



บริษัท อีเทอเนล เอนเนอจี จำกัด (มหาชน)

ETERNAL ENERGY PUBLIC COMPANY LIMITED

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ที่ EE/SET/026/2021

September 29, 2021

Subject: Acquisition of shares in Cannabiz Way Company Limited (Edit)

To: President

The Stock Exchange of Thailand

Enclosure: Information Memorandum on Share Acquisition by Eternal Energy Public Company Limited (List 1)

The Board of Directors' Meeting No. 9/2021 of Eternal Energy Public Company Limited (the "Company") held on September 29, 2021 resolved to approve the acquisition of 800,000 ordinary shares or 80.00% of the total issued shares in Cannabiz Way Company Limited ("CW"), a limited company incorporated in Thailand engaging in the cultivation and sale of hemp, from Bio Medical Group Company Limited (the "Seller"), where the Company has agreed to pay to the Seller on the Completion Date THB 650 million as consideration (collectively the "Transaction").

In addition, a resolution was further passed to approve the execution of the Sale and Purchase Agreement in respect of CW (the "SPA"), the Shareholders Agreement in respect of CW (the "SHA"), and other documents contemplated in the Transaction and the delivery and performance of the Company's obligations thereunder, and the delegation of authority to the authorized directors according to the corporate affidavit of the Company or any of their designee(s) to undertake all necessary actions in connection with the Transaction, including, but not limited to, the following: (a) negotiating terms and conditions under the SPA and the SHA; (b) determining and/or amending other details in relation to the Transaction; (c) signing agreements and documents in relation to the Transaction, including, but not limited to, the SPA and the SHA; (d) signing applications, as well as other documents and evidence which are necessary for and relevant to the Transaction, including contacting and filing such applications, documents, and evidence with the relevant governmental authorities and/or competent regulatory agencies; and (e) undertaking any other actions which are necessary for and relevant to the completion of the Transaction.

The proposed Transaction does not constitute a connected transaction under the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transaction and the Notification of

the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (as amended) (the “**Connected Transaction Notifications**”), but constitutes an acquisition of assets pursuant to 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 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 Disposition of Asset B.E. 2547 (as amended) (the “**Acquisition and Disposition Notifications**”). The transaction size of such Transaction calculated based on the reviewed financial statements of the Company for the six months ended June 30, 2021, and the total value of consideration criterion, which gives the highest transaction value, is equivalent to 44.47%. In addition, the Company has not had any other acquisition transactions within the past six months prior to the date of the Board Directors’ Meeting No. 9/2021.

The Transaction, therefore, is deemed a Class 2 transaction under the Acquisition and Disposition Notifications, i.e. a transaction whose transaction size is equal to or more than 15%, but less than 50%, where the Company is required to disclose information on the Transaction to the Stock Exchange of Thailand (the “**SET**”).

Details on the proposed Transaction are as set out in the [Enclosure](#).

Please be informed accordingly.

Sincerely yours,

(Ms. Waraporn Suprucksaskul)

Managing Director

Tel: 02-554-8014

(Translation)

**INFORMATION MEMORANDUM ON SHARE ACQUISITION BY
ETERNAL ENERGY PUBLIC COMPANY LIMITED (LIST 1)**

September 29, 2021

The Board of Directors' Meeting No. 9/2021 of Eternal Energy Public Company Limited (the "**Company**") held on September 29, 2021 resolved to approve the acquisition of 800,000 ordinary shares or 80.00% of the total issued shares in Cannabiz Way Company Limited ("**CW**"), a limited company incorporated in Thailand engaging in the cultivation and sale of hemp, from Bio Medical Group Company Limited (the "**Seller**"), where the Company has agreed to pay to the Seller on the Completion Date (as detailed in item 1) THB 650 million as consideration (collectively the "**Transaction**").

