

Translation  
CEN 015-2020

August 14, 2020

Subject Notification on disposal of investment in subsidiaries (Biomass Power Plants Business) of Ua Withya Public Company Limited  
To The Manager and President  
The Stock Exchange of Thailand

Capital Engineering Network Public Company Limited (“the company” or “CEN”) hereby noticed that resolution from Board of Directors No.4/2020 held on August 14, 2020 approved Ua Withya Public Company Limited (“UWC”) as considered as subsidiary of CEN on disposition of investment in biomass power plants business in totaling of 3 and proposed to Extraordinary Meeting of Shareholders No.1/2020 of UWC as held on August 20, 2020 at 1.30 pm., Convention Room, 33<sup>th</sup> floor, Supalai Grand Tower, No.1011, Rama 3 Road, Chongnonsi, Yannawa by following details:

Disposal of assets as investment in **3 biomass power plant with total generating capacity of 26.9 MWs**, by the disposal of ordinary shares in its three subsidiaries of UWC and the transfer of claims in relation to outstanding loans of UWC at **introductory price in total of Baht 851,200,000** (Eight hundred fifty one million two hundred thousand Bath) to Absolute Clean Energy Public Company Limited (“**ACE**”) and/or its subsidiaries (collectively referred to as the **Purchaser** by following details;

Ordinary shares in three subsidiaries of the Company, which include the following

- 23,999,998 ordinary shares in UWC Komen Biomass Co., Ltd. (**UKB**) with total generating capacity of 9.9 MWs; where UKB power plant located in Nakhon Ratchasima province; accounting for 99.99% of registered capital of 23,999,998 shares at par value of Baht 10, all of which are fully paid.
- 1,593,748 ordinary shares in UWC Ampan Biomass Co., Ltd. (**UAB**) with total generating capacity of 9.5 MWs; where UAB power plant located in Buriram province; accounting for 99.99% of registered capital of 1,593,748 shares at par value of Baht 100, all of which are fully paid.
- 1,662,498 ordinary shares in Satuek Biomass Co., Ltd. (**SBM**) with total generating capacity of 7.5 MWs; where SBM power plant located in Buriram province; accounting for 99.99% of registered capital of 1,662,498 shares at par value of Baht 100, all of which are fully paid.

Claims in relation to outstanding loans

Claims held by UWC as a creditor in relation to all outstanding loans owed to it by UAB and SBM, together with accrued interest (collectively referred to as the **Outstanding Loans**) as at the completion date for sale of the Shares (the **Completion Date**) will be transferred to the

Purchaser. As at March 31, 2020, the total Outstanding Loans owed by UAB and SBM are approximately THB 761,311,211 (Seven hundred sixty-one million three hundred eleven thousand two hundred and eleven baht).

The sale of Shares and the transfer of claims in relation to the Outstanding Loans as mentioned above the Transaction constitute a disposition of assets of subsidiaries of UWC which considered as a disposition of assets of CEN according to the Notification of the Capital Market Supervisory Board no. ThorChor. 20/2551 re: rules for entering into substantial transactions within the definition of an acquisition or disposition of assets (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand re: information disclosure and actions required of listed companies in relation to an acquisition or disposition of assets, B.E.2547 (as amended) thus based on total value of consideration paid or received of 36.72 percent of CEN total assets in accordance to financial statement as ended June 30, 2020. In this regard, CEN has no transaction on disposition of assets during the past 6 months which considered as disposition of assets category 2 as size of transaction more than 15% but less than 50% by CEN need to prepare and promptly disclose information to The Stock Exchange of Thailand and sending a circular notice to shareholders within 21 days counting from date that the company has notified SET with required minimum information.

As to the details of the Transaction mentioned above, Therefore, the Transaction does not fall within the remit of a related party transaction under the Notification of the Capital Market Supervisory Board no.ThorChor.21/2551 re: rules for entering into related party transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand re: information disclosure and actions required of listed companies in relation to a related party transaction, B.E.2546 (as amended) (collectively referred to as the **Related Party Transaction Notifications**).

**1. Date/month/year of the Transaction**

Within August 21, 2020 and/or such other date as may be agreed in writing by UWC and the Purchaser.

