

19 October 2021

Subject : Investment in the establishment of a subsidiary company (Revise)

To : President

The Stock Exchange of Thailand

According to the resolution of Board of Directors Meeting of S.Kijchai Enterprise Public Company Limited (the "Company") No. 5/2021 held on 19 October 2021 that resolved to approve the Investment in the establishment of a subsidiary company to operate the business of recycle waste paper by separating the plastic and metal out, refining and drying to make recycled pulp and paper. The details as follows:

1. **Date of transaction** : Within the 4th quarter of 2021
2. **The details of Investment**
 - Subsidiary Company's Name : SKN Kraft and Paper Company Limited
 - Type of Business : Operate the business of recycle waste paper by separating the plastic and metal out, refining and drying to make recycled pulp and paper.
 - Nature of business : The company began to study the business in order to diversify company operation risk from wood based panel business. The study shows that the product has continued growth demand both domestic and international. The process itself also bring back wastepaper to recycle pulp, which is a cost-effective way and get the most use of resources. Thus, the company decides to invest in this business in which the main product is recycled pulp and sell to kraft and corrugate factories both domestic and international.
- Total Investment Value : 1,500,000,000 Baht divided into
 1. Land, Infrastructure and Building valued at 603 million Baht. The estimated budget based on land selling price nearby target area, negotiate with contractor company and the Company's past projects information. At present, the Company is in the process of procuring the land and contractor negotiation process.

2. Machine and Equipment valued at 897 million Baht. The estimated budget based on negotiate with machine suppliers and the Company's past projects information. At present, the company is work on progress.

Maximum Capacity	:	Recycle pulp from wastepaper at 200,000 tons per year
Construction Period	:	2 Years
Expected period to recognize revenue	:	1 st quarter of 2024
Registered Capital and Shares	:	500,000,000 Baht, divided into 50,000,000 ordinary shares, at the par value of 10 Baht per share (First payment of shares 40% of registered capital, amounting to 200 million Baht)
Shareholder Structure	:	S.Kijchai Enterprise PCL. hold 100% of the total shares
Board of Directors	:	1. Mr. Vichien Saengvongkij 2. Mr. Chaiwat Taweepiriya 3. Mr. Sanguan Saengwongkij 4. Miss Kanokporn Arayaparakarn 5. Mr. Harnsiri Sangwongkit
Purpose of Investment	:	To diversify risks in business operation of the group of companies; to increase opportunities and potentiality in business competition; as well as generate returns and growth of assets and profit to Company and its shareholders in a long term

3. Transaction size

- The value of net tangible assets	:	Unable to calculate as the invested assets have no net tangible assets (NTA)
- The net operating profit	:	Unable to calculate as the invested assets have no net profit
- The total value of consideration paid or received	:	40.32%
- The value of equity shares issued for the payment of assets	:	There are no shares issued for payment of assets.

The calculation of cumulative transaction size over 6-month period

Date	Details	Transaction size (%)			
		NTA	Net profit	Total Value of Consideration	Value of Securities
30 September 2021	Land purchase	-	-	0.55	-
19 October 2021	Investment in the establishment of the SKN Kraft and Paper Company Limited	-	-	40.32	-
Total Transaction Size		-	-	40.87	-

4. Source of Fund : 1. The Company's working capital not over 5 0 0 million Baht. The first payment is registered capital to subsidiary company at 200 million Baht.
2. SKN Kraft and Paper Company Limited loans from financial institutions combined with the Company's working capital in no. 1, not over 1,500 million Baht. The Company is in the process of requesting credit lines from financial institutions.
5. Expected benefit to the Company : 1. Diversify risks in the business operations of the company group.
2. Increase opportunities and competitiveness
3. Generate returns, the growth rate of assets, and profits for the company and shareholders in the long term.
6. Opinion of the Board to enter into the transaction : The Board of Directors has considered the investment in the establishment of a subsidiary company to operates the business of recycle waste paper by separating the plastic and metal out, refining and drying to make recycled pulp and paper, also has opined that it is a suitable investment and beneficial to the Company and the establishment subsidiary company and the investment value as above can diversify risks in the business operations of the company group including generate returns, the growth rate of assets, and profits for the company and the shareholders continues.

7. Opinion of the Audit Committee and/or the Director which is different from Opinion of the Board in No.6 : None
8. Detail of related transaction : At present, the Company has not entered any transaction as approved by the Board of Directors. Therefore, if the Company has entered a transaction with a connected person. The Company will proceed according to the Notification of the Capital Market Supervisory Board No. TorJor.21/2551 (including additional revisions) 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 Connected Transactions, B.E. 2546 (2003) dated 19 November 2003 (as amended).
9. Approval from relevant parties : Requesting permission for important business operations, such as factory business license (RorNgor.4), etc., which the Company will proceed for permission from the relevant parties. After the Company has completed the purchase of land.

However, the investment in the establishment of a subsidiary company, [the investment details as above](#), constitutes an asset acquisition transaction. The transaction size is equal to 40.32 percent when calculated on the total value of consideration paid or received with the latest consolidated financial statements as at 30 June 2021 which have been reviewed by the auditor. Combining with the acquisition of assets in the past six months will be the maximum total transaction size calculated based on the total value of consideration paid or received as 40.87 percent, which is considered a type 2 asset acquisition transaction according to the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules for Entering into Significant Transactions deemed as Acquisition or Disposition of Assets dated 31 August 2008 (including any amendments) 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 Assets, 2004 dated 29 October 2004 (as amended) (“The Notifications on Asset Acquisition or Disposal”). Which is equal to or higher than 15 percent but less than 50 percent. Therefore, the Company has the duty to disclose the information of such transaction to the Stock Exchange of Thailand and send a notice to shareholders within 21 days from the date of disclosure to the Stock Exchange of Thailand.



บริษัท ส.กิจชัย เอ็นเตอร์ไพรส์ จำกัด (มหาชน)

99/9 หมู่ 7 ตำบลห้วยยาง อำเภอแกลง จังหวัดระยอง 21110 โทรศัพท์ 038-928188 โทรสาร 038-928189

S.Kijchai Enterprise Public Company Limited

99/9 M.7 Huay-Yang Klaeng Rayong Thailand 21110 Tel: +66(0)38 928188 Fax: +66(0)38 928189

However, if there is progress in the establishment of such subsidiary company and investment, the Company will provide further information.

Please be informed accordingly.

Sincerely yours,

(Mr. Vichai Sangwongkit)

Director