



Chai Watana Tannery Group Public Company Limited

176/1,1480 Moo 1, Sukhumvit Rd., Thai Ban Subdistrict, Mueang Samut Prakan District,
Samut Prakan 10280 Tel +66 (0) 2 703 6598-9, + 66 (0) 2 703 7880-1

CWT 4/2023

21 March 2023

Subject : Notification of the resolutions of the Board of Directors' Meeting No. 5/2023 "Regarding the acquisition of assets"

To : Directors and Managers
Stock Exchange of Thailand

Refer to: Letter No. CWT 18/2022, dated 23 November 2022, Subject: Notification of the result of the proposal for the selection of a private sector to construct a management system to produce refuse derived fuel (RDF) and generate electricity from refuse derived fuel of Kamalasai Municipality

Chai Watana Tannery Group Public Company Limited ("**Company**") held the Board of Directors Meeting No. 5/2023 on 20 March 2023 No. 176/1,1480 Moo 1, Km.30, Sukhumvit Road, Thai Ban Subdistrict, Mueang District, Samut Prakan. The Company would like to notify the resolution of the Board of Directors' meeting, which had important resolutions as follows:

1. The Board of Directors' meeting resolved to approve Kalasinrungruang Bio Power 2012 Co., Ltd. ("**KRR**"), an indirect subsidiary of the Company, to enter into a contract to implement a management system to produce refuse derived fuel (RDF) and generate electricity from refuse derived fuel (RDF) of Kamalasai Municipality. Kamalasai District, Kalasin. The project will produce electricity produced from refuse derived fuel (RDF) ("**KRR's contract entry**"). worth 1,070.58 million baht.
2. The Board of Directors' Meeting resolved to approve Chai Watana Tannery Co., Ltd. ("**CWTT**"), a subsidiary of the Company, to invest in the purchase of land and buildings from the auction of Samut Prakan Provincial Legal Execution Office, amount 1 plot ("**Investment transaction to purchase land of CWTT**") is worth 72.28 million baht.

In this regard, transactions 1 and 2 are regarded as the acquisition of assets. According to the Notification of the Capital Market Supervisory Board No. Tor Jor 20/2551, regarding the rules for conducting significant transactions that fall within the scope of acquisition or disposition of assets. And the Notification of the Board of Governors of the Stock Exchange of Thailand regarding the disclosure of information and actions of listed companies in acquisition or disposal of assets B.E.2547 (including any amendments) (collectively referred to as the "**Acquisition or Disposition Notifications**"). The total value of such transactions is 1,142.86 million baht, the highest transaction size equal to 32.75 percent according to the criteria of total value of consideration paid or received of the Company's reviewed consolidated financial



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statements ended 31 December 2022. The Company has other asset acquisition transactions that occurred within the previous 6 months, the size of the acquisition is equal to 8.57 percent, resulting in the total transaction size of 41.32 percent, which is classified as a transaction type 2 according to the Acquisition or Disposition Notifications. The Company therefore has the duties (1) to disclose information to the Stock Exchange of Thailand and (2) to deliver a circular letter to the shareholders regarding the acquisition and disposition of the Company's assets within 21 days from the date of disclosure of such transaction. The details appear in the information attached.

Please be informed accordingly.

Your sincerely

Chai Watana Tannery Group Public Company Limited

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(Mr. Weerapon Chaiteerath)

Managing Director

Publisher/Reviewer



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Attachment 1

Information on the acquisition of assets of Chai Watana Tannery Group Public Company Limited

Chai Watana Tannery Group Public Company Limited (“**Company**”) would like to notify you of the information on the acquisition of assets regarding entering into a contract to implement a management system to produce refuse derived fuel (RDF) and generate electricity from refuse derived fuel (RDF) of Kamalasai Municipality, Kamalasai District, Kalasin. And the investment in the purchase of land and buildings from the auction of Samut Prakan Provincial Legal Execution Office. The details are as follows:

1. **Date of the transaction**

1.1 **KRR’s contract entry**

KRR, an indirect subsidiary of the Company to enter into a contract with the Kamalasai Subdistrict Municipality, by Ms. Wichitra Phukok, the Mayor of Kamalasai Subdistrict (“**Municipality**”) after being approved by the Board of Directors' Meeting No. 5/2023 on 20 March 2023 and will enter into the contract within March 2023.

