



Ref. TBK 13/0366

July 29, 2021

Subject: Notification on the Company's direct investment in PT Chandra Asri Petrochemical Tbk' Shares through Newly Established Subsidiary with the Resolutions of the Board of Directors' Meeting

To: President of the Stock Exchange of Thailand

Enclosure: Information Memorandum on Connected Transaction of Thai Oil Public Company Limited

Thai Oil Public Company Limited (**the "Company"**) hereby informs about the Company's direct investment (through right offering) in PT Chandra Asri Petrochemical Tbk ("**CAP**") which is the premier petrochemical producer with an integrated plant incorporating world class, state-of-the-art technology and supporting facilities in the Republic of Indonesia, the ASEAN's largest and high-growth chemicals market. It operates the country's only naphtha cracker producing high quality olefins and polyolefins and is the sole domestic producer of styrene monomer and butadiene. The investment will be made through a newly established subsidiary company (**the "Newly Established Subsidiary Company"**), up to 15.38 percent of CAP's total shares (the "Share Acquisition Transaction"), where the investment proceeds to CAP will be exclusively used for the investment in the development and construction of a petrochemical plant by PT Chandra Asri Perkasa ("**CAP2**"), a wholly-owned subsidiary of CAP. CAP's major shareholders, PT Barito Pacific Tbk, Marigold Resources Pte. Ltd., and Pak Prajogo Pangestu (**jointly the "Barito Group"**) and SCG Chemicals Co., Ltd., fully support CAP's rights issue and the development and construction of a petrochemical plant of CAP2. Accordingly, Barito Group will transfer its rights to subscribe to newly issued shares of CAP to the Company while SCG Chemical Co., Ltd., intends to exercise its rights to subscribe to newly issued shares. The Company will partially fund the Share Acquisition Transaction by entering into a facilities agreement with PTT Public Company Limited ("**PTT**") which is a connected person of the Company (**the "Facilities Agreement"**), to set out the binding agreements in principle of the parties in relation to financial assistance from its major shareholder (**the "Receipt of Financial Assistance Transaction"**) in accordance with the resolutions of the Board of Director's Extra Meeting No. 2/2021, held on May 21, 2021, and the Board of Director's Extra Meeting No. 4/2021 held on July 23, 2021 with key information as follows:

.../2

1. The Board of Directors approved the Share Acquisition Transaction whereby total value of the Share Acquisition Transaction will not exceed USD 1,183 million or approximately THB 39,116 million (based on the foreign currency exchange rate of the Bank of Thailand, with an average selling rate for US Dollar as of July 28, 2021 of 33.0652 Thai Baht to 1 US Dollar) for up to 15.38 percent of total outstanding shares of CAP and will be conducted as elaborated below. Due to regulatory requirements in the Republic of Indonesia, the Share Acquisition Transaction will be carried out by way of rights offering with details as follows:

(1) The Company will acquire 15.00 percent of CAP's total shares with total consideration not exceeding USD 914 million or approximately THB 30,222 million, through (i) subscription of new shares pursuant to a rights issue of CAP ("**Rights Offering**") in which the Company acquires rights from PT Barito Pacific Tbk, Marigold Resources Pte Ltd., and Mr. Prajogo Pangestu (the "**Existing Major Shareholders**") and exercise such rights up to the maximum amount permitted subject to the subscription of shares by the public shareholders, (ii) acting as a standby purchaser of the Rights Offering to acquire and exercise all unexercised rights, and (iii) if a top up is necessary, purchasing secondary shares from Mr. Prajogo Pangestu, an existing shareholder of CAP, so that the Company effectively holds 15.00 percent of the total shares in CAP. The exact percentage of shares acquired by the Company through the Rights Offering and from Mr. Prajogo will be subject to the subscription of shares by the public shareholders.

(2) Furthermore, within five years from the completion of the Rights Offering, the Company will additionally acquire 0.38 percent of CAP's total shares. If the development and construction of a petrochemical plant of CAP2 ("**FID**") is obtained within five years from the completion of the Rights Offering, the consideration will not exceed USD 270 million or approximately THB 8,928 million. If the FID is not obtained within five years from the completion of the Rights Offering, the consideration will not exceed USD 3.9 million or approximately THB 129 million. The methods of the subsequent investment will be determined by relevant parties at a later stage and remain subject to the approval of CAP's shareholders and relevant governmental authorities in the Republic of Indonesia so that the Company effectively holds 15.38 percent of the total shares in CAP after the subsequent investment.

