

GUNKUL\_LT-OUT\_65-058

27<sup>th</sup> July 2022

Subject: Notification on the issuance and offering of ordinary shares of Gulf Gunkul Corporation Company Limited to Gulf Renewable Energy Company Limited, as a strategic partner ([Revised No. 1](#))

To: Director and Manager of the Stock Exchange of Thailand

The Board of Directors Meeting of Gunkul Engineering Public Company Limited (“GUNKUL” or “the Company”) No. 7/2565 (2022) held on 11<sup>th</sup> July 2022, has passed a resolution to approve Gulf Gunkul Corporation Company Limited (“Gulf Gunkul Corporation”), a shareholder holding 100% of shares in Wind Energy Development Company Limited, Greenovation Power Company Limited and Korat Wind Energy Company Limited (called as “Wind Energy Group”) to offer and issue ordinary shares of 11,170,000 shares to Gulf Renewable Energy Company Limited (“Gulf Renewable Energy”), which is a subsidiary of Gulf Energy Development Public Company Limited (“GULF”) . Whereby the Company waived the rights to subscribe for ordinary shares. In addition, after the capital increase is complete, GUNKUL and Gulf Renewable Energy will hold equal shares at 50% in Gulf Gunkul Corporation, which will drive as a Joint Investment Holding Company, to jointly develop business in renewable energy of both companies.

As informed the Stock Exchange of Thailand on 25<sup>th</sup> May 2022, regarding the entering into the corporation agreement to invest and develop renewable energy projects (Joint Venture Agreement) between GUNKUL and Gulf Renewable Energy. The purposes are to study business opportunities in renewable energy and establish a joint venture company to operate renewable energy-related business, e.g. wind power plant projects both domestically and internationally, solar power plant projects, and other renewable energy projects; as well as, innovative energy businesses.

On 27<sup>th</sup> July 2022, Gulf Gunkul Corporation the joint venture has issued ordinary shares to Gulf Renewable Energy by purchasing ordinary shares in the proportion of 50% with investment value of 5,000,000,000.00 baht, while another 50% is held by GUNKUL. This action of the joint venture company is an indicator of confidence in the growth potential and demand in renewable energy market noticeably. With the strengths of GUNKUL in renewable energy business, construction of power plant, and integrated infrastructure, in synergy with a wide business network of GULF, will reinforce Gulf Gunkul Corporation the joint venture company to have a portfolio of renewable energy and raise its competitiveness to the next level. As well as to support an urgent mission in energy transition and environment of the country into reality.

The details of the transaction can be summarized as follow

**1. Transaction Date**

27<sup>th</sup> July 2022

**2. Contractual Parties**

Issuer of ordinary shares: Gulf Gunkul Corporation Company Limited  
("Gulf Gunkul Corporation")

Grantee: Gulf Renewable Energy Company Limited  
("Gulf Renewable Energy")

Relationship: Gulf Gunkul Corporation Company Limited ("Gulf Gunkul Corporation") is a subsidiary that the Company holds 100% of paid-up shares

**3. Type and Characteristic of the Transaction**

**3.1 General Characteristics of the Transaction**

Gulf Gunkul Corporation is a subsidiary that the Company holds 100% of registered capital, which has increased the registered capital by 11,170,000 shares. The Company's waiver of rights to purchase the said amount of shares is considered as a disposal transaction of assets under the relevant securities laws, and Gulf Renewable Energy has used its rights to subscribe for ordinary shares totaling 11,170,000 shares, at a par value of 100.00 baht per share and at a price of approximately 447.63 baht, or a total value of 5,000,000,000.00 baht, [which is assessed by Discounted Cash Flow method of current projects and the trend of expanding the business to do together in the future.](#) After capital increase, Gulf Renewable Energy and GUNKUL will hold equal shares at 50%. [Also, Gulf Gunkul Corporation has received the full amount of the subscription payment for such shares on 27<sup>th</sup> July 2022, and has proceeded to register the increase of registered capital with Department of Business Development Ministry of Commerce.](#)

**3.2 Transaction Size Calculation**

The calculation of transaction size is based on the consolidated financial statements of the Company for the first quarter ended 31 March 2022, the details are as follows,

Summary of Key Financials of Wind Energy Group in Gulf Gunkul Corporation (Unit: Million Baht)

Item	GUNKUL	Wind energy group
Total Assets	42,309.68	13,496.30
Total Intangible Assets	3,990.28	919.94
Total Liabilities	28,904.38	7,556.74

Item	GUNKUL	Wind energy group
Shareholders' Equity	13,405.30	5,939.56
Non-controlling Interest	63.70	-
Revenue	2,297.76	484.54
Net profit	505.02	229.28

- 3.2.1 Net tangible assets method equivalent to the transaction size of 26.839%
- 3.2.2 Net profit method equivalent to the transaction size of 22.700%
- 3.2.3 Consideration method equivalent to the transaction size of 11.818%
- 3.2.4 Value of paid-up shares method Cannot be calculated since the Company did not issue new securities

Upon consideration of the transaction size calculation, the highest transaction size based on Net tangible Assets or NTA method is equivalent to **26.839%**, and during the past 6 months the Company did not have any other disposal transactions of assets. Therefore, the said transaction has value of higher than 15% but not exceeding 50%, the Company is then required to disclose the information relating to the transaction to the Stock Exchange of Thailand ("SET") and deliver the same to the shareholders within 21 days from the date that such transaction has been disclosed to SET. In addition, there are no new investors who are considered as the Company's connected persons in entering into the said transaction.

