

(Translation)

No. 056/0862

20 August 2019

Subject: Notification of Resolutions of the Board of Directors' Meeting No. 9/2019 on Disposal of Assets and Execution of Connected Transactions on Disposal of Investment in SUT Global Co., Ltd., and Schedule for the EGM of Shareholders No. 1/2019 (Revised2)

To: The President  
The Stock Exchange of Thailand

**Enclosure:**

1. Information Memorandum of Hydrotek Public Company Limited on Disposal of Assets and Execution of Connected Transaction on Disposal of Investment in SUT Global Co., Ltd.

Hydrotek Public Company Limited (the “**Company**”) hereby informs that the Board of Directors' Meeting No. 9/2019, held on August 15, 2019, has passed significant resolutions as follows:

1. It was resolved to propose the Shareholders' Meeting to consider approving the disposal of investment in SUT Global Co., Ltd. (“**SUTG**”) in the amount of 132,000 shares with a par value of THB 100 per share or representing 66 percent of all shares of SUTG to Mr. Suparuek Na Songkhla (“**Mr. Suparuek**”), Mr. Inthidej Pala-in and Miss Nittaya Na Songkhla (collectively the “**Buyers**”) and the execution of a share purchase agreement of SUTG, other arrangements, contracts and documents in connection with the disposal of investment in SUTG (the “**Investment Disposal Transaction**”).

The Board of Directors' consideration and approval of such disposal of investment in SUTG is in line with and based on the results of consideration and study on pros and cons of the proposal submitted in writing by Mr. Suparuek to the Company to purchase 132,000 shares with a par value of THB 100 per share or representing 66 percent of all shares of SUTG (the “**Letter of Intent**”).

The remuneration to be received by the Company from the Investment Disposal Transaction amounts to a total of THB 307,030,552, divided into two parts, as follows:

- (1) The Company's convertible debentures No. 1/2018 in the amount of THB 265,000,000 or representing 265,000 units (THB 1,000 per unit of the convertible debentures) and accrued interest as of June 30, 2019 in an amount of THB 7,030,552 (the “**Convertible Debentures**”);

Currently, the Buyers are holding the Convertible Debentures as follows:

Name	Number of Convertible Debentures (Units)
Mr. Suparuek Na Songkhla	238,902
Mr. Inthidej Pala-in	26,096
Miss Nittaya Na Songkhla	2

- (2) THB 35,000,000 in cash.

The Company expects that the Investment Disposal Transaction shall be completed by the 3rd Quarter of 2019.

This Investment Disposal Transaction is a transaction on disposal of assets under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, 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 Acquisition or Disposition of Assets B.E. 2547 (2004), dated October 29, 2004 (as amended) (the “**Notifications on Acquisition or Disposition of Assets**”). Upon calculation of the value of such transaction based on the Total value of consideration approach, the highest transaction value is equal to 39.52 percent per the Company’s financial statements reviewed by the auditor for the quarterly financial statement ended June 30, 2019, which is equal to 15 percent or higher, but lower than 50 percent, and is regarded as a transaction on acquisition or disposal of assets in type 2 under the Notifications on Acquisition or Disposition of Assets, although the Company has no disposal of assets over the past six months.

Therefore, the Company is required to comply with the Notifications on Acquisition or Disposition of Assets by preparing and submitting a report and disclosure of information memorandum on such transaction of the Company to the Stock Exchange of Thailand (the “**SET**”) immediately, which must at least contain the information as required in List (1) attached to the Notifications on Acquisition or Disposition of Assets, and then submit written notice to the shareholders within 21 days from the date of disclosure of the information memorandum on such transaction to the SET.

In addition, the Investment Disposal Transaction is also 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 SET 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**”) because Mr. Suparuek is currently the Company’s major shareholder, and the transaction size is equal to MB 358.03, which is more than the amount of MB 20.00 (NTA cannot be calculated because the NTA of the company is negative) reviewed by the auditor for the quarterly financial statement ended June 30, 2019. Therefore, the Company is required to comply with the Notifications on Connected Transactions, including the following matters:

- (1) To prepare and submit a report and disclosure of information memorandum on such transaction of the Company to the SET;
- (2) To convene a Shareholders’ Meeting of the Company by delivering the invitation letter for the Shareholders’ Meeting to the shareholders at least fourteen days prior to the date of the Shareholders’ Meeting in order to obtain approval from the Shareholders’ Meeting with not less than three-fourths of all votes of the shareholders present at the Meeting and entitled to vote, excluding such votes of the interested shareholders;
- (3) To appoint an independent financial advisor to carry out the relevant functions, including provide its opinions as required by the Notifications on Connected Transactions. In this regard, the Company has appointed Grant Thornton Services Limited as its independent financial advisor to carry out such functions as required by the Notifications on Connected Transactions.

In this connection, the Company did not execute any other connected transactions with Mr. Suparuek or his related persons or close relatives over the past six months prior to the date of execution of the Investment Disposal Transaction.

With regard to the remuneration for the Investment Disposal Transaction which is the Company’s Convertible Debentures No. 1/2018, as at the date of completion of the share purchase transaction of SUTG, the Company shall receive the Convertible Debentures from the Buyers, and as a result, the debts in respect of the Convertible Debentures shall be extinguished by way of merger under the law. In such case, the Company, as the issuer of the Convertible Debentures, shall no longer be allowed to offer the Convertible Debentures, and shall be required to notify the registrar of the Convertible Debentures to cancel the Convertible Debentures, and report to the Office of the Securities and Exchange Commission (“**SEC Office**”) that the debts under the instruments have been extinguished by virtue of the terms and conditions on the rights and obligations of the issuer and holders of

the Convertible Debentures of Hydrotek Public Company Limited No. 1/2018, and the applicable rules and regulations of the SEC Office.

The details of the Investment Disposal Transaction, which constitutes a transaction on disposal of assets and a connected transaction of a listed company, are described in the Information Memorandum of Hydrotek Public Company Limited Re: Disposal of Assets and Execution of Connected Transaction on Disposal of Investment in SUT Global Co., Ltd. (**Enclosure 1**).

However, the Investment Disposal Transaction shall proceed only after the conditions precedent as specified in the share purchase agreement of SUTG between the Company and the Buyers (the “**Share Purchase Agreement**”), including other arrangements, contracts and documents relating to such transaction, shall have been fulfilled. The significant conditions precedent may be summarized below:

- (1) The Shareholders’ Meeting of the Company shall have resolved to approve the Investment Disposal Transaction, including approval on various matters necessary for and/or in connection with such transaction;
- (2) As of the date of completion of the share purchase transaction, there shall be no event or action happening or caused to happen or reasonably believed to likely happen, which may jeopardize the execution of the Investment Disposal Transaction.
- (3) SUTG shall enter into a loan agreement with the Company in relation to short-term loan, accrued as at the Closing Date.