The proposed Transaction does not constitute a connected transaction under the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transaction and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (as amended) (the "**Connected Transaction Notifications**"), but constitutes an acquisition of assets pursuant to 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 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 Disposition of Asset B.E. 2547 (as amended) (the "**Acquisition and Disposition Notifications**"). The transaction size of such Transaction calculated based on the reviewed financial statements of the Company for the six months ended June 30, 2021, and the total value of consideration criterion, which gives the highest transaction value, is equivalent to 44.47%. In addition, the Company has not had any other acquisition transactions within the past six months prior to the date of the Board Directors' Meeting No. 9/2021.

The Transaction, therefore, is deemed a Class 2 transaction under the Acquisition and Disposition Notifications, i.e. a transaction whose transaction size is equal to or more than 15%, but less than 50%, where the Company is required to disclose information on the Transaction to the Stock Exchange of Thailand (the "**SET**") and send a circular to the shareholders within 21 days from the date of information disclosure to the SET.

The Company would like to disclose information on the said Transaction to the SET in accordance with the Acquisition and Disposition Notifications as follows:

1. Transaction Date

After the meeting of the Board of Directors of the Company has approved the Transaction, the Company will execute a share purchase agreement in respect of the Transaction (the "**SPA**") with the Seller no later than September 29, 2021. The completion of the Transaction is expected to take place on or around October 1, 2021 after all the conditions precedent under the SPA are fulfilled or waived by the relevant parties and the completion obligations under the SPA have been undertaken (the "**Completion Date**").

2. Contractual Parties and Relationship with the Company

- Purchaser** : Eternal Energy Public Company Limited
- Seller** : Bio Medical Group Company Limited
- Relationship with the Company** : The Seller, its connected persons, and ultimate shareholders¹ do not have any relationship with the Company and are not the Company's connected persons. The Transaction, therefore, is not considered a connected transaction under the Connected Transactions Notifications.

3. General Characteristics and Transaction Size

3.1 General Characteristics

The Company will purchase 800,000 ordinary shares or 80.00% of the total issued shares in CW from the Seller. Key terms and conditions of the SPA are set out below.

- Key conditions precedent** : 1) There must be no material adverse event affecting CW.
2) The Company must have obtained approval from its board of directors to purchase 800,000 ordinary shares in CW and enter into the SHA (as defined below).

- Key conditions subsequent** : The Seller must arrange for the following conditions subsequent to be completed within 90 days after the Completion Date or within any other period agreed between the parties.
- 1) The Seller must arrange for CW to enter into an employment agreement with its key personnel in writing.
 - 2) The Seller must arrange for CW to obtain licenses for the cultivation of hemp and construction licenses as legally required.
 - 3) The Seller must arrange for CW to amend its work regulations to contain all details as legally required.

However, in case such conditions subsequent are not completed or waived by the Company within such period, the Company and the Seller agree to terminate the SPA and undertake to restore each other to its original position and the Company may seize the THB 650 million cheque provided by the Seller to the Company as collateral for the performance of its obligations under the SPA.

- Key completion obligations** : 1) The Seller shall transfer the ownership over the shares to be sold to the Company.
2) The Seller shall deliver and procure the delivery of duly executed share transfer instrument, the SHA (as defined below), share certificates, copy of share register, resignation letter of the existing director of CW, as well as the relevant resolutions passed by the board of directors and/or shareholders of CW approving, *inter alia*, entry into the SHA (as defined below), amendment of the number of directors and appointment of directors, and amendment of the articles of association of CW (as the case may be).

¹ The ultimate shareholders of the Seller are Mr. Suphan Settapanich, Miss Phanthipha Naytiphath, and Mr. Sittipong Naytiphath, holding 100%, 0%, and 0% shares in the Seller, respectively.

- 3) The Seller must provide a THB 650 million cheque to the Company as collateral for the performance of its obligations in connection with the conditions subsequent.
- 4) Upon receipt of the completion documents as specified under the SPA from the Seller and the execution of the SHA (as defined below) by the parties thereto, the Company will pay THB 650 million as consideration to the Seller.