**2. Transaction parties and their relationship with the listed company**

<b>Purchaser</b>	:	Absolute Clean Energy Public Company Limited and/or its subsidiaries
<b>Seller</b>	:	Ua Withya Public Company Limited
<b>Relationship between the transaction parties</b>	:	Purchase has no relationship among CEN and UWC that may cause this Transaction to fall within the definition of a related party transaction of a listed company under the Related Party Transaction Notifications.

**3. General characteristics of the Transaction and details relating to the disposed assets**

**3.1 General characteristics of the Transaction**

On July 10, 2020 UWC and ACE entered into the MOU under which UWC agreed to sell the following assets to the Purchaser:

Ordinary shares in three subsidiaries (collectively, the **Targets**)

1. 23,999,998 ordinary shares in UKB having a par value of THB 10 (ten Baht) each, all of which are fully paid, accounting for 99.99% of its total shares at a sale and purchase price of THB 8.29 (eight Baht and twenty-nine satang) per share or THB 198,959,983.42 (one hundred ninety-eight million nine hundred fifty-nine thousand nine hundred and eighty-three Baht and forty-two satang) in total;
2. 1,593,748 ordinary shares in UAB having a par value of THB 100 (one hundred Baht) each, all of which are fully paid, accounting for 99.99% of its total shares at a sale and purchase price of THB 0.01 (one satang) per share or THB 15,937.48 (fifteen thousand nine hundred thirty seven Baht and 48 satang) in total; and
3. 1,662,498 ordinary shares in SBM having a par value of THB 100 (one hundred Baht) each, all of which are fully paid, accounting for 99.99% of its total shares at a sale and purchase price of THB 0.01 (one satang) per share or THB 16,624.98 (sixteen thousand six hundred twenty-four Baht ninety-eight satang) in total.

Claims in relation to Outstanding Loans

On the Completion Date, all the Company's claims in the Outstanding Loans owed by UAB and SBM to it will be transferred to the Purchaser. As at March 31, 2020 the total Outstanding Loans owed by UAB and SBM are approximately THB 456,077,319 (Four hundred fifty-six million seventy-seven thousand three hundred and nineteen Baht) and THB 305,233,892 (Three hundred and five million two hundred thirty three thousand eight hundred and ninety two Baht), respectively, equaling to THB 761,311,211 (Seven hundred sixty-one million three hundred eleven thousand two hundred and eleven Baht in total.

UWC and the Purchaser agreed to determine the enterprise value of the Targets estimated on a cash-free and debt-free basis. In this connection, UWC and the Purchaser agreed that the total enterprise value is THB 851,200,000 (Eight hundred fifty one million two hundred thousand Bath) (the **Enterprise Value**).

In addition, after the Completion Date, UWC and the Purchaser also agreed to adjust the Enterprise Value by the amount of cash, interest-bearing liabilities and actual net working capital of the Targets as at the Completion Date under the terms and method specified in the SPA.

### 3.2 Details relating to the disposed assets

Details relating to UWC's disposed assets are as follows:

#### (1) Ordinary shares in the Targets:

- (a) 23,999,998 ordinary shares in UKB having a par value of THB 10 (ten Baht) each, all of which are fully paid, accounting for 99.99% of its total shares

#### General information

<b>Nature of business</b>	Engaging in biomass power plant business .The power plant is situated in Muang Nakhon Ratchasima district, Nakhon Ratchasima province . It has total generating capacity of 9.9 MWs, of which the capacity of 8 MWs is now under a feed-in tariff )FIT (agreement with the Provincial Electricity Authority ) PEA .(The commercial operation date was October 11, 2011 .
<b>Head office</b>	386, Village no.8, Mitraparb Rd., Ban Po sub-district, Muang Nakhon Ratchasima district, Nakhon Ratchasima province.
<b>Registered capital</b>	THB 240,000,000
<b>Par value</b>	THB 10 per share
<b>Paid-up shares</b>	Fully paid
<b>Total number of shares</b>	24,000,000 shares

#### List of directors as at June 30, 2020

No.	Name	Position
1.	Mr .Wutichai Leenabanchong	Director
2.	Mr .Theerachai Leenabanchong	Director
3.	Ms .Onchulee Lawsmithikul	Director
4.	Mr .Monthon Chatuwallopkul	Director