1.2 **Investment transaction to purchase land of CWTT**

CWTT, a subsidiary of the Company, invested in purchasing land from the Samut Prakan Provincial Legal Execution Office. after being approved by the Board of Directors' Meeting No. 5/2023 on 20 March 2023 and will enter into the contract within June 2023.

2. **Parties involved and their relationship with the Company**

2.1 **KRR’s contract entry**

- Kalasinrungruang Bio Power 2012 Co., Ltd. (“**KRR**”) is an indirect subsidiary of the Company by holding shares through Chai Watana Green Co., Ltd. (“**CWTG**”), which is a subsidiary of the Company, which invests in energy (CWT holds 100.00% of shares in CWTG and CWTG holds 75.00% of shares in KRR).
- Kamalasai Municipality (“**Municipality**”), which is a local authority which is not affiliated with the Company.

2.2 **Investment transaction to purchase land of CWTT**

- Chai Watana Tannery Co., Ltd. (“**CWTT**”), a subsidiary of the Company, in which the Company holds 100.00% of shares in CWTT.
- Samut Prakan Provincial Legal Execution Office, which is a public sector which is not affiliated with the Company.



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3. General characteristics of the transaction, type, and size of the transaction

3.1 General characteristics of the transaction

3.1.1 KRR's contract entry

The municipality agrees that KRR will provide investment, land, design and construction of the construction project and manage the system to produce refuse derived fuel (RDF) and generate electricity from RDF, Kamalasai Sub-district Municipality, Kamalasai District, Kalasin, including renting 3 plots of land, each plot of 3 rai, totaling 9 rai, which is the municipal waste disposal center of Kamalasai ("**Project**"). which consists of the construction of a plant that converts waste into RDF and a plant that generates electricity from RDF. Capable of handling and disposing of waste at least 320 tons per day, or 102,400 tons per year. Which must be built on land owned by KRR, located at Mu 5 Kamalasai Subdistrict, Kamalasai District, Kalasin. Which is distanted from the Kamalasai Waste Management Center within a radius of not more than 3 kilometers, an area of not less than 25 rai, and has built 3 waste sorting plants at the Kamalasai Waste Management Center, Nonburi Waste Disposal Center, and Kuchi Narai Waste Disposal Center, as well as improve and develop the 3 solid waste disposal centers and provide an air treatment system, efficient wastewater treatment system, and install a waste and pollution treatment system that meets the standards of sanitation and standards specified by law and as specified in the contract. The ownership of the lands, constructions, buildings, plants, machinery, materials, durable goods, and all equipment of the Project (except the land that KRR agrees to lease and 3 solid waste disposal centers located on the aforementioned lands) are belong to KRR. The municipality agrees that KRR is granted the right to manage the Project for a period of 25 years from the date of signing the contract.

3.1.2 Investment transaction to purchase land of CWTT

CWTT entered into an auction to purchase land and buildings located in Tambon Thai Ban, Mueang Samut Prakan District, Samut Prakan from Samut Prakan Provincial Legal Execution Office (1 plot of land title deed and 2 buildings). It can also be used as collateral for considering credit limits from financial institutions as well.

3.2 Type and size of asset acquisition transaction

Entering into the aforementioned transaction has a total value of 1,142.86 million and is considered an asset acquisition transaction. Which when calculated according to various criteria specified in the announcement by using the highest value calculated from any one criteria, the highest



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transaction size according to the total value of consideration criteria is equal to 32.75 percent based on the Company's consolidated financial statements ended 31 December 2022, whereby the Company has any other asset acquisition transactions that occurred within the previous 6 months., the size of the acquisition is equal to 8.57 percent, resulting in the total transaction size to be 41.32 percent, which is higher than 15.00 percent but lower than 50.00 percent, therefore classified as a transaction type 2 with details of the calculation method as follows:

Calculation of asset acquisition transaction size

Items from Consolidated financial statements as of 31 December 2022	Value (Unit : million baht)
Equity	2,078.88
Net Tangible Assets : NTA ¹	1,965.21
Net profit (loss) in the past 12 months	152.52
Total assets	3,489.80

Note :

1/ *Net tangible assets (NTA) means Total assets – Intangible assets – Total liabilities – Non-controlling equity (if any)*

(Intangible assets, such as goodwill, deferred expenses etc. Except for the intangible assets that generate the main income, such as concession concession etc.)