In addition, the Company, the continuing shareholders², and CW will enter into a shareholders' agreement (the "SHA") before or on the Completion Date. Key terms and conditions of the SHA are set out below.

- | | | |
|--|---|--|
| Board members and chairman of the board | : | <ol style="list-style-type: none"> 1) The board of CW shall comprise three directors where two directors shall be appointed by the Company and one director shall be appointed by the Continuing Shareholders. 2) The chairman of the board shall be a director appointed by the Company. |
| Quorum and vote of board meetings | : | <ol style="list-style-type: none"> 1) The quorum of board meetings of CW shall be any two directors, including at least one director appointed by the Company and one director appointed by the Continuing Shareholders. If there is no quorum present, the quorum for the adjourned meeting shall be two directors. 2) Each director shall have one vote. All resolutions of the board shall be passed by a simple majority vote, save for certain board reserved matters (including, without limitation, amendment or change to the organization structure, appointment or removal of high-level executives, designation or change of banking signatories, etc.), where at least one affirmative vote of a director appointed by the Company and a director appointed by the Continuing Shareholders will also be required. In the case of an equality of votes, the chairman shall not be entitled to a casting vote. |
| Quorum and vote of shareholders' meetings | : | <ol style="list-style-type: none"> 1) The quorum of general meetings of shareholders of CW shall be shareholders holding not less than 25% of the total shares in aggregate, one of whom shall be the Company and one of whom shall be the Continuing Shareholders. If there is no quorum present, the quorum for the adjourned meeting shall be shareholders holding not less than 25% of the total shares in aggregate. 2) Each shareholder shall have one vote. All resolutions of the general meetings of shareholders shall be passed by a simple majority vote, save for certain shareholder reserved matters where at least one affirmative vote of the Company and the Continuing Shareholders will also be required. |
| Shareholder reserved matters | : | <p>The shareholder reserved matters, include, <i>inter alia</i>, the following:</p> <ol style="list-style-type: none"> 1) amendment of the memorandum of association or articles of association of CW; 2) increase or reduction in the capital of CW; 3) change in the number and authority of the board; |

² The continuing shareholders are Miss Unarin Kijphaiboonthawee, Miss Anatta Phanwichartkul, and Miss Urapha Fai-Upara (the "Continuing Shareholders"), holding 100%, 0%, and 0% shares in CW, respectively.

- 4) merger or business consolidation of CW;
 - 5) change in the business of CW;
 - 6) transfer of the whole or any material part of the business of CW;
 - 7) any matter requiring a special resolution under the Civil and Commercial Code of Thailand.
- Share transfer restrictions** : The Continuing Shareholders shall not transfer their shares to any person or create any encumbrance over such shares except with the prior written approval of the board or with the exception of certain permitted transfers.
- Default sale and default purchase** : In the event of a breach or default under the SHA, the non-defaulting party shall be entitled to buy all the shares in CW owned by the defaulting party at the fair market value with a 10% discount. Such fair market value shall be appraised by an independent international accounting firm appointed by the non-defaulting party.
- Other key terms** : 1) The Continuing Shareholders agree not to, directly or indirectly, compete with the business of CW so long as they hold shares in CW and until two years after they have ceased to hold shares in CW, with the exception of the existing business under the control of the Continuing Shareholders as at the date of the SHA.
- 2) The Continuing Shareholders agree to arrange for their nominated directors and/or executives to manage and oversee that the operations of CW must comply with the relevant laws on narcotics and building control to ensure that CW operates its business in compliance with the relevant laws at all times.

3.2 Transaction Size

According to the SPA, the Company and the Seller have agreed that the consideration for the Transaction will be THB 650 million and the Company has agreed to pay such consideration to the Seller on the Completion Date.