In this connection, the Board of Directors’ Meeting deemed it appropriate to propose the Shareholders’ Meeting to consider authorizing the Chief Executive Officer or the person authorized by the Chief Executive Officer to take any arrangements in connection with or necessary for the execution of the Investment Disposal Transaction, including to negotiate, enter into, sign and amend the Share Purchase Agreement, other arrangements, contracts and documents relating to the Investment Disposal Transaction, and to set out rules, conditions and other details necessary for and in connection with the Investment Disposal Transaction, as necessary and appropriate under the applicable laws.

2. It was resolved to cancel the Convertible Debentures of Hydrotek Public Company Limited No. 1/2019, which are named, unsecured, unsecured and without any representative of the debenture holders, due for redemption in 2021, whereby the terms and conditions allow for conversion and redemption by the holders of the convertible debentures before the maturity date, which were issued by virtue of the resolution of the Extraordinary General Meeting of Shareholders No. 1/2018 of the Company on May 10, 2018 (the “**Convertible Debentures**”) for offering by way of private placement to no more 10 (ten) persons during any period of 4 (four) months as specified in the Notification of the Capital Market Supervisory Board No. TorJor. 17/2561 Re: Application for and Approval of Offer for Sale of newly Issued Debt Instruments, provided that such cancellation of the Convertible Debentures shall be subject to the following conditions:

- (1) The Shareholders’ Meeting of the Company shall have resolved to approve the Investment Disposal Transaction, including approval on various matters necessary for and/or in connection with such transaction; and
- (2) The Company and the Buyers shall have completed the share purchase transaction of SUTG subject to the terms and conditions of the Share Purchase Agreement.

In this this connection, the Board of Directors’ Meeting has approved the Chief Executive Officer or the person authorized by the Chief Executive Officer to take any arrangements in connection with or necessary for the cancellation of the Convertible Debentures, including to negotiate, sign and amend the disclosure documents, applications and evidence necessary for and in connection with the cancellation of the Convertible Debentures, including contact and filing of the documents and/or any other actions with the SEC Office, the SET, government agencies and/or other relevant authorities in connection with the issuance, offering and cancellation of the Convertible

Debentures, and to have the authority to take any other actions as deemed necessary and appropriate to ensure the successful completion of the above arrangements.

3. It was resolved to grant approval to propose the Shareholders' Meeting to consider approving the reduction of the Company's registered capital by THB 185,314,690 from the existing registered capital of THB 1,382,392,049 to be THB 1,197,077,359 by cancelling 185,314,690 ordinary shares with a par value of THB 1 per share issued to accommodate the conversion of the Convertible Debentures of Hydrotek Public Company Limited No. 1/2018, which will not be converted into the Company's ordinary shares.

The Company will receive the Convertible Debentures from the Buyers as part of the remuneration for the Investment Disposal Transaction, and as a result, the debts in respect of the Convertible Debentures shall be extinguished by way of merger under the law. In such case, the Company shall be required to notify the registrar of the Convertible Debentures to cancel the Convertible Debentures, and report to the SEC Office that the debts under the instruments have been extinguished, including the reduction of the Company's registered capital by way of cancellation of the ordinary shares issued to accommodate the conversion of such Convertible Debentures accordingly.

4. It was resolved to grant approval to propose the Shareholders' Meeting to consider approving the amendment of Clause 4 of the Company's Memorandum of Association to be in line with the reduction of the Company's registered capital, with the details as follows:

Clause 4.	Registered Capital	:	THB 1,197,077,359	(One Thousand One Hundred Ninety-Seven Million Seventy-Seven Thousand Three Hundred and Fifty-Nine Baht)
	Divided into	:	1,197,077,359 shares	(one thousand one hundred ninety-seven million seventy-seven thousand three hundred and fifty-nine shares)
	Par Value per Share	:	THB 1	(One Baht)
	Classified into	:		
	Ordinary Shares	:	1,197,077,359 shares	(one thousand one hundred ninety-seven million seventy-seven thousand three hundred and fifty-nine shares)
	Preferred Shares	:	-None-	-

5. It was resolved to approve the schedule for the Extraordinary General Meeting of Shareholders No. 1/2019 to be held on September 23, 2019 at 2.00 p.m. at the Meeting Room 25<sup>th</sup> Floor, TP&T Tower, No. 1 Soi Vibhavadee-Rangsit 19, Vibhavadee-Rangsit Road, Chatuchak, Bangkok 10900, and the record date to determine the list of shareholders entitled to attend the Meeting to be August 30, 2019, with the agenda of the Meeting as follows:

- Agenda Item 1 To consider approving the Minutes of the 2019 Annual General Meeting of Shareholders
- Agenda Item 2 To consider approving the disposal of investment in SUT Global Co., Ltd. to Mr. Suparuek Na Songkhla, Mr. Inthidej Pala-in and Miss Nittaya Na Songkhla, including the execution of a share purchase agreement, other arrangements, contracts and documents in connection with the disposal of investment in SUT Global Co., Ltd.

- Agenda Item 3 To consider approving the reduction of the Company's registered capital by THB 185,314,690 from the existing registered capital of THB 1,382,392,049 to be THB 1,197,077,359 by cancelling 185,314,690 ordinary shares with a par value of THB 1 per share
- Agenda Item 4 To consider approving the amendment of Clause 4 of the Company's Memorandum of Association to be in line with the reduction of the Company's registered capital
- Agenda Item 5 To consider and approve other matters (if any)

Given that items 2 to 4 interrelate, therefore, should any particular item not be approved by the Shareholders' Meeting, the other items which may have been previously approved by the Shareholders' Meeting shall be deemed to be cancelled, and the remaining items shall not longer be considered accordingly. In this regard, it shall be deemed that the consideration and approval of all matters under items 2 to 4 are not approved by the Shareholders' Meeting.

6. It was resolved to approve the authorization of either the Chief Executive Officer or the person authorized by the Chief Executive Officer to have the authority to consider and revise the date, time and place of the Extraordinary General Meeting of Shareholders, including any amendment and/or addition to the agenda of the Extraordinary General Meeting of Shareholders No. 1/2019 and/or change of the record date to determine the list of shareholders entitled to attend the Extraordinary General Meeting of Shareholders No. 1/2019 as necessary and appropriate subject to the provisions of law.