#### 4. Detail of Assets

Ordinary shares of Gulf Gunkul Corporation totaling 11,170,000 shares, at a par value of 100.00 baht per share.

Company name	Gulf Gunkul Corporation Company Limited
Head office	1177 Pearl Bangkok Building, 8th Floor, Phaholyothin Rd., Phayathai, Phayathai, Bangkok
Nature of Business	Generate and sell electricity, and hold shares in other companies (Holding Company) that operate business in generating and selling electricity
Paid-up capital before capital increase	1,117,000,200.00 Baht
Number of paid-up ordinary shares before capital increase	11,170,002 shares (at a par value of 100.00 baht per share)
Paid-up capital after capital increase	2,234,000,200.00 Baht
Number of paid-up ordinary shares after capital increase	22,340,002 shares (at a par value of 100.00 baht per share)

Shareholding structure before and after capital increase of Gulf Gunkul Corporation

No.	Shareholder's name before capital increase	Number of shares	Shareholder's name after capital increase	Number of shares
1	Gunkul Engineering Public Company Limited	11,170,000	Gunkul Engineering Public Company Limited	11,170,000
2	Ms. Naruechon Dhumrongpiyawut	1	Ms. Naruechon Dhumrongpiyawut	1
3	Gulf Renewable Energy Company Limited	1	Gulf Renewable Energy Company Limited	11,170,001
	Total	11,170,002	Total	22,340,002

Board of Directors before and after capital increase

Board of Directors before capital increase	Board of Directors after capital increase
<u>Total of 3 directors</u> - 3 directors which are GUNKUL representatives	<u>Total of 6 directors</u> - 3 directors which are GUNKUL representatives - 3 directors which are Gulf Renewable Energy representatives

**5. Total Value of Consideration Paid or Received**

Gulf Gunkul Corporation Company Limited, which is the Company's subsidiary, will issue ordinary shares of Gulf Gunkul Corporation totaling 11,170,000 shares, at a par value of 100.00 baht per share, and at a price of approximately 447.63 baht, or a total value of 5,000,000,000.00 baht.

**6. Expected benefits to the Company**

- 6.1 Prepare and increase liquidity for the Company and the Company's subsidiaries to expand investments in the future, especially investments in renewable energy power plant of the Company and the joint venture.
- 6.2 Expand investment in renewable energy power plant, which will result in the Company having a long-term sustainable performance.
- 6.3 Reduce the risk of accounting impact according to the Thai Financial Reporting Standards on "Impairment of Assets", which may be assessed as impaired due to it is a project of power purchase agreement under the Adder system.
- 6.4 Aim to be a leader in renewable energy in accordance with the Company's vision and mission by selecting a potential strategic partner that is proficient and suitable in operating renewable energy business.

**7. Condition for the entering into the transaction**

Entering into the transaction shall be approved by the lender bank of wind energy group, of which it has already been approved by the lender bank.

## 8. Opinion of the Board of Directors

The Board of Directors has considered regarding entering into the transaction and opined that the transaction is appropriate and benefit the Company as following reasons,

### Accounting consideration related to the Financial Reporting Standards on "Impairment of Assets"

Due to the power purchase agreements of the wind energy group are under the Adder system, which may be assessed as impaired from the year the adder is terminated from generating electricity that has been supported by the government.

### Consideration of taking advantage from cash flow received for new investment

Proceeding with the said transaction, GUNKUL will receive compensation as cash flow to expand investment of GUNKUL and Gulf Gunkul Corporation in order to reach the target of increasing power generation up to 1,000 megawatts.

### Consideration on opportunities of investment expansion in the future

Proceeding with the said transaction is considered as a milestone of business partnerships for synergy in renewable energy business (Synergy on Renewable Energy) as GUNKUL and GULF both have expertise in this field of business. This will reinforce the strengths of expanding portfolio together to reach the goal of 1,000 megawatts power generation.

## 9. Opinion of the Audit Committee and/or Directors which is different from the Opinion of the Board of Directors

- None -

Please be informed accordingly.

Sincerely yours,

(Ms. Sopacha Dhumrongpiyawut)

Chairman of the Executive Committee

Ms. Chantra Jongjamareeseethong / Ms. Tanawan Patana-aneek

Office of Chief Executive Officer

Tel: 02 242-5867 / 02-242-5868

Email: [chantra@gunkul.com](mailto:chantra@gunkul.com) / [tanawan.pat@gunkul.com](mailto:tanawan.pat@gunkul.com)