Moreover, the Company may provide financial assistance of up to THB 60 million (inclusive of principal and interest) to CW within 90 days after the Completion Date to be used in the operations of CW (the “**Financial Assistance**”).

The Company has calculated the transaction size of the Transaction under the Acquisition and Disposition Notifications based on the reviewed financial statements of the Company for the six months ended June 30, 2021, the details of which are as follows:

- (1) Calculation under the net tangible asset (NTA) value criterion:

This criterion is not applicable as CW is a newly formed company that has yet to prepare its financial statements.

- (2) Calculation under the net profit from operating results criterion:

This criterion is not applicable as CW is a newly formed company that has yet to prepare its financial statements.

- (3) Calculation under the total value of consideration criterion:

$$\begin{aligned} \text{Transaction size} &= \frac{\text{Total value of consideration paid} \times 100}{\text{Total assets of the Company}} \\ &= \frac{\text{THB 744.20 million}^{1/} \times 100}{\text{THB 1,673.66 million}} \\ &= 44.47\% \end{aligned}$$

Remark: ^{1/} The amount used by the Company to calculate the total value of consideration comprises (a) consideration for the shares to be purchased of THB 650 million, (b) uncalled portion of the 80% shares to be purchased by the Company which CW may call from the Company of THB 34.2 million, and (c) value of the Financial Assistance of THB 60 million (inclusive of principal and interest).

- (4) Calculation under the equity issued as consideration for the assets criterion:

This criterion is not applicable as no new share of the Company will be issued as consideration.

Transaction Size Calculation Summary

Calculation Criteria	Transaction Sizes (%)
1. Net tangible asset (NTA) value	Not applicable
2. Net profit from operating results	Not applicable
3. Total value of consideration	44.47
4. Value of equity issued as consideration for the assets	Not applicable

The transaction size of such Transaction calculated based on the reviewed financial statements of the Company for the six months ended June 30, 2021, and the total value of consideration criterion, which gives the highest transaction value, is equivalent to 44.47%. In addition, the Company has not had any other acquisition transactions within the past six months prior to the date of the Board Directors' Meeting No. 9/2021.

The Transaction, therefore, is deemed a Class 2 transaction under the Acquisition and Disposition Notifications, i.e. a transaction whose transaction size is equal to or more than 15%, but less than 50%, where the Company is required to disclose information on the Transaction to the SET and send a circular to the shareholders within 21 days from the date of information disclosure to the SET.

4. Details of Assets Acquired

The Company will acquire 800,000 ordinary shares or 80.00% of the total shares of CW upon completion of the Transaction where key information on CW is as follows:

Name	: Cannabiz Way Company Limited
Date of incorporation	: May 3, 2021
Registration number	: 0135564011545
Type of business	: Cultivation and sale of hemp
Registered address	: 99 Moo 2, Khlong Sam, Khlong Luang, Pathum Thani
Registered capital	: THB 100,000,000 divided into 1,000,000 ordinary shares with a par value of THB 100 per share
Paid-up capital	: THB 57,250,000

4.1 Nature of Business

CW is a limited company incorporated in Thailand whose core business is the cultivation of hemp in greenhouses (of approximately 9,000 square meters) and the outdoors (of approximately 15 rais) on its own land located in Khlong Ruea, Wihan Daeng, Saraburi. CW is currently in the process of obtaining a license for the cultivation of hemp (deemed as class 5 narcotics) and it is expected that CW will obtain such license within November 2021.

4.2 Key Financial Information

CW is a newly formed company that has yet to prepare its financial statements.