Please be informed accordingly.

Yours sincerely,  
Hydrotek Public Company Limited

-Signature-

(Mr. Sarun Yansopananan)  
Chief Executive Officer  
Authorized Signatory

**Information Memorandum of Hydrotek Public Company Limited  
on Disposal of Assets and Execution of Connected Transaction  
on Disposal of Investment in SUT Global Co., Ltd.**

The Board of Directors' Meeting No. 9/2019, held on August 15, 2019, has resolved to approve the disposal of investment in SUT Global Co., Ltd. ("**SUTG**") in the amount of 132,000 shares with a par value of THB 100 per share or representing 66.00 percent of all shares of SUTG to Mr. Suparuek Na Songkhla ("**Mr. Suparuek**"), Mr. Inthidej Pala-in and Ms. Nittaya Na Songkhla (collectively the "**Buyers**") and the execution of a share purchase agreement of SUTG, other arrangements, contracts and documents in connection with the disposal of investment in SUTG (the "**Investment Disposal Transaction**").

The remuneration to be received by the Company from the Investment Disposal Transaction amounts to a total of THB 307,030,552 divided into two parts, namely: (1) the Company's convertible debentures No. 1/2018 in the amount of THB 265,000,000 or representing 265,000 units (THB 1,000 per unit of the convertible debentures) (the "**Convertible Debentures**") and accrued interest as of June 30, 2019 in the amount of THB 7,030,552 and (2) THB 35,000,000 in cash

This Investment Disposal Transaction is a transaction on disposal of assets under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, 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 Acquisition or Disposition of Assets B.E. 2547 (2004), dated October 29, 2004 (as amended) (the "**Notifications on Acquisition or Disposition of Assets**"). Upon calculation of the value of such transaction based on the total consideration approach, the highest transaction value is equal to 39.52 percent per the Company's financial statements reviewed by the auditor for the six-month period ended June 30, 2019, which is equal to 15.00 percent or higher, but lower than 50.00 percent, and is regarded as a transaction on acquisition or disposal of assets in type 2 under the Notifications on Acquisition or Disposition of Assets, although the Company has no disposal of assets over the past six months.

Therefore, the Company is required to comply with the Notifications on Acquisition or Disposition of Assets by preparing and submitting a report and disclosure of information memorandum on such transaction of the Company to the Stock Exchange of Thailand (the "**SET**") immediately, which must at least contain the information as required in List (1) attached to the Notifications on Acquisition or Disposition of Assets, and then submit written notice to the shareholders within 21 days from the date of disclosure of the information memorandum on such transaction to the SET.

In addition, the Investment Disposal Transaction is also 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 SET 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**") because Mr. Suparuek is currently the Company's Major shareholder, and the transaction size is equal to MB 358.03 which is more than the amount of MB 20.00 (NTA cannot be calculated because the NTA of the company is negative) reviewed by the auditor for the six-month period ended June 30, 2019. Therefore, the Company is required to comply with the Notifications on Connected Transactions, including the following matters:

- (1) To prepare and submit a report and disclosure of information memorandum on such transaction of the Company to the SET;
- (2) To convene a Shareholders' Meeting of the Company by delivering the invitation letter for the Shareholders' Meeting to the shareholders at least fourteen days prior to the date of the Shareholders' Meeting in order to obtain approval from the Shareholders' Meeting with not less than six-fourths of all votes of the shareholders present at the Meeting and entitled to vote, excluding such votes of the interested shareholders;
- (3) To appoint an independent financial advisor to carry out the relevant functions, including provide its opinions as required by the Notifications on Connected Transactions. In this regard, the Company has appointed Grant Thornton Services Limited as its independent financial advisor to carry out such functions as required by the Notifications on Connected Transactions.

Therefore, the Company hereby discloses the significant details of the Investment Disposal Transaction in accordance with the applicable rules, regulations and notifications to the SET as follows:

### 1. Date of the Transaction

The Company shall execute the transaction on disposal of investment in SUTG after obtaining approval from the Extraordinary General Meeting of Shareholders No. 1/2019.

### 2. Concerned Parties and Their Relationships with the Company

**Seller:** Hydrotek Public Company Limited

**Buyers:** Mr.Suparuek Na Songkhla Mr.Inthidej Pala-in, and Ms.Nittaya Na Songkhla

#### Relationship Description:

Mr.Suparuek is a connected person of the Company pursuant to the Notifications on Connected Transaction. That is, Mr.Suparuek Na Songkhla is currently the Company's Major shareholder.

Ms.Nittaya Na Songkhla is a connected person of the Company pursuant to the Notifications on Connected Transaction. She is Mr.Suparuek's wife.

In this regard, Mr.Suparek Na Songkhla, Mr.Inthidet Phon-in and Ms.Nittaya Na Songkhla have relationship characteristics or acting in concert.

### 3. General Description and Size of the Transaction

#### 3.1 General Description of the Transaction

On August 15, 2019, the Board of Directors' Meeting No. 9/2019 has resolved to approve the disposal of investment in SUTG in the amount of 132,000 shares with a par value of THB 100 per share or representing 66.00 of all shares of SUTG to Mr.Suparuek Na Songkhla, Mr. Inthidej Pala-in and Ms.Nittaya Na Songkhla (collectively the "**Buyers**") and the execution of a share purchase agreement of SUTG, other arrangements, contracts and documents in connection with the disposal of investment in SUTG.

The remuneration to be received by the Company from the Investment Disposal Transaction amounts to a total of THB 307,030,552 divided into two parts, as follows:

- (1) The Company's convertible debentures No. 1/2018 in the amount of THB 265,000,000 or representing 265,000 units (THB 1,000 per unit of the convertible debentures) ( the "**Convertible Debentures**") and accrued interest as of June 30, 2019 in the amount of THB 7,030,552;

Currently, the Buyers are holding the Convertible Debentures as follows:

Name	Number of Convertible Debentures (Units)
Mr.Suparuek Na Songkhla	238,902
Mr.Inthidej Pala-in	26,096
Ms.Nittaya Na Songkhla	2

- (2) THB 35,000,000 in cash.

