while the number of shares and offering price will be definitely set, thus enabling the Company to obtain the desired amount of funds and in time.

For this issuance and offering of newly ordinary share, the Company considers that it is appropriate and creates the greatest benefit to the Company by increasing the competitiveness and business development of the Company to be able to grow stably and sustainably, which can generate returns for the Company and the shareholders in the future.

4.2 Feasibility of the Plan for Use of Proceeds and Sufficiency of Source of Funds

The Board of Directors of the Company has considered and viewed that the Company expected to receive the money from offering the newly issued ordinary shares according to the timeline within Quarter 4 of 2022. (In addition, it depends on the approval of the SEC and the procedure of the Department of Business Development, Ministry of Commerce.)

The Company will utilize the money receive from the offering of newly issued ordinary shares in the way of private placement to BTS in amount of THB 2,884.08 million as mentioned in Clause 2, purpose of issuance of newly issued ordinary shares and plan for use of proceeds. The use of proceeds consists of the payment for common shares of Oxygen of THB 835.70 million and the payment for common shares of the 7 companies operating in real estate development of THB 531.92 million. The Company expected that the acquisition period of these two transactions will be completed within December 2022 after the approval from the Extraordinary Meeting of Shareholders No, 2/2565. In addition, the remaining cash after payment of the two transaction shall be THB 1,516.46 million. The Company will use the remaining cash for debt payment of the Company and/or its subsidiaries and associates, and to use as the Company's working capital and for business expansion in order to create growth for the Company.

4.3 In addition, to make the investment in financial business transaction and the investment in real estate development business transaction complete, the Company will find additional sources of fund in order to make a repayment of the outstanding debt accounting to shareholding portion for the investment of

Oxygen amounting to THB 3,933 million and for the investment in the 7 companies operating in real estate development business amounting to THB 1,741.12 million, by the issuance and offering of newly issued shares to all shareholders of the Company by way of right offering which is expected to be completed within the first quarter of 2023 and/or obtains additional loans from commercial banks. **Reasonability of the Capital Increase, Plan for Use of Proceeds and Sufficiency of the Source of Fund from the Share Offering, and the Project to be carried out**

The Board of Directors of the Company considered and viewed that the increase of registered capital of the Company is reasonable and will result in the benefit to the Company by the Company will utilize such capital increase to invest in asset and/or new potential businesses which create growth and revenue to the Company in accordance with the Company's objectives, which are expected to generate appropriate returns for shareholders in the long term.

In case that the funds from issuing and offering the newly issued ordinary shares by way of private placement to BTS is not sufficient for the use of proceeds plan as aforementioned, the Company will consider utilizing its internal cashflow and/or financing from the financial institutions and/or the issuance and offering of the debentures in the amount not exceeding THB 5,000 million which is propose to the Extraordinary Meeting of Shareholder No. 2/2565 to consider and approve. The Company will consider the appropriate financial structure and to the utmost benefits of the Company and the shareholders.

4.4 Potential Impact on the Company's Business Operations, Financial Position and Overall Operating Results from the Capital Increase

The Board of Directors of the Company has considered and viewed that the increase of registered capital of the Company will result in an increased capital base which increase in amount of THB 2,884.08 million which will strengthen the financial position as the debt to equity ratio will decrease to 0.0857 times from 0.1482 times. Such capital increase will be invest in assets and/or potential new businesses which potentially creates revenue and profits for the Company. That will immediately affect the growth of both revenue and cash flow of the Company. For the capital increase and the allocation of the newly issued ordinary shares, the Company has considered and viewed that it is appropriate and creates the greatest benefit to the Company. In addition, it also increases the competitiveness and business development of the Company from having BTS as a shareholder, BTS is considered as one of the leading business groups in Thailand which has experience in managing and investing in various businesses which the Company to grow stably and sustainably, that are expected to generate appropriate returns for shareholders in the future.