#### List of shareholders

No.	Name	As at June 30, 2020		Post-Transaction	
		Number (shares)	Shareholding percentage	Number (shares)	Shareholding percentage
1.	UWC	23,999,998	99.99	0	0.00
2.	Mr .Wutichai Leenabanchong	1	0.005	0	0.00
3.	Mr .Theerachai Leenabanchong	1	0.005	0	0.00
<b>Total</b>		<b>24,000,000</b>	<b>100.00</b>	<b>24,000,000</b>	<b>100.00</b>

Other entities in which UKB holds 10% or more of their equity interest

-None-

Summary of financial information for the period ended March 31, 2020

Financial information	Quarter 1/2020	FY 2019	FY 2018
Total assets	620,777,140	635,623,040	587,916,806
Total liabilities	350,797,118	358,213,556	345,766,621
Shareholders' equity	269,980,022	277,409,484	242,150,185
Total income	119,607,840	315,293,253	275,541,084
Costs	127,037,301	278,113,954	232,823,167
Net income	(7,429,461)	37,179,299	42,717,917

- (b) 1,593,748 ordinary shares in UAB having a par value of THB 100 (one hundred Baht) each, all of which are fully paid, accounting for 99.99% of its total shares

General information

<b>Nature of business</b>	Engaging in biomass power plant business .The power plant is situated in Satuek district, Buriram province .It has total generating capacity of 9.5 MWs, of which the capacity of 8 MWs is now under a feed-in tariff )FIT (agreement with PEA . The commercial operation date was 6 February 2008.
<b>Head office</b>	100 Village No.6 Donmon sub-district, Satuek district, Buriram province
<b>Registered capital</b>	THB 159,375,000
<b>Par value</b>	THB 100 per share
<b>Paid-up shares</b>	Fully paid
<b>Total number of shares</b>	1,593,750 shares

List of directors as at June 30, 2020

No.	Name	Position
1.	Mr .Wutichai Leenabanchong	Director
2.	Mr .Theerachai Leenabanchong	Director
3.	Ms .Onchulee Lawsmithikul	Director
4.	Mr .Monthon Chatuwallopkul	Director

List of shareholders

No.	Name	As at 30 June 2020		Post-Transaction	
		Number (shares)	Shareholding percentage	Number (shares)	Shareholding percentage
1.	UWC	1,593,748	99.99	0	0.00
2.	Mr .Wutichai Leenabanchong	1	0.005	0	0.00
3.	Mr .Theerachai Leenabanchong	1	0.005	0	0.00
<b>Total</b>		1,593,750	100.00	0	0.00

Other entities in which UAB holds 10% or more of their equity interest

-None-

Summary of financial information for the period ended March 31, 2020

Financial information	Quarter 1/2020	FY 2019	FY 2018
Total assets	327,043,890	317,294,852	438,198,034
Total liabilities	545,851,010	520,146,373	598,120,908
Shareholders 'equity	(218,807,121)	(202,851,521)	(159,922,874)
Total income	28,346,287	115,013,844	99,443,185
Costs	44,301,887	307,942,491	176,806,364
Net income	(15,955,600)	(192,928,647)	(77,363,179)

- (c) 1,662,498 ordinary shares in SBM having a par value of THB 100 (one hundred Baht) each, all of which are fully paid, accounting for 99.99% of its total shares.

General information

<b>Nature of business</b>	Engaging in biomass power plant business .The power plant is situated in Satuek district, Buriram province .It has total generating capacity of 7.5 MWs, of which the capacity of 6.5 MWs is now under an adder power sale and purchase agreement with PEA. The commercial operation date was January 24, 2006 .It is underway to restructure the current agreement into the feed-in-tariff basis.
<b>Head office</b>	111 Village No.6 Donmon sub-district, Satuek district, Buriram province
<b>Registered capital</b>	THB 166,250,000
<b>Par value</b>	THB 100 per share
<b>Paid-up shares</b>	Fully paid
<b>Total number of shares</b>	1,662,500 shares

List of directors as at June 30, 2020

No.	Name	Position
1.	Mr .Wutichai Leenabanchong	Director
2.	Mr .Theerachai Leenabanchong	Director
3.	Ms .Onchulee Lawsmithikul	Director
4.	Mr .Monthon Chatuwallopkul	Director