With regard to the remuneration for the Investment Disposal Transaction which is the Company's Convertible Debentures No. 1/2018, as at the date of completion of the share purchase transaction of SUTG, the Company shall receive the Convertible Debentures from the Buyers, and as a result, the debts in respect of the Convertible Debentures shall be extinguished by way of merger under the law. In such case, the Company, as the issuer of the Convertible Debentures, shall no longer be allowed to offer the Convertible Debentures, and shall be required to notify the registrar of the Convertible Debentures to cancel the Convertible Debentures, and report to the Office of the Securities and Exchange Commission ("**SEC Office**") that the debts under the instruments have been extinguished by virtue of the terms and conditions on the rights and obligations of the issuer and holders of the Convertible Debentures of Hydrotek Public Company Limited No. 1/2018, and the applicable rules and regulations of the SEC Office.

The Company expects that the Investment Disposal Transaction shall be completed by the third quarter of 2019.

#### 3.2 Calculation of the Transaction Size

##### 3.2.1 Calculation of the Size of the Investment Disposal Transaction

The Board of Directors' Meeting No. 9/2019, held on August 15, 2019, has resolved to approve the disposal of investment in SUTG in the amount of 132,000 shares with a par value of THB 100 per share or representing 66.00 percent of all shares of SUTG to Mr. Suparuek Na Songkhla, Mr.Inthidej Pala-in and Ms.Nittaya Na Songkhla.

This Investment Disposal Transaction is a transaction on disposal of assets under the Notifications on Acquisition or Disposition of Assets. Upon calculation of the value of such transaction based on the total consideration approach, the highest transaction value is equal to 39.52 percent per the Company's financial statements reviewed by the auditor for the six-month period ended June 30, 2019, as per the details of the calculation in the following table:

Criteria	Calculation formula	Calculation	Size
1. Net Tangible Asset (NTA)	$\frac{\text{NTA of SUTG} \times \text{shareholding portion}}{\text{NTA of the Company}}^{1/}$	Unable to calculate	
2. Net Profit	$\frac{\text{Net profit of SUTG} \times \text{shareholding portion}}{\text{Net profit of the Company}}^{2/}$	Unable to calculate	
3. Total value of consideration	$\frac{\text{Value of consideration} \times 100}{\text{Total assets of the Company}}$	$\frac{358,031,052^{3/} \times 100}{905,941,268}$	39.52
4. Value of securities issued by the Company in consideration of asset acquisition	$\frac{\text{No. of shares issued in consideration of asset acquisition} \times 100}{\text{No. of issued and paid-up shares of the Company}}$	N/A	

**Remark:**

<sup>1/</sup> Net tangible asset value (NTA) of the Company as of June 30, 2019 is negative, therefore, cannot calculate the value of this investment payment transaction according to the net tangible asset (NTA) criteria.

<sup>2/</sup> The Company has a net loss in the operating period for the six-month period ended June 30, 2019 and therefore cannot calculate the value of this investment payment transaction based on the net profit from operations.

<sup>3/</sup> Remuneration for the company which will be received from the sale of this investment in the amount of MB 307.03, combined with a loan with interest and the outstanding obligations of SUTG with the Company in the amount of MB 51.00

Given that the Company has no disposal of assets over the past nine months prior to the date of execution of this Investment Disposal Transaction, the highest transaction value based on the total consideration approach is equal to 39.52 percent, which is equal to 15.00 percent or higher, but lower than 50.00 percent, and is regarded as a transaction on acquisition or disposal of assets in type 2 under the Notifications on Acquisition or Disposition of Assets.

Therefore, the Company is required to comply with the Notifications on Acquisition or Disposition of Assets by preparing and submitting a report and disclosure of information memorandum on such transaction of the Company to the SET immediately, which must at least contain the information as required in List (1) attached to the Notifications on Acquisition or Disposition of Assets, and then submit written notice to the shareholders within 21 days from the date of disclosure of the information memorandum on such transaction to the SET.

**3.2.2 Calculation of the Connected Transaction**

The Investment Disposal Transaction is also regarded as a connected transaction of a listed company under the Notifications on Connected Transactions because Mr. Suparuek is currently the Company's authorized director and management. As such, The Investment Disposal Transaction is considered as the connected transaction pursuant to Connected Transaction Notifications with the highest transaction value MB 358.03 of the Company's net tangible assets (NTA), as per the details of the calculation in the following table:

Detail	Transaction Size (Million Baht)
The Investment Disposal Transaction	307.03
Loan for SUTG	13.53 <sup>1/</sup>
Loan interest	11.50 <sup>2/</sup>
Outstanding obligations - Other current receivables of SUTG	25.97
<b>Total</b> connected transaction value	<b>358.03</b>

**Remark:**

<sup>1/</sup> The Company's money that SUTG has borrowed in accordance with the resolution of the Board of Directors Meeting No. 9/2562, approving the signing of the loan agreement in the amount of MB 13.53.

<sup>2/</sup> Calculated from the interest to be received in the loan agreement of 8.5 percent per year and payment period is not more than 10 years.

According to the connected transaction pursuant, the Investment Disposal Transaction is considered as high-value transaction is THB 358,031,052 which the transaction size exceeds THB 20,000,000. Therefore, the Company is required to comply with the Notifications on Connected Transactions, including the following matters:

- (1) To prepare and submit a report and disclosure of information memorandum on such transaction of the Company to the SET;



- (2) To convene a Shareholders' Meeting of the Company by delivering the invitation letter for the Shareholders' Meeting to the shareholders at least fourteen days prior to the date of the Shareholders' Meeting in order to obtain approval from the Shareholders' Meeting with not less than six-fourths of all votes of the shareholders present at the Meeting and entitled to vote, excluding such votes of the interested shareholders;
- (3) To appoint an independent financial advisor to carry out the relevant functions, including provide its opinions as required by the Notifications on Connected Transactions. In this regard, the Company has appointed Grant Thornton Services Limited as its independent financial advisor to carry out such functions as required by the Notifications on Connected Transactions.

In this connection, the Company did not execute any other connected transactions with Mr.Suparuek or his related persons or close relatives over the past six months prior to the date of execution of the Investment Disposal Transaction.

#### 4. Details of the Disposed Assets and Business to Be Further Engaged

##### 4.1 Details of the Disposed Assets

The Company shall dispose of its investment in SUTG, namely, all ordinary shares held by the Company in SUTG in the amount of 132,000 shares with a par value of THB 100 per share or representing 66.00 percent of all shares of SUTG.