4.5 Justifications of the Offering Price by Private Placement and Backgrounds for Determination of the Offering Price

The Board of Directors of the Company has considered and viewed that the offering price which offered by the way of private placement is equal to THB 33.06 per share. The price is derived from the conclusion of negotiations between the Company and BTS taking into account the current economic and market conditions, asset value, financial status and the Company's performance, liquidity of the Company's ordinary shares in the past including benefits of entering into the transaction with BTS which is the potential partner to enhance the Company's growth in the future. The offering price is not considered as the offering of newly issued shares at lower than 90 percent of the market price. When consider the market price in accordance with the Notification No. TorJor. 72/2558. In addition, the weighted average price of the Company's shares in the SET for the past period of 7 consecutive business days prior to the date of the Board of Directors meeting resolved to propose the shareholders' meeting for an approval to offering the newly issued ordinary shares between September 21, 2022 to September 29, 2022, which is equivalent to THB 27.26 per share and the offering price is not lower than Book Value of the Company as of June 30, 2022 which is equal to THB 32.97 per share. According to the factors as aforementioned, the Board of Directors of the Company has evaluated the appropriateness of the offering price in the amount of THB 33.06 per share is reasonable and will result in the benefit to the Company.

5. Rationale and Justifications of the Offering of Newly Issued Shares by way of Private Placement

After the Company has studied the rationality and benefits of the abovementioned shares allocation, the Board of Directors has considered various forms of capital increase and views that the issuance of shares for public offering will involve a lengthy and costly process as well as a risk of failing to obtain the required amount of funds due to the Company being unable to pre-determine the offering price for the newly issued shares. Meanwhile, the rights offering of newly issued ordinary shares to the existing shareholders will create a burden on the shareholders and involve a risk of failing to obtain the required amount of funds due to the uncertainties in the exercise of subscription rights by the shareholders. On the other hand, the issuance and offering of shares by way of a private placement will be conducted with the party who has financial readiness, while the number of shares and offering price will be definitely set, thus enabling the Company to obtain the desired amount of funds and in time.

Therefore, the Board of Directors viewed that the capital increase is rationale and will maximize the benefits of the Company as the Company has capital to support further business expansion in the future. The issuance and offering of newly issued ordinary shares will assist the Company to raise funds within a short period of time and reduce the burden of existing shareholders in capital increase, as a result the Company will have a better liquidity and performance. This capital increase will make the Company to have a cash flow, when combined with the remaining cash will bring a good opportunity to the Company and the Company will have funds to support the plan for use of proceeds of the Company according to Clause 2.

6. Opinions of the Audit Committee and/or Directors of the Company that are different from the opinions of the Board of Directors

The Audit Committee's opinions are consistent with the opinions of the Board of Directors above, there is none of the Audit Committee members have different opinions from the resolutions of the Board of Directors.

7. Directors who have interests and/or a connected persons

The agenda in the Board of Directors Meeting No. 8/2565 which held on September 30, 2022 in order to consider and approve the issuance and offering of newly issued ordinary shares to BTS, there is none of the Company's directors has interest in the transaction.

8. Considerations regarding the measures to prevent conflict of interest

Currently, SPI operates the real estate development business by developing the industrial park as a main business, and including the investment in various companies for the purpose of investment. Meanwhile, BTS has invested in real estate development business and the microfinance business. For these investments, BTS does not have the right to control over the invested companies. Although these businesses do not directly compete with the business that the Company will invest in, however, it may cause conflicts of interest in the future. As the Company, SPI and BTS are listed in the SET, therefore, it is necessary to have measures and mechanisms to prevent conflicts of interest in the future, in order to create the transparency and the best interests of shareholders and all groups of stakeholders as a whole. However, the main business of the Company is to produce and distribute ready to wear clothes and leather goods under a variety of brands, which is not overlap with the business that BTS currently operates. BTS does not currently operate the business which produce and distribute ready to wear clothes and leather goods and/or holding shares in the company which operate such business.

However, given the consideration of the nature of the new business that the Company will invest in following the approval of the Board of Directors Meeting No. 8/2022, that is, a financial business that focuses on lending business to entrepreneurs with securities as collateral, as well as asset management business including investment in real estate projects through 7 companies, as detailed in 2.1. In this regard, the Company has established guidelines for concentrating on new business operations to avoid future conflicts of interest with SPI and BTS which may be considered as a major shareholders of the Company which is a listed company. The Company shall specify business structure and guidelines for concentrating on such new business operations which summarized as follows::

- (a) Financial Business : The Company will focus on lending business to entrepreneurs with securities as collateral through Oxygen Asset Company Limited, focusing on providing credit to customers with a credit line of not less than THB 10 million with collateral assets through

proper Loan to Value on the value of the potential securities and the market demand. If securities which received from the providing credit are real estate, the Company will focus on the sale of such securities for increasing liquidity and will focus on the operation of secured asset management business through a subsidiary of Oxygen Asset Co., Ltd for increasing the growth in respect of incomes and business profits of the Company in long term.