4.3 Board of Directors and Shareholders

Board of Directors

Pre-Transaction	Post-Transaction
1. Mr. Suphan Settapanich (Director)	1. Mr. Worasak Kriengkamol (Director)
2. Miss Unarin Kijphaiboonthawee (Director)	2. Miss Varaporn Suprucksaskul (Director)
	3. Miss Unarin Kijphaiboonthawee (Director)

Shareholders

Pre-Transaction			Post-Transaction		
Names	No. of Shares	Percentage (%)	Names	No. of Shares	Percentage (%)
1. The Seller	800,000	80	1. The Company	800,000	80
2. Miss Unarin Kijphaiboonthawee	199,998	20	2. Miss Unarin Kijphaiboonthawee	199,998	20
3. Miss Anatta Phanwichartkul	1	0	3. Miss Anatta Phanwichartkul	1	0
4. Miss Urapha Fai-Upara	1	0	4. Miss Urapha Fai-Upara	1	0
Total	1,000,000	100	Total	1,000,000	100

5. Total Value of Consideration and Payment Terms

5.1 Total Value of Consideration

The total value of consideration for the Transaction will not exceed THB 744.20 million as detailed in item 3.2.

5.2 Payment Terms

The Company will pay the consideration of THB 650 million in cash to the Seller on the Completion Date after all the conditions precedent under the SPA are fulfilled or waived by the relevant parties and the completion obligations under the SPA have been undertaken as detailed in item 3.1.

6. Value of Assets Acquired

The value of the shares in CW acquired as a result of the Transaction will be the same amount as the total value of consideration as detailed in item 5.1.

7. Basis Used to Determine the Value of Consideration

The basis used to determine the value of consideration for the Transaction is derived from the price negotiated and agreed between the Company and the Seller. Moreover, the Company has determined the purchase price by using the discounted cash flow approach and has relied upon the assumptions from the due diligence exercise conducted by Capital Advantage Company Limited, the Company's financial advisor, where the fair value of 100% of CW was appraised to be in the range of THB 584.94 million – THB 918.11 million and the fair value of 80% of CW was appraised to be in the range of THB 467.96 million – THB 734.49 million with significant assumptions as follows:

- 10-year financial projection (2021 – 2031). There is no business operation after 10th year which is in compliance with conservative basis. CW's hemp plantation will begin in 4th quarter of 2021 and will generate hemp revenues in 2022.
- Projection is based on purchase quantity and purchase price under four purchase agreements of agricultural products, of which one is signed and the other three will be signed within 4th quarter of 2021.
- 20-rai hemp plantation area will be consist of outdoor and greenhouse. Imported hemp seeds for plantation will have high Cannabinoids (CBD) and low Tetrahydrocannabinol (THC).
- Forecasted sale revenues in 2022 – 2031 are in the range of THB 217 – 362 million/year and forecasted net profit of THB 51 – 184 million/year.
- Discount rate is 10.49% - 11.60% p.a.
- Fair value of CW by the discounted cash flow approach is estimated at July 31, 2021 (the date of management account of CW), which CW has total paid-up capital of THB 57.25 million or 57.25% of total registered capital of CW.
- Date of valuation report: September 22, 2021.

8. Expected Benefits for the Company

It is expected that the Transaction will allow the Company to obtain the following benefits:

1. Increase the opportunity to generate revenues and returns to the Company in the long run since the hemp business has the potential, has received support from the government since early 2021, and has the opportunity to grow and create added value to the Company in the future, which will be able to replace the Company's core revenue stream from the profits from the investment in SSUT Company Limited that had already been disposed by the Company following approval by the Extraordinary General Meeting of Shareholders No. 1/2021 held on August 4, 2021.
2. Diversify the Company's investment risks, allowing the Company to maintain stability in its business operations and create returns and benefits to its shareholders in the long run.

9. Sources of Funding

The Company will use its cash flow to finance the Transaction.

10. Opinion of the Board of Directors

The Board of Directors unanimously resolved to approve the Transaction since the Board of Directors considered and viewed that the Transaction was appropriate, reasonable, and beneficial to the Company and its shareholders in the long run given the reasons already described in item 8 above.

11. Opinion of the Audit Committee

The Audit Committee did not have a different opinion from that of the Board of Directors as mentioned in item 10 above.