##### 4.2 Information of SUTG and Significant Details of Business

###### (1) General Information

<b>Name</b>	SUT Global Company Limited
<b>Type of Business Operation</b>	Operate a business as an engineering project contractor, a construction contractor, operation and maintenance service and consultancy service in an area of solid waste management
<b>Registered Office</b>	128/ 200, 18th Floor, Phayathai Plaza Building, Phayathai Road, Toong Phayathai Sub-District, Phayathai District, Bangkok
<b>Registration Number</b>	0305557004561
<b>Incorporation Date</b>	October 31, 2014
<b>Registered Capital</b>	THB 20,000,100, dividing into 200,001 ordinary shares, with the par value of THB 100 per share
<b>Paid Up Capital</b>	THB 20,000,100, dividing into 200,001 ordinary shares, with the par value of THB 100 per share

###### (2) Name of Director as of July 2, 2019

No.	Name – Surname	Position
1.	Mr.Subbhalerk Na Songkla	Director
2.	Mr.Thanapat Bualoy	Director
3.	Mr.Sarun Yansopananan	Director

###### (3) Name of Shareholders as of July 25, 2019

No.	Name – Surname	Number of Shares	Shareholding Percentage
1.	Hydrotek Public Company Limited	132,000	66.00
2.	Mr.Thanapat Bualoy	68,000	34.00
3.	Ms.Nittaya Na Songkla	1	0.00
<b>Total</b>		<b>200,001</b>	<b>100.00</b>

###### (4) Name of Shareholders After the Investment Disposal Transaction

No.	Name – Surname	Number of Shares	Shareholding Percentage
1.	Mr.Subbhalerk Na Songkla	119,000	59.50
2.	Mr.Thanapat Bualoy	68,000	34.00
3.	Mr.Inthidet Pholin	12,999	6.50
4.	Ms.Nittaya Na Songkla	2	0.00
<b>Total</b>		<b>200,001</b>	<b>100.00</b>

**(5) Details of Assets**

SUTG operates a business as a construction contractor, operation and maintenance, and solid waste management, engineering consultancy service.

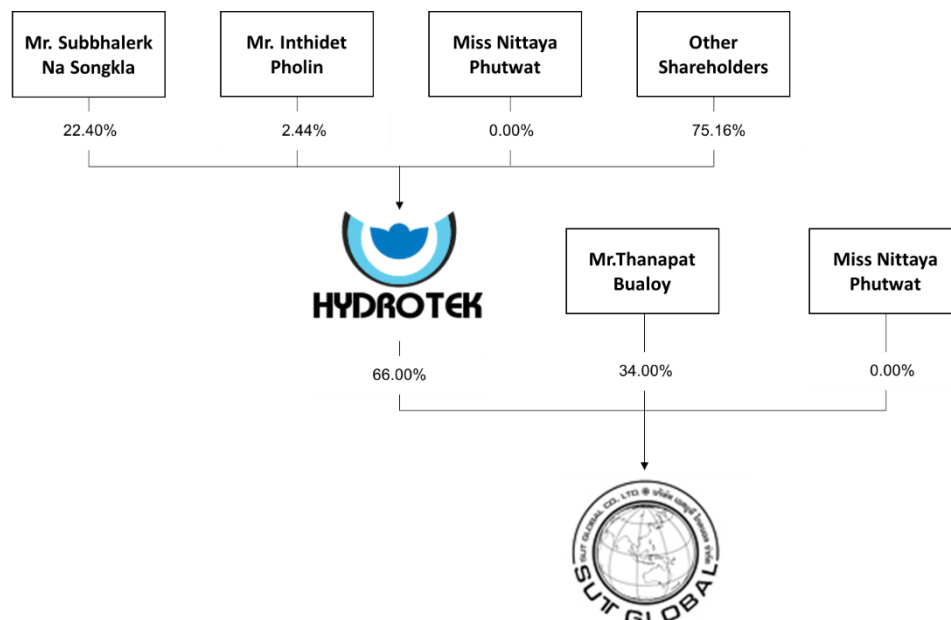
**(6) Financial information**

Unit: THB	December 31, 2018 <sup>1/</sup> (Audited)	June 30, 2019 <sup>2/</sup> (Unaudited)
<b>Balance Sheet</b>		
<b>Assets</b>	135.58	95.03
<b>Liabilities</b>	96.05	85.84
<b>Shareholders' Equity</b>	39.53	9.19
<b>Income Statement</b>		
<b>Revenue from Sale</b>	8.38	31.78
<b>Gross Income</b>	3.74	(1.13)
<b>Profit (Loss) Before Financial Expense and Income Tax</b>	(119.51)	(29.64)
<b>Net profit (loss)</b>	(120.30)	(30.34)

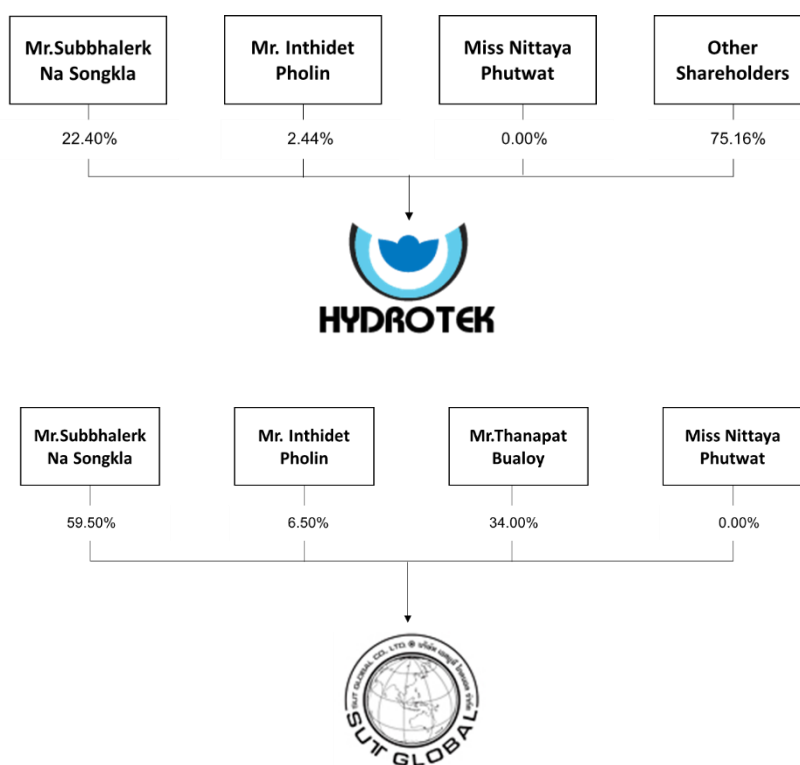
**Remark:**

<sup>1/</sup> Financial information of SUTG shown its financial status as of December 31, 2018 and the income statement for the same period is prepared in accordance with the Financial Reporting Standard for a Publicly Accountable Entities (PAEs), dated February 25, 2019, audited by Ms.Umaporn Wongmasa a certified public accountant with a certification number 4810.