Given the investment proceeds from the Company will be exclusively used for the investment in the development and construction of a petrochemical plant of CAP2 which is subject to FID, the transaction is structured to ensure that the additional investment of not exceeding USD 270 million or approximately THB 8,928 million by the Company will only be made after there is an FID of the development and construction of a petrochemical plant of CAP2.

After the Share Acquisition Transaction, the Company will become one of the major shareholders of CAP holding up to 15.38 percent of the total shares in CAP. The Company will recognize the investment in CAP using equity method accounting. In addition, the Share Acquisition Transaction is expected to provide the following expected benefits to the Company.

(a) **Petrochemical industry exposure:** Petrochemical industry exposure: The Share Acquisition Transaction provides a timely opportunity for the Company to expand its business into petrochemical industry by extending its existing hydrocarbon value chain downstream to petrochemical business. The expansion to the petrochemical industry is a significant step towards diversifying the Company's portfolio into the growing petrochemical market, in line with the Company's strategy.

(b) **The Republic of Indonesia market exposure:** As the fourth largest population in the world with population more than 270 million in 2020, the market for petrochemical in the Republic of Indonesia is a very attractive market and considered the ASEAN's largest and high-growth chemicals market. The population-driven demand for petrochemical products in the Republic of Indonesia is also met with a significant supply shortage in the country. According to data from the Indonesian Olefin, Aromatic, and Plastic Industry Association (Inaplas), the Republic of Indonesia's import volume of petrochemical products is very high. Demand for polypropylene, polyvinyl chloride, polyethylene, and polystyrene is around six million tons per year while the nation's petrochemical industry can only supply around 30 percent of domestic demand.

(c) **Investment into a leading petrochemical producer in the Republic of Indonesia with high growth opportunity:** CAP is the largest integrated petrochemical producer in Republic of Indonesia with a long-proven track record having been in the business since 1992. In 2019, CAP has a market share of approximately 50 percent, 30 percent and 32 percent of the domestic market for olefin, polyethylene, and polypropylene, respectively. It also has a large captive distribution network and benefits from economies of scale of its feedstock sourcing, giving it significant cost efficiencies. There is also significant growth opportunity from the development and construction of a petrochemical plant of CAP2 which will be a global scale petrochemical complex built to meet the local demand in the Republic of Indonesia

(d) **Strategic collaborations:** The Share Acquisition Transaction provides opportunities for additional commercial collaborations between the Company and CAP. The Company has entered into a Feedstock Sales and Purchase Agreement with CAP to supply naphtha and liquefied petroleum gas to CAP and CAP2 for up to approximately 1,050,000 metric tons per year subject to the pricing and other arm's length commercial terms.

In addition, the Company has also entered into a Distribution Agreement to distribute up to approximately 176,000 metric tons per year of polymer resins and up to approximately 124,000 metric tons per year for other liquid products produced by CAP and CAP2, subject to the terms being arm's length.

2. The Board of Directors approved the establishment of the Newly Established Subsidiary Company located in the Republic of Indonesia which was established on July 12, 2021 to invest in CAP. Details of the Newly Established Subsidiary Company are as follows:

<b>Subject</b>	<b>Detail</b>
<b>Company's Name:</b>	PT TOP Investment Indonesia
<b>Company Registration Date:</b>	July 12, 2021
<b>Country of Incorporation:</b>	Republic of Indonesia
<b>Registered Capital:</b>	IDR 10,000,000,000 (equivalent to approximately USD 700,000)
<b>Paid-Up Capital:</b>	IDR 10,000,000,000 (equivalent to approximately USD 700,000)
<b>Shareholding Structure:</b>	The Company holds 99.90 percent of the shares and Thaioil Treasury Center Company holds 0.10 percent of the shares.
<b>Board of Directors:</b>	<ol style="list-style-type: none"><li>1. Mr. Pongpun Amornvivat</li><li>2. Ms. Sitanan Jantarasiri</li><li>3. Ms. Prapasri Hanchanlert</li><li>4. Mr. Muhammad Fauzi Irawan</li></ol>
<b>Board of Commissioners:</b>	Mr. Santi Wasanasiri
<b>Source of Fund:</b>	Capital injection by the shareholders
<b>Expected Benefits:</b>	Dividend

In this regard, the Board of Directors' meeting approved for the Newly Established Subsidiary Company to enter into agreements with the Existing Major Shareholders and CAP, (**the "Agreements"**) to set out the binding agreements among the parties in relation to the Share Acquisition Transaction. The Agreements were entered into by all parties on July 29, 2021. The Rights Offering is subject to the completion of condition precedents in the Agreements of which some of the material conditions are as follows:

(a) The Company has obtained sufficient funds to enable the Newly Established Subsidiary Company to consummate the Share Acquisition Transaction; and

(b) The Company, CAP and all relevant parties have obtained all necessary approvals required for the Share Acquisition Transaction and other transactions contemplated in the Agreements under Thai and Indonesian laws

The Company expects the Right Offering to be completed before September 30, 2021.