Criteria used in the calculation as follows:

Criteria used in the calculation	Calculation formula	Transaction size (%)
1. Net tangible assets value criteria	Can't calculate because it is an acquisition of an investment contract and a purchase of land.	-
2. Net Profit Criteria	Can't calculate because it is an acquisition of an investment contract and a purchase of land.	-
3. Total Value of Consideration Criteria	Total value of consideration / total assets of the company	41.32
4. Capital stock value criteria	Can't calculate because the company does not issue shares to pay for the land.	-

Therefore, the Company has duties (1) to disclose information to the Stock Exchange of Thailand and (2) to deliver a circular letter to shareholders regarding the acquisition and disposition of the Company's assets within 21 days from the date of disclosure of such transaction.

4. Details of assets acquired

4.1 KRR's contract entry

- Contract for the construction of a management system to produce refuse derived fuel (RDF) that can handle and eliminate solid waste not less than 320 tons per day or 102,400 tons per year.



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4.2 Investment transaction to purchase land of CWTT

- Land with buildings

5. Total value of consideration, method of payment, and other important conditions as agreed

5.1 KRR's contract entry

The total value of the consideration of the investment transaction under the contract to implement a management system to produce and generate electricity from refuse derived fuel (RDF), worth 1,070.58 million baht. Where KRR will provide funds, lands, design, and construction of the projects.

5.2 Investment transaction to purchase land of CWTT

Total value of consideration valued 72.28 million baht.

6. Criteria Used to Determine the Total Value of Consideration

6.1 KRR's contract entry

Determined from the bidding value of the commissioning work and contract costs.

6.2 Investment transaction to purchase land of CWTT

Determined from the value in the auction of land and buildings.

7. Benefits that the company will receive

7.1 KRR's contract entry

It supports the implementation of projects that are friendly to the environment and the health of the population, both directly and indirectly. Encourage areas in Thailand to have a good environment.

It is a new way to increase income, be able to generate profits for the company in addition to the original business of the company and lead to the creation of added value for shareholders. In addition, it will result in more electricity generating capacity of companies in the group.

7.2 Investment transaction to purchase land of CWTT

to support business expansion in the future. And can also be used as collateral for considering credit limits from financial institutions as well.

8. Source of funds used

Company's working capital and loans from financial institutions.

9. The transaction must be conducted under the conditions

Implementation of such projects classified as a transaction type 2 according to the method of calculating the size of the transaction by the total value of consideration criteria. According to the announcement of the Capital Market Supervisory Board No. ThorJor. 20/2551 on the rules for making



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significant transactions that fall within the scope of an acquisition or disposition of assets dated 31 August 2008 and the announcement of the Board of Governors of the Stock Exchange of Thailand on disclosure of information and practices of listed companies in the acquisition or disposition of assets 2004 dated 29 October 2004, the Company therefore has a duty to disclose information to the Stock Exchange of Thailand and send a circular letter to the shareholders within 21 days from the date of notification to the Stock Exchange of Thailand.

10. **Opinion of the Board of Directors regarding entering into the transaction**

10.1 **KRR's contract entry**

The Board of Directors has considered and has an opinion that the transaction is appropriate. Because it supports the implementation of projects that are environmentally friendly and mitigate the direct and indirect impacts on public health. To support the area in Thailand to have a good environment. It is a new alternative to increase revenue, able to generate profits for the Company in addition to the original business of the Company. It is an investment in a potential project and is expected to generate profits continuously and lead to the creation of added value for shareholders. In addition, it will result in more electricity generating capacity of companies in the group.

10.2 **Investment transaction to purchase land of CWTT**

The Board of Directors considered and had an opinion that the aforementioned action was for the benefit of the subsidiary's objectives and at a reasonable price.

11. **Opinions of the Audit Committee and/or directors of the Company that are different from the opinions of the Board of Directors regarding the transaction**

The Board of Directors has acknowledged and considered the information of this information memorandum to be accurate and reliable in material matters. Do not cause misunderstanding in the information disclosed. In addition, various information has been approved by the Board of Directors Meeting No. 5/2023 held on 20 March 2023.

Yours sincerely

Chai Watana Tannery Group Public Company Limited

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(Mr. Weerapon Chaiteerath)

Managing Director