<sup>2/</sup> Financial information of SUTG shown its financial status as of June 30, 2019, and the income statement for the same period is prepared but still unaudited by certified public accountant, however the information has been sent to the Company's accountant in order to consolidate the consolidated financial statements.

**Shareholding Structure of SUTGH Prior to The Investment Disposal Transaction**

### Shareholding Structure of SUTGH Prior to The Investment Disposal Transaction



#### 4.3 Business to Be Further Engaged by the Company

After the company has disposed the investment, the Company plans to focus on its core business, with expertise and experience, which consists of Engineering, Procurement and Construction business (EPC), Water Treatment Plant, and Wastewater Treatment Plant. At present, the Company has participated in bidding for new projects, both public and private, including Wastewater Treatment Project, Solid Waste Treatment Project, Water Treatment Project. The results of the biddings will be announced within 2019. In case that the Company wins the bidding for the aforementioned project, the Company's performance will expectedly inverse to positive position. In addition, the Company has adjusted strategic and operational objectives from intensively focusing on income from Government Projects. In the past, the Company experienced unstable cash flow and liquidity problems from delayed projects and unexpected budget allocation of Government Projects. Expansion to private sector will result diversification of risk from variety of customers and source of income and cash flow of the Company.

#### 5. Total Value of Consideration

The remuneration to be received by the Company from the Investment Disposal Transaction amounts to a total of THB 307,030,552 divided into two parts, as follows:

- (1) The Company's convertible debentures No. 1/2018 in the amount of THB 265,000,000 or representing 265,000 units ( THB 1,000 per unit of the convertible debentures) ( the "Convertible Debentures") and accrued interest as of June 30, 2019 in the amount of THB 7,030,552;
- (2) THB 35,000,000 in cash.

## 6. Value of the Disposed Assets and Basis of Calculation of the Value of Consideration

Determination of the value of the consideration from entering into the transaction of the sale of shares of SUTG, the Company considers the fair value of SUTG at 66.00 percent, which the Company participates in evaluating with the financial advisor of the company. Which is S14 Advisory Company Limited. The fair price of SUTG's shares at 66.00 percent of the appraised value is 250,050,000 baht. Based on the estimated fair value based on DCF (Discounted Cash Flow) The estimates are subject to assumptions, which are summarized below.

- Revenue recognition starting from the opportunity to be selected into the procurement contract The income that can be used for discounting can be classified as follows:

Project type	contract	budget (Million baht	Opportunities <sup>1/</sup> (Percent)	Start recognizing revenue
<b>The project for the construction of waste management systems for producing RDF (Refuse-Derived Fuel) and organic fertilizers that appear in the expenditure budget annual budget year 2562<sup>2/</sup></b>				
<ul style="list-style-type: none"> <li>The project that SUTG entered into a contract for the construction of a waste management system for producing RDF and organic fertilizer in 1 project</li> </ul>	1 SAO.	54.89	100.00	2563 - 2564 Within 2 years
<ul style="list-style-type: none"> <li>Projects that SUTG expects to enter into construction contracts for waste management systems to produce RDF and organic fertilizer In the near term But there may be opportunities for errors and / or delays in 8 projects</li> </ul>	6 Municipality 2 SAO.	1,051.11	30.00	2564 - 2566 Within 2 – 3 years
<b>Special subsidies for supporting the construction, waste and solid waste management for local administrative organizations<sup>3/</sup></b>				
<ul style="list-style-type: none"> <li>Projects that SUTG expects to enter into construction contracts for waste management systems to produce RDF and organic fertilizer</li> </ul>		4,000.00	30.00	2565 - 2567 Within 2 – 3 years

**Remark:** <sup>1/</sup> The assessment is based on the perspective of the management of the Company and SUTG.

<sup>2/</sup> Budget expenditure documents Fiscal Year 2562, Volume 14 (4) Bureau of the Budget

<sup>3/</sup> Minutes of the Decentralization Committee for Local Administrative Organizations No. 6/2017

The calculation of the discounted cash flow calculation method takes 6 years to calculate.

- Average gross profit margin at 25.00 percent (compare the gross profit margin of SUTG. In the past 3 years and the first quarter of 2019, which averaged 26.60 percent) throughout the life of the cash flow projections
- Estimating costs, costs and administrative costs, dividing those costs into fixed costs and variable costs  
The variable costs will be based on the work received and the direct costs increase at the rate of 1.30 percent per year.
- Discounting using the discount rate (WACC) at 11.57 percent using the Capital Asset Pricing Model (CAPM) using the market return rate of 11.17 percent and using the 10-year government bond yield

The Company has considered such assumptions together with the financial advisor of the Company. And is of the opinion that the said price is appropriate by calculating the value of SUTG equal to MB 250.05. Therefore, the sale of SUTG's ordinary shares at 66.00 percent is therefore less than the value of the consideration of MB 307.03, which is appropriate to be used and reflects the opportunity Rise in future projects and rights in SUTG's innovative accounts

### Potential Risk from the Investment Disposal Transaction

#### A. Default risk of Loan for SUTG (the “Loan for SUTG”)

After the disposal of the investment, the Company will face default risk from loan lent to SUTG amounted of THB 13,527,637, according to the financial statement of the second quarter of 2019. However, the Company is holding the legally borrowing contract stating that in the case that SUTG does not repay the loan as

stated in the contract, the Company can prosecute to the extent of the law. Additionally, in the case that SUTG has not repaid full amount of loan and partially repaid, the impact from uncompleted repayment does not cause interruption of or problems to the business and not significantly affect to the business operation. Even though the Company cannot completely eliminate the default risk.

### B. Operational risk as source of revenue bases on Government Projects

The disposal of investment will not affect to current and future operation of the Company as its core business still focuses on Engineering, Procurement, and Construction (EPC) of Water Treatment Project and Wastewater treatment Project, which the Company has competitiveness with expertise and experience.