List of shareholders

No.	Name	As at June 30, 2020		Post-Transaction	
		Number (shares)	Shareholding percentage	Number (shares)	Shareholding percentage
1.	UWC	1,662,498	99.99	0	0.00
2.	Mr .Wutichai Leenabanchong	1	0.005	0	0.00
3.	Mr .Theerachai Leenabanchong	1	0.005	0	0.00
<b>Total</b>		1,662,500	100.00	0	0.00

Other entities in which SBM holds 10% or more of their equity interest

-None-

Summary of financial information for the period ended March 31, 2020

Financial information	Quarter 1/2020	FY 2019	FY 2018
Total assets	218,352,426	213,749,848	267,472,824
Total liabilities	370,715,171	346,975,306	420,469,187
Shareholders 'equity	(152,362,746)	(133,225,458)	(152,996,363)
Total income	30,712,203	57,622,246	58,694,512
Costs	49,849,489	187,851,341	128,885,618
Net income	(19,137,287)	(130,229,095)	(70,191,106)

(2) **Claims in the Outstanding Loans**

On the Completion Date, all UWC's claims in the Outstanding Loans owed by UAB and SBM to it will be transferred to the Purchaser. As at March 31, 2020, the total Outstanding Loans owed by UAB and SBM are approximately THB 456,077,319 (Four hundred fifty-six million seventy-seven thousand three hundred and nineteen Baht) and THB 305,233,892 (Three hundred and five million two hundred thirty three thousand eight hundred and ninety two Baht), respectively, equaling to THB 761,311,211 (Seven hundred sixty-one million three hundred eleven thousand two hundred and eleven Baht) in total.

#### 4. Calculation of transaction size

##### Sale and purchase of the Shares and Transfer of claims in the Outstanding Loans of UKB, UAB and SBM

Applicable Approach	Calculation Formula	Transaction Size
1. Net tangible assets (NTA)	<p>NTA of the Targets, multiplied by the disposed percentage, divided by NTA of the Company</p> <p><u>UKB:</u></p> $= \frac{99.99\% \times 251,545,690 \text{ Baht} \times 100}{1,464,368,052 \text{ Baht}}$ <p>= 17.18%</p> <p><u>UAB and SBM:</u></p> <p>= Calculation cannot be made given their negative NTA</p>	<p><u>UKB</u></p> <p>= 17.18%</p> <p><u>UAB and SBM</u></p> <p>n.a</p>
2. Net profit	<p>Net profit of the Targets, multiplied by the disposed percentage, divided by net profit of the Company</p> <p>Calculation cannot be made given each of the Company, UAB and SBM has operating losses</p>	n.a.
3. Total consideration	<p>Total consideration paid or received, divided by total assets of the Company</p> <p><u>UKB</u></p> $= \frac{599,368,894 \text{ Baht} \times 100}{3,706,130,022 \text{ Baht}}$ <p>= 16.17%</p> <p><u>UAB</u></p> $= \frac{456,093,256 \text{ Baht} \times 100}{3,706,130,022 \text{ Baht}}$ <p>= 12.31%</p> <p><u>SBM</u></p> $= \frac{305,250,517 \text{ Baht} \times 100}{3,706,130,022 \text{ Baht}}$ <p>= 8.24%</p>	<p><u>UKB</u></p> <p>= 16.17%</p> <p><u>UAB</u></p> <p>= 12.31%</p> <p><u>SBM</u></p> <p>= 8.24%</p>



Applicable Approach	Calculation Formula	Transaction Size
4. Value of shares issued as payment-in-kind	Number of shares issued by the Company as payment, divided by its total issued and outstanding shares <i>This approach is not applicable because there will be no securities issuance as payment for the Transaction by the Company.</i>	
<b>Maximum size according to the total consideration approach</b> (UKB 16.17% + UAB 12.31% + SBM 8.24%)		<b>36.72%</b>
<b>Maximum size in combination with the disposition of assets by the Company during the past six months according to the total consideration approach</b>		<b>36.72%</b>