3. The Board of Directors approved the Company to enter into the Facilities Agreement with PTT, which is a major shareholder and a connected person of the Company, in relation to the Receipt of Financial Assistance Transaction to fund the Share Acquisition Transaction. The loan amount will not exceed USD 670 million (approximately THB 22,154 million) with duration not exceeding 18 months and interest rate not exceeding 2.5 percent per annum in line with market rate. .

In this regard, Board of Director's Meeting on July 23, 2021 also considered and approved long-term recapitalization plan as follows:

3.1 The sale of Global Power Synergy Public Company Limited ("**GPSC**") share of not exceeding 10.8 percent of GPSC's paid-up capital.

3.2 Approximately THB 10 billion capital increase, which may be conducted by means of the offering of newly issued shares / transferable subscription right to the existing shareholders in proportionate to their shareholding (Right Offering), to specific investor (Private Placement) and/or public offering. However, the share offering to specific investors (Private Placement) and/or public offering may give rise to a dilution effect on the shareholders. At present, the Company is considering appropriate fund raising structure which will best benefit both the Company and its shareholders. The Company will inform of any update on this matter and will propose this matter for further consideration and approval by the shareholders of the Company. The objective of the recapitalization plan is to optimize the capital structure of the Company and to benefit all shareholders in the long-run.

4. The Board of Directors approved the authorization of the Chief Executive Officer and the Managing Director of the Company to act on behalf of the Company to negotiate, bargain, agree, amend, and determine terms and conditions, as well as executing the relevant documents, which includes other actions related to and necessary to complete the Share Acquisition Transaction, the setting up of the newly-established subsidiary company and the Receipt of Financial Assistance Transaction. The Chief Executive Officer and the Managing Director is empowered to delegate their power to any designated person who is the Company group's executive or employee, as the Chief Executive Officer and the Managing Director deems appropriate.

5. The aforementioned Share Acquisition Transaction is considered as an acquisition of assets transaction under the Notification of the Capital Market Supervisory Board No. TorChor. 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 and Disposal of Assets, 2004, dated October 29, 2004 (as amended) (**collectively, the "Notification on Acquisition and Disposal"**), having the highest transaction value of 12.87 percent of the Company's total asset, based on total value of consideration received basis, whereby the calculation is based on the Company's financial statements for 3 months period ending on March 31, 2021. As the transaction value does not cross the 15.0 percent threshold, an information memorandum for the Share Acquisition Transaction pursuant to the Notification on Acquisition and Disposal to the Stock Exchange of Thailand ("**SET**") is not required.

The Receipt of Financial Assistance Transaction is considered as a Class 4 connected transaction (the receipt of financial assistance) pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions, dated 31 August 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, 2003, dated 19 November 2003 (as amended) ("**Notification on Connected Transaction**") as it is an entering into the transaction with a major shareholder of the Company holding shares of exceeding 10 percent of the shares with the voting rights of the Company, having the size of the transaction is equal to 0.76 percent of the net tangible assets (NTA) of the Company and its subsidiaries (based on the Company's consolidated financial statements reviewed by the certified auditor for 3 months period ended March 31, 2021), aggregated with the value of all connected transactions of the Company entered into during the past 6 months prior to the date that the entry to this transaction has been agreed which amounts to THB 2,077 million (based on the Company's notification to the SET dated December, 21, 2020 re: notification on the signing of a renewal on a connected transaction relating to providing or receiving financial assistance between the Company and PTT), results in the aggregate transaction size of 2.67 percent of NTA of the Company and its subsidiaries, which is regarded as a medium connected transaction under the Notifications on Connected Transactions. Therefore, the Company is required to obtain a Board of Director's approval on entering into the Receipt of Financial Assistance Transaction; and prepare and disclose the information memorandum pursuant to the Notification on Connected Transaction to the SET.

Details of the Receipt of Financial Assistance Transaction appear in the Enclosure 1 (Information Memorandum on Connected Transaction of Thai Oil Public Company Limited).