The Company does not have a plan to operate a lending business for retail customers and/or asset management business related to unsecured retail debtors.

- (b) Real Estate Development Business : The company will concentrate its investments on such seven companies (detailed in Enclosure 4) in order to improve its operating performance during in short term and intermediate term during the starting period of financial business operating of the Company according to Clause 1 above. However, for the purpose of efficient asset management, especially the important assets, such as the potential land which is location of the factory and the office of the Company, if there is proper occasion which is able to create the best benefits for the Company and the shareholder, the Company may search for the business partner who is the potential real estate development to improve such real estate. The Company may support by providing of land and investment fund but the Company does not providing any supporting in land development as it is not the expertise of the Company. Furthermore, the Company still consider preventing conflict of interest in accordance with the measures and mechanisms that have been established by considering the best interests of shareholders and all groups of stakeholders as a whole.

The Company has no plan to have other real estate development businesses to be the Company's new primary business in the future. However, for the management of the Company's asset

- (c) Manufacturing and sale of ready-made clothes Business and textiles under various brands of product which is the original business of the Company and will still increase stable cash flow to the Company.

If the Company has the appropriate opportunity, the Company may consider to additionally invest in the potential new businesses and such new businesses may not cause conflict of interest for supporting the business growth by consideration of the benefit of the Company and the shareholders.

In addition, in order to prevent conflicts of interest between the Company and the major shareholders of the Company including SPI and BTS who are about to become the major shareholder of the Company. As SPI and BTS operate a several of businesses which may include financial business and real estate business,

although SPI and BTS have clearly different business operation from the Company which will not conflict with the intended investment business of the Company. However, to build trust of the shareholders and all stakeholders, and to prevent conflicts of interest in the business operations, the Company will proceed as follows:

- (1) Under the Company's operational plan, the two major shareholders, SPI and BTS, will have check and balance to supervise and manage the Company's business by considering the interests of all shareholders and the Company under the relevant laws and regulations.
- (2) In the event that the Company wishes to operate a business that may have a potential conflict of interest with SPI, or BTS, or its subsidiaries, associated company of such major shareholder, the representative director of such shareholder will be deemed to have an interest and cannot make a decision in the Board of Directors' meeting to consider such matter, and all of the independent directors of the Company must attend the Board of Directors' meeting to consider the reasonableness of such matter and the reasonableness in doing such business.
- (3) For the real estate development business, SPI and BTS acknowledged and understand the risk on conflict of interest very well. Even there is no conflict in respect of current business operation and investment but SPI and BTS agreed not to undertake any real estate project which may cause a conflict of interest to the operation of 7 Companies which operate real estate development business that purchased from U City Public Company Limited and U Global Hospitality Company Limited, including the material land of the Company such as the land where the current factory of the Company is located while the Company is the owner of such real estate.

In this regard, the Company will establish a follow-up process regarding the measures and mechanisms to prevent conflict of interest that have been established by the Company. Audit Committee will be reported as an oversight mechanism in order to ensure that the Company follow the standards of the measures and mechanisms to prevent conflict of interest in the case where the risks of conflict of interest arise. Hence, the Company will ensure that Audit Committee is reported on an appropriate timely basis. In addition, the Company will also disclose the measures to prevent conflict of interest that that have been established in the form of 56-1 One Report on annual basis from 2022 onwards. The Company believes that the Company's measures to prevent conflicts of interest are transparent enough and appropriate to prevent future conflicts of interest.

9. Certification of the Board of Directors on Capital Increase

For the purposes of capital increase by way of private placement, the Board of Directors has performed his/her duty with integrity and due care to protect the Company's interests during the course of in this 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 during the course of 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). 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 Securities and Exchange Act B.E. 2535 (1992).

Apart from this, the Board of Directors hereby certifies that the Board of Directors has carefully considered and verified the information of BTS, and viewed that BTS is a potential investor and has ability to invest in the Company.

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

-Miss Dusadee Soontrontumrong-

(Miss Dusadee Soontrontumrong)

Authorized Director

-Miss Yupaporn Jearrakul-

(Miss Yupaporn Jearrakul)

Authorized Director