By this, transaction on disposition of ordinary shares in the target and claims in the outstanding loans has total value of approximately Baht 851,200,000 (eight hundred fifty-one million two hundred thousand Baht) and can be evaluated as the maximum size of 36.72 percent according to the total consideration approach (using the CEN's review consolidated financial statements for the last six-month period ended June 30, 2020) which considered as transaction on disposition of asset category 2 thus size of transaction is more than 15% but less than 50%; CEN need to prepare and promptly disclose an information to The Stock Exchange of Thailand and sending the circular notice to shareholders within 21 days from the day that company has notified The Stock Exchange of Thailand

## 5. Total consideration and calculation criteria

UWC and the Purchaser agreed to refer to the total enterprise value of the Targets estimated on a cash-free and debt-free basis to determine the consideration for the sale of Shares and the transfer of Claims in the Outstanding Loans. UWC and the Purchaser agreed that the total enterprise value is THB 851.20 million (eight hundred fifty-one million two hundred thousand Baht).

In addition, after the Completion Date, UWC and the Purchaser also agreed to adjust the Enterprise Value by the amount of cash, interest-bearing liabilities and actual net working capital of the Targets as at the Completion Date under the terms and method specified in the SPA. In this regard, the considerations due to the Purchaser from the sale of Shares and the transfer of Claims in the Outstanding Loans are consisting of the followings:

### Sale and purchase of the Shares in the Targets

1. 23,999,998 ordinary shares in UKB having a par value of THB 10 (ten Baht) each, all of which are fully paid, accounting for 99.99% of its total shares at a sale and purchase price of THB 8.29 (eight Baht and twenty-nine satang) per share or THB 198,959,983.42 (one hundred ninety-eight million nine hundred fifty-nine thousand nine hundred and eighty-three Baht and forty-two satang) in total;

2. 1,593,748 ordinary shares in UAB having a par value of THB 100 (one hundred Baht) each, all of which are fully paid, accounting for 99.99% of its total shares at a sale and purchase price of THB 0.01 (one satang) per share or THB 15,937.48 (fifteen thousand nine hundred thirty seven Baht and 48 satang) in total; and
3. 1,662,498 ordinary shares in SBM having a par value of THB 100 (one hundred Baht) each, all of which are fully paid, accounting for 99.99% of its total shares at a sale and purchase price of THB 0.01 per share or THB 16,624.98 (sixteen thousand six hundred twenty-four Baht ninety-eight satang) in total.

#### Transfer of claims in the Outstanding Loans

As at March 31, 2020, the total Outstanding Loans owed to UWC by UAB approximately THB 456,077,319 (Four hundred fifty-six million seventy-seven thousand three hundred and nineteen Baht) and approximately THB 305,233,892 (Three hundred and five million two hundred thirty three thousand eight hundred and ninety two Baht), respectively, equaling to approximately THB 761,311,211 (Seven hundred sixty-one million three hundred eleven thousand two hundred and eleven Baht) in total. Payment due to UWC in exchange for its transfer of claims in respect of the Outstanding Loans are detailed as follows:

#### **1. Consideration for the transfer of claims in the Outstanding Loan in SBM**

- If SBM can complete the change of the Power Purchase Agreement in Adder basis between SBM and the Provincial Electricity Authority (**PEA**) (the "**Adder PPA**") into the Power Purchase Agreement in Feed-in-Tariff (FiT) basis between SBM and Electricity Generating Authority of Thailand ("**EGAT**") (the "**FiT PPA**") on or before the Completion Date, the consideration for the transfer of claims in the Outstanding Loans in SBM will equal to THB 150,200,000 (one hundred fifty million two hundred thousand Baht)
- If SBM cannot complete the change of the Adder PPA into the FiT PPA on or before the Completion Date, the consideration for the transfer of claims in the Outstanding Loans in SBM will equal to THB 120,000,000 (one hundred and twenty million Baht). Notwithstanding the foregoing, if SBM can complete the change of the Adder PPA into the FiT PPA within 150 days from the Completion Date, the Purchaser agrees to pay an additional consideration to UWC in the amount of THB 30,200,000 (thirty million two hundred thousand Baht). In such case, the Purchaser is entitled to reduce the consideration for the transfer of claims in the Outstanding Loans in SBM at a rate of THB 200,000 (two hundred thousand Baht) per day from the Completion Date until Scheduled Commercial Operation Date specified in the new FiT PPA ("**SBM Reduction Amounts**"). The Company agree to responsible for expenses, which are incurred after the Completion Date and are not booked in the financial statement of SBM as at the Completion Date, arising from the adjustment of equipment to support the change of the Adder PPA into the FiT PPA according to requirements of EGAT under the FiT PPA which SMB is required to pay and/or to enable SBM to sell electricity to EGAT

under the FiT PPA in accordance with the conditions specified in the SPA. The company agree that the seller is responsible for expenses incurred instead of SBM and deduct from debt sales price of SBM to be paid to the purchaser and/or demand seller to payback to purchaser under specified conditions on Share Purchase Agreement