The Board of Director's Extra Meeting No. 2/2021, held on May 21, 2021 passed material resolutions in relation to the setting up of the Newly-Established Subsidiary Company and the Receipt of Financial Assistance Transaction. In addition, the Board of Director's Extra Meeting No. 4/2021, held on July 23, 2021 passed material resolutions in relation to the Share Acquisition Transaction and the Agreements were entered into on July 29, 2021. However, the Company did not make any report or disclose the resolutions of the Board of Directors to the SET immediately upon receiving approvals or signing of the Agreements due to the fact that the Share Acquisition Transaction was uncertain and was required to be kept confidential while approvals from all major shareholders of CAP were being sought. The Board of Directors empowered the Chief Executive Officer and the Managing Director of the Company to disclose the information to the SET upon the Share Acquisition Transaction being ascertained. As such, all approvals from major shareholders related to the Share Acquisition Transaction were received on July 29, 2021 and the Company has thus disclosed this information to the SET and its shareholders.

Please be informed accordingly.

Yours truly,

Thai Oil Public Company Limited

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(Mr. Wirat Uanarumit)

Chief Executive Officer and President

**Information Memorandum on Connected Transaction of Thai Oil Public Company Limited**

The Board of Director's Extra Meeting of Thai Oil Public Company Limited (the "**Company**") No. 2/2021 held on May 21, 2021, approved the entering into the facilities agreement(s) with PTT Public Company Limited ("**PTT**"), which is a connected person of the Company (the "**Facilities Agreement(s)**") for the bridging loan with a term of not exceeding 18 months. The interest rate which is comparable to the market rate and not more than 2.5 percent per annum, in an amount not exceeding USD 670 million or approximately THB 22,154 million based on the foreign currency exchange rate of the Bank of Thailand (an average selling rate for USD as of July 27, 2021 of THB 33.0652 to 1 USD). This is to accommodate the Company's investment in PT Chandra Asri Petrochemical Tbk ("**CAP**") which will be an acquisition of 15.38 percent of CAP's total shares through a newly established subsidiary company located in the Republic of Indonesia ("**Share Acquisition Transaction**"), (the "**Receipt of Financial Assistance Transaction**").

The Receipt of Financial Assistance Transaction is considered as a Class 4 connected transaction (the receipt of financial assistance) pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 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, 2003, dated November 19, 2003 (as amended) ("**Notification on Connected Transactions**") as it is an entering into the transaction with a major shareholder of the Company holding shares of exceeding 10 percent of the shares with the voting rights of the Company, whereby the transaction value is equal to 0.76 percent of the net tangible assets (NTA) of the Company and its subsidiaries (based on the Company's consolidated financial statements reviewed by the certified auditor for the period ended March 31, 2021), aggregated with the value of all connected transactions of the Company entered into during the past 6 months prior to the date that the entry to this transaction has been agreed which amounts to THB 2,077 million (based on the Company's notification to the Stock Exchange of Thailand dated December, 21, 2020 re: notification on the signing of a renewal on a connected transaction relating to providing or receiving financial assistance between the Company and PTT Public Company Limited), results in the aggregate transaction size of 2.67 percent of NTA of the Company and its subsidiaries, which is regarded as a connected transaction under the Notifications on Connected Transactions having the transaction value. The Company, therefore, is required to obtain a Board of Director's approval on entering into the Receipt of Financial Assistance Transaction; and prepare and disclose the information memorandum pursuant to the Notification on Connected Transaction to the SET.



The details of the transaction are as follows:

**1. Date/Month/Year of Entering into the Connected Transaction**

On May 21, 2021, the Board of Directors approved the Company to entered into the Facilities Agreement(s) with PTT to set out the binding agreements in principle of the parties in relation to financial assistance from its major shareholder.

**2. Name of Related Party and its Relationship with the Company**

**Lender** : PTT

**Borrower** : The Company

**Relationship** : PTT is the major shareholders of the Company, holding 48.03 percent of the total issued shares of the Company (as of March 1, 2021 which is the latest record date of the Company).

**3. General Characteristics of the Transaction**

<b>Transaction</b>	<b>Details</b>
<b>Nature of Transaction</b>	Receipt of financial assistance from the major shareholders
<b>Objectives</b>	To receive financial assistance in order for accommodating the Share Acquisition Transaction.
<b>Type of Loan</b>	Bridging Loan
<b>Interest Rate</b>	The interest rate which is comparable to the market rate and not more than 2.5 percent per annum.
<b>Currency</b>	Thai Baht and/or US Dollar
<b>Contract Period</b>	Not exceeding 18 months
<b>Amount</b>	Not exceeding USD 670 million or approximately THB 22,154 million based on the foreign currency exchange rate of the Bank of Thailand (an average selling rate for USD as of July 27, 2021 of THB 33.0652 to 1 USD
<b>Repayment</b>	<ul style="list-style-type: none"><li>• The sale of Global Power Synergy Public Company Limited ("GPSC") share of not exceeding 10.8 percent of GPSC's paid-up capital.</li></ul>