However, the Company may have restrictions on expansion of business relating to Waste Management System for Refuse-Derived Fuel and be unable to participate in bidding for Government's waste management projects which is allocated only for operators whose name appeared in the Thai Innovation list. Currently, SUTG is the only one SUTG is a registered holder of the innovation list for Municipal Solid Waste Management System for Refuse-Derived Fuel and Organic Fertilizer Production. As a result, the Company will lose opportunity to receive any gain and cash flow from Engineering, Procurement, and Construction (EPC) projects, Municipal Solid Waste Management System for Refuse-Derived Fuel projects, and Organic Fertilizer Production projects.

However, at present, the Company believes that SUTG is less likely to win the biddings since some projects have been awarded to other bidders and some are postponed without certain deadline, causing ongoing loss in SUTG's performance and significantly negative impact to the Company's operation. Therefore, the Company has adjusted the strategy and new business policy by inverting the focus on the Company's originally main business, expanding customer groups, and proactively operating new projects which are related to Engineering, Procurement and Construction business (EPC) of Water Treatment Project, Wastewater Treatment Project in order to increase cash flow, instead of expanding to the construction field of waste management.

### 7. Expected Benefits to the Listed Company from the Transaction

The objective of the Investment Disposal Transaction is to cope with the unexpectedly negative impact of SUTG's operations as SUTG has suffered from losses since 2018 and still been unlikely to improve in the near future. The impacts have significantly affected the overall performance of the Company, causing significantly higher loss from the past. Currently, the Company has limitation in submitting an application for the bank to issue a letter of guarantee, which affects to operation in core business as to participate in bidding for new projects requires letter of guarantee from banks. In Addition, if the performance of the Company has still shown loss, the shareholders' equity is possibly negative, which may be subject to delisting from the SET.

Therefore, the disposal of such investment will benefit the Company in the term of improved financial position, lower debt burden from convertible bonds, better financial liquidity, expectedly positive shareholders' equity and higher cash flow, which can be used in bidding for upcoming projects. Currently, the Company has been coordinating potential projects to achieve improvement of the Company's performance. The details of financial projections at the end of 2019 are as detailed below:

Unit: THB	December 31, 2018 <sup>1/</sup> (Audited)	December 31, 2018 <sup>1/</sup> (Audited)	December 31, 2018 <sup>1/</sup> (Audited)	June 30, 2019 <sup>2/</sup> (Unaudited)
<b>Balance Sheet</b>				
Cash and cash equivalents	27.39	172.76	38.15	19.89
<b>Total Assets</b>	<b>468.38</b>	<b>564.76</b>	<b>1,049.57</b>	<b>905.94</b>
<b>Total Liabilities</b>	<b>397.86</b>	<b>358.80</b>	<b>799.66</b>	<b>811.61</b>
Authorized share capital	389.97	589.97	970.28	1,382.40
Paid-up share capital	389.97	486.48	784.97	784.97
Premium on share capital	66.70	59.48	141.38	141.38
Convertible debentures - equity component	-	-	21.07	21.07
Share subscription received in advance	-	130.48	-	-
Ratained earnings (deficits)				
Appropriated-legal reserve	9.62	9.62	9.62	9.62

Unit: THB	December 31, 2018 <sup>1/</sup> (Audited)	December 31, 2018 <sup>1/</sup> (Audited)	December 31, 2018 <sup>1/</sup> (Audited)	June 30, 2019 <sup>2/</sup> (Unaudited)
Unappropriated	(398.64)	(455.92)	(704.02)	(848.23)
Other components of equity	0.07	(1.12)	(1.23)	(2.13)
Non-controlling interests	2.81	3.94	(1.88)	(12.35)
<b>Total Shareholders' Equity</b>	<b>70.52</b>	<b>205.96</b>	<b>249.91</b>	<b>94.33</b>
<b>Income Statement</b>				
Revenue from Sale	405.89	252.32	178.94	210.23
Gross Income	(16.56)	7.66	(3.06)	(3.96)
Profit (Loss) Before Financial Expense and Income Tax	(113.81)	(43.38)	(284.33)	(141.13)
<b>Net profit (loss)</b>	<b>(130.55)</b>	<b>(59.60)</b>	<b>(292.43)</b>	<b>(154.46)</b>

**Remark:**

<sup>1/</sup>Financial information of SUTG shown its financial status as of December 31, 2018 and the income statement for the same period is prepared in accordance with the Financial Reporting Standard for a Publicly Accountable Entities (PAEs), audited by Ms.Susan Eiamvanicha a certified public accountant with a certification number 4306.

**8. Potential Impacts from the Transaction****Impact on Accounting**

The Company has to record gain or loss from the disposal of such investment in Income Statement which will be considered as non-recurring profit or expense. The detail is as follows

For Separated Financial Statement, the Company recorded the investment using the equity method and presented in the Financial Statement as of June 30, 2019, amounted of THB 308,000,000. The value of the investment has been discounted for impairment. Therefore, the disposal of the investment is valued THB 288,410,000, which is less than the amount of investment recorded in the Separated Financial Statement. As a result, the Company has to record loss from the disposal of the investment in the Separated Income Statement, amounted of THB 19,590,000, which will affect the net profit of the Company.

For Consolidated Financial Statements, the Company recorded the investments using Book Value and presented in the Financial Statement as of June 30, 2019, amounted of THB 324,630,000. The disposal of the investment is valued THB 288,410,000, which is more than the amount of investment recorded in the Consolidated Financial Statement. Therefore, the company has to record loss from the disposal of the investment in the Consolidated Income Statement, amounted of THB 36,220,000, which will affect the operation and the shareholders' equity immediately.

**9. Plan for Use of Proceeds from the Disposal of Assets**

The cash, the Company received from the disposal of the investment, will be used for working capital.

**10. Condition Precedents of the Transaction**

- A. The Company shall obtain approval from the Shareholders' Meeting for the disposal of its investment in SUT Global Co., Ltd. to Mr.Suparuek Na Songkhla, Mr. Inthidej Pala-in and Ms.Nittaya Na Songkhla, and the execution of a share purchase agreement, other arrangements, contracts and documents in connection with the disposal of investment in SUT Global Co., Ltd.

Such agenda item must obtain approval from the Shareholders' Meeting with not less than six-fourths of all votes of the shareholders present at the Meeting and entitled to vote, excluding such votes of the interested shareholders.

- B. SUTG must enter into a loan agreement with the company According to the amount of loans outstanding at the completion of the share trading day

The Board of Directors Meeting of the Company No.13/2018 held on October 5, 2018 has approved the Loan for SUTG at the amount of THB 17,500,000 with interest rate of around 7.75%, revolving every 90 days. However, the Loan for SUTG is not regarded as a connected transaction of a listed company under the Notifications on Connected Transactions.