## **2. Consideration for the transfer of claims in the Outstanding Loan in UAB**

Consideration = Enterprise Value of the Targets + cash – interest bearing liabilities + Value of Claims in the Outstanding Loan in UAB + Value of Claims in the Outstanding Loan in SBM - UKB's shares sale and purchase price – UAB's share sale and purchase price - SBM's share sale and purchase price – consideration of Outstanding Loans in SBM

## **6. Conditions to the Transaction**

- (1) The Transaction must be approved by UWC's shareholders with a minimum of three-quarters of total votes cast by shareholders present and eligible to vote, excluding votes by any interested shareholders in accordance with the PLC Act and/or other applicable rules and regulations prescribed by the Office of the Securities and Exchange Commission and the SET.
- (2) All conditions precedent as to be imposed in the SPA must be fulfilled or waived by relevant parties.

## **7. Application of the proceeds of this Transaction**

UWC expects to apply the proceeds derived from this Transaction as follows:

1. Repayment of secured bonds worth THB 300 million which will become mature in March 2021;
2. Provision for working capital to support UWC's core business in relation to domestic projects; and
3. Provision for working capital to fund any profit-making project, in particular, a telecommunication tower project abroad.

## **8. Expected benefits to be derived**

The divestment of investment in the three biomass power plants is carried out in accordance with UWC's revised business plan and strategies, aiming to generate profit from the core business and to expand to other businesses which have potential to make better profit than the biomass power plant business, in which UWC's expertise is probably limited and which is incapable of making profit. UWC expects to obtain benefits from this Transaction as follows:

1. Improvement in financial liquidity: UWC will have adequate cash flow to repay the secured bonds that will become mature in the near future, which will give rise to its stronger debt service ability;
2. Ability to seek financing sources to fund other profit-making projects in the future: an overall operating results and financial condition of UWC will improve as a

result of the reduction in accumulated losses in connection with the power generation business, coupled with the decrease in the debt to equity ratio;

3. Enhanced opportunity to derive revenue and profit from the UWC's core business – transmission line towers and telecoms towers: this will lead to the recovery of its operating results and financial condition, enabling the Company to make further return on investment to shareholders;
4. Reduction in obligations in relation to guarantee provided for UKB loans; and
5. Minimization of contingent risks associated with the biomass power generation business, e.g. risk relating to the remaining term of the power sale agreements which is rather short, risk relating to the operating results in the future which may not meet expectations, and risk relating to fluctuations over biomass fuels; and release of an obligation to seek financing for maintenance or additional investment in relation to the biomass power generation business.

#### **9. Board's opinion on the Transaction**

CEN's board of directors unanimously voted in favour of the Transaction and propose the Transaction for further consideration and approval of a shareholders' meeting. In the board's opinion, this Transaction is appropriate, reasonable and beneficial to UWC. The Transaction is carried out in accordance with UWC's revised business plan and strategies, aiming to generate profit from the core business and to grow in other businesses with potential to make better profit than the biomass power generation business, in which UWC may probably have limited expertise. In addition, the UWC's financial liquidity will be reinforced, enabling it to repay the secured bonds which will become mature in the near future and to have working capital to expand its core business, both locally and abroad. Consequently, UWC will have an opportunity to gain higher investment returns, which will then lead to the recovery of its operating results and financial condition.

#### **10. Opinion of the audit committee and/or any directors in contrast with the board's opinion referred to in clause 9.**

No opinion in contrast with the board's opinion mentioned above is given by the audit committee or any board member.

Please be informed for acknowledgement,

Sincerely yours,

Mr. Wutichai Leenabanchong  
Chairman