Transaction	Details
	<ul style="list-style-type: none"> <li data-bbox="621 264 1458 884">● Approximately THB 10 billion capital increase, which may be conducted by means of the offering newly issued shares/transferable subscription right to the existing shareholders in proportionate to their shareholding (Right Offering), to specific investor (Private Placement) and/or public offering. However, the share offering to specific investors (Private Placement) and/or public offering may give rise to a dilution effect on the shareholders. At present, the Company is considering appropriate fund raising structure which will best benefit both the Company and its shareholders. The Company will inform of any update on this matter and will propose this matter for further consideration and approval of the shareholders of the Company The objective of overall recapitalization plan is to benefit all shareholders in the long-run.</li> </ul>

#### 4. Transaction and Criteria used in Determining the Transaction Value

For the value of the Receipt of Financial Assistance Transaction, after calculating from the projected maximum interest paid per annum (2.5 percent per annum) for a period of not exceeding 18 months for the loan amount of not exceeding THB 22,154 million, the transaction value is equal to THB 831 million or equivalent to 0.76 percent of the net tangible asset value of the Company (as at March 31, 2021, the net tangible asset value of the Company was THB 3,266 million), calculated from the reviewed Financial Statement of the Company for the period ending March 31, 2021, aggregated with the value of all connected transactions of the Company entered into during the past 6 months prior to the date that the entry to this transaction has been agreed which amounts to THB 2,077 million (based on the Company's notification to the Stock Exchange of Thailand dated December, 21, 2020 re: notification on the signing of a renewal on a connected transaction relating to providing or receiving financial assistance between the Company and PTT, results in the aggregate transaction size of 2.67 percent of NTA of the Company and its subsidiaries. The transaction represents the value of higher than 0.03 percent but not exceeding 3 percent of the net tangible asset value of the Company.

## 5. Connected Persons, and Natures and Scopes of the Interests of the Connected Persons

The Receipt of Financial Assistance Transaction from PTT is considered the receipt of financial assistance transaction from the major shareholders of the Company. The company and PTT have the same directors and executives as follows:

No.	Name and Surname	Position in the Company	Position in PTT
1.	Ms. Phannalin Mahawongtikul	Director (Non-Executive) / Member of the Risk Management Committee	Chief Financial Officer
2.	Dr. Buranin Rattanasombat	Director (Non-Executive) / Chairman of the Risk Management Committee	Senior Executive Vice President, Downstream Business Group Alignment
3.	Ms. Duangporn Thiengwatanatham	Director (Non-Executive)	Senior Executive Vice President, Corporate Governance and Regulatory Affairs
4.	Mr. Terdkiat Prommool	Director (Non-Executive) / Member of the Nomination and Remuneration Committee	Senior Executive Vice President, Organization Management and Sustainability
5.	Mr. Wirat Uanarumit	Director (Executive) / Member of the Risk Management Committee / Chief Executive Officer and President / Secretary to the Board	Chief Operating Officer

## 6. Key Conditions of the Transaction

(a) The Company has obtained approval from the Board of Directors for entering into the Receipt of Financial Assistance Transaction; and disclosed the information memorandum pursuant to the Notification on Connected Transaction to the SET;

(b) The Company, CAP1 and all relevant parties have obtained all necessary approvals required for the Share Acquisition Transaction and other transactions contemplated in the Definitive Agreements under Thai and Indonesian laws.

**7. Rights to Attend and Cast Votes in the Board of Directors Meeting of the Interested Directors**

In the Board of Directors' Extra meeting of the Company No. 2/2021, held on May 21, 2021, to consider and approve the entering into the Receipt of Financial Assistance Transaction, there were whose names are set out in Clause 5 above who are the interested directors. All five interested directors did not attend, nor cast votes in the meeting to consider and approve the entering into of the short-term facilities agreement with PTT.

**8. Opinion of the Board of Directors Regarding the Transaction**

The Board of Directors (not including the five interested directors as specified above) was of the view that the Receipt of Financial Assistance Transaction from PTT in order for accommodating the Share Acquisition Transaction are reasonable, as the conditions of the short-term facilities and the interest rate are comparable to the rate imposed by the financial institutions which provide the short-term facilities with the comparable term and conditions.

**9. Opinion of the Audit Committee and/or dissenting members of the Board of Directors**

Upon reviewing the matter, the Audit Committee concurred with the Board of Directors and no director has a differing opinion from the Board of Directors.

The Company would like to certify that this information memorandum is complete and correct in all manners.