However, after the completion of Investment Disposal Transaction, the Loan for SUTG will be regarded as a connected transaction of a listed company under the Notifications on Connected Transactions

because the Buyers, who are currently the Company's Major shareholder, hold 66.00% stake in SUTG. Moreover, The Board of Directors Meeting of the Company No.9/2019 held on August 15, 2019 has approved the Loan for SUTG with revised terms and conditions, which is reasonable and in arm's length basis. The new interest rate would be 8.50% with tenor not exceed 10 years. In this connection, the Board of Directors' Meeting has approved the authorization of either the Chief Executive Officer or the person authorized by the Chief Executive Officer to have the authority to take any arrangements in connection with or necessary for the Loan for SUTG

the Company will face default risk from the Loan for SUTG since SUTG will no longer be the Company's subsidiaries after the completion of Investment Disposal Transaction.

- C. The buyer, acting for SUTG, proceed with the cancellation of guarantee, committed by Hydrotek Public Company Limited, as Credit Facility amounted of THB 71,300,000 by TMB Bank Public Company Limited, dated on October 9, 2019

#### 11. Opinion of the Board of Directors on the Transaction

The Board of Directors' Meeting No. 8/2019, held on August 15, 2019, has considered that the Investment Disposal Transaction is reasonable and beneficial to the Company and its shareholders because the disposal of the investment will cause improvement of the Company's performance and flexibility in operation of the Company's core business. In addition, the cash the Company receives from the transaction will be used for working capital in existing businesses and the payment by convertible bonds lessens the Company's debt burden.

However, in July 2018, the Company has purchase and accepted a transfer of SUTGH's entire business (the "**EBT Transaction**"), which are assets and debts, including but not limited to, right, responsibility, obligation, and liability that SUTGH has or shall have at the date of transfer including 132,000 SUTG's shares held by SUTGH, at a par value of THB 100 per share, or equivalent to 66.00 percent of SUTG's issued shares. The total consideration is THB 460,000,000.

Since the completion of EBT Transaction, the Company has experienced loss in Income Statement and there is still no positive sign to reverse back in the near future, resulting in even more loss in the Company's consolidated financial performance. Regarding this situation, the Company also has limitation in issuing letter of guarantee from banks, which is essential for the Company to submit bidding for new projects.

The operating results of SUTG that the company received the business transfer experiencing a loss. As a result, project SUTG has predicted that the auction will win There is a high possibility of not winning the auction. Because some projects have already been received by other operators because some projects have already been win bid other operators and in the future, the construction of waste management system for fuel production has not yet been clearly allocated. Therefore, the auditor recorded the loss from impairment of investment in SUTG in the amount of MB 233.90. If SUTG still has continuous losses and the government slowed investment. Affect the performance of SUTG has experienced more loss in the near future and the Company will face a risk of getting delisted from SET.

Currently, the Company believes that SUTG is less likely to win the biddings since some projects have been awarded to other bidders and some are postponed without certain deadline, causing ongoing loss in SUTG's performance and significantly negative impact to the Company's operation.

On May 13, 2019, the Company has received the proposal submitted in writing by Mr.Suparuek to the Company to purchase 132,000 shares with a par value of THB 100 per share or representing 66 percent of all shares of SUTG (the "**Letter of Intent**"). The consideration is divided into two parts, which are (1) The Company's convertible debentures No. 1/2018 in the amount of THB 265,000,000 or representing 265,000 units (THB 1,000 per unit of the convertible debentures) (the "Convertible Debentures") and accrued interest as of the completion of Investment Disposal Transaction and (2) THB 35,000,000 in cash. The rationale behind the Letter of Intent is that Mr.Suparuek has an intention to take control and manage SUTG's operation himself after he found out that Refuse-Derived Fuel projects, which are required an operator who has registered holder of the innovation list for Municipal Solid Waste Management System for Refuse-Derived Fuel and Organic Fertilizer Production to submit bidding proposal, has been delayed. This situation would affect SUTG's overall operational performance which eventually affect the Company's financial performance as a whole.

The Company has appointed [S14 Advisory Company Limited] (the "**Financial Advisor**") to consider and study on possibility of the Investment Proposal Transaction. The Financial Advisor has calculated the value of SUTG equal to MB 250.05. Therefore, the sale of SUTG's ordinary shares at 66.00 percent is therefore less than the value proposed in Letter of Intent by Mr. Suparuek, so the Financial Advisor has concluded that the

Investment Proposal Transaction is reasonable as it would help reduce negative impact on the Company's financial performance and liquidity.

**12. Opinion of the Audit Committee and/or Director Different from the Board of Directors' Opinion in Clause 11 above**

-None-

**13. Other Information**

**Guidelines for eliminating conflicts of interest between the Company and shareholders of SUTG**

According to the fact that, before the disposal of the investment, the Company has an agreement, regarding business management of the Company and SUTG, with the buyers and SUTG's shareholders, namely, Mr. Thanapat Bualoy who is holding shares in SUTG with proportion of 34.00 percent, which the agreement will be signed after the Entire Business Transfer Transaction and the Allocation of Securities has been completed. According to the resolution of the Board of Directors meeting of Hydrotek Public Company Limited ("the Company") No. 6/2018 on April 3, 2018, the Company's business management agreement will be effective to buyers during the period that the buyer is considered as the major shareholder and/or the controlling person of the Company as well as it will be effective to the SUTG's shareholder, namely, Mr. Thanapat Bualoy, during the period that Mr. Thanapat Bualoy is considered as the major shareholder and/or the controlling person of SUTG. The major shareholder means who holds more than 10 percent of shares.

However, after the Company disposes the investment, the Company will cancel the Business Management Agreement and sign a non-competition agreement between the Company and SUTG with the buyer and the SUTG's shareholder, namely, Mr. Thanapat Bualoy instead of the existing Business Management. The detail of the non-competition agreement is as follows;

**(1) Non-competing Business**

After the disposal of the investment, Mr. Subbhalerk Na Songkla, as a shareholder of the Company and SUTG, including the concert party and Mr. Thanapat Bualoy who is not a shareholder of the Company but of SUTG with proportion of 34.00 percent of shares, agrees with the Company not to conduct any business and product that is duplicating and causing business competition between the Company and SUTG, both domestically and internationally, which may be a competition with the Company and/ or SUTG, whether by itself or in joint venture with other operators.