



บริษัท เอส เอ็น ซี ฟอว์เมอร์ จำกัด (มหาชน)

S N C FORMER PUBLIC COMPANY LIMITED

ทะเบียนเลขที่ 0107547000371

- Translation -

SNC 2020/021

16 December 2020

Re: Notification of the resolution of the Board of Directors Meeting No. 7/2020 regarding the asset acquisition, capital increase offered to the Public (Public Offering), and the determination of the date of the Extraordinary General Meeting of Shareholders No. 1/2021 (Revised1)

To: The President
The Stock Exchange of Thailand

Enclosure

1. Information Memorandum on the Acquisition of Assets for Investment in the construction of factories and warehouses for the toolbox, warehouse for the electric appliance business, and investment in the construction of factories and the purchase of machinery for the capacity expansion of air conditioners, refrigerators, and washing machines
2. Capital Increase Form (F 53-4)
3. Information Memorandum regarding with the Allocation of New Ordinary Shares

We, SNC Former Public Company Limited (“the Company”) would like to report the resolutions of the Board of Directors Meeting No. 7/2020 held on 16 December 2020 to the Stock Exchange of Thailand as follows:

1. Approved the investment in the construction of factories and warehouses for the toolbox, warehouse for the electric appliance business worth Baht 780 Million, when combined with the investment in construction of factories and the purchase of machinery for the capacity expansion of air conditioners, refrigerators, and washing machines worth Baht 660 million which has been approved from the Board of Directors’ Meeting No. 5/2020 held on 3 August 2020, resulting in the project value totaling Baht 1,440 Million. Details are appeared in the Information Memorandum on the Acquisition of Assets (Enclosure 1).

Such investment is considered as an asset acquisition transaction in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 20/2008 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 Assets, 2004 (as amended) (the “Notifications on Acquisition or Disposal

of Assets”) with the maximum transaction value of 21.67 percent calculated from Consideration method compared with total asset value of the Company calculating from audited consolidated financial statement ended 30 September 2020 which is classified as “Asset Acquisition Type 2” according to Notifications on Acquisition or Disposal of Assets. Therefore, the Company has duties to action as follows: (1) disclosure an information memorandum regarding investment in the construction of factories and warehouses for the toolbox, warehouse for the electric appliance business, and investment in the construction of factories and the purchase of machinery for the capacity expansion of air conditioners, refrigerators, and washing machines to the Stock Exchange of Thailand (“SET”) with the information details according to Schedule 1 and (2) circulation of information notice to the shareholders within 21 days from the disclosure date to SET with the information details according to Schedule 2.

2. Approved the increase of the registered capital of the Company Baht 112,222,661 from the registered capital Baht 287,777,339 to Baht 400,000,000 by issuing 112,222,661 new shares at the par value of Baht 1.00 in order to offer to the public (Public Offering) in the amount of 112,222,661 shares, and approve the amendment of the Clause 4. Of the Memorandum of Association of the Company to be consistent with the increase of registered capital as follows:

“Clause4.	Registered capital	Baht 400,000,000	(Four Hundred Million Baht)
	consisting of	400,000,000 shares	(Four Hundred Million shares)
	Par value	Baht 1.00	(One Baht)
	divided to		
	Ordinary shares	400,000,000 shares	(Four Hundred Million shares)
	Preferred shares	- shares	(-shares)”

3. Approved the allotment of newly issued ordinary shares at the amount of 112,222,661 shares with a par value of Baht 1.00 per share in order to offer to the public (Public Offering) (Details regarding the capital increase and the allotment of newly issued ordinary shares are shown in F53-4 – Enclosure 2)

The Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee shall be empowered to determine and adjust the relevant details of the issuance and offering of newly issued ordinary shares to public (Public Offering) in all aspects which including but not limited to the offering price, subscription and payment period, and relevant conditions, to correct words or texts in any related document such as minutes of meeting, memorandum, application form and/or take any action to comply with the Registrar request for the Company’s capital register to the Department of Business Development, Ministry of Commerce, to provide the information, execute the application and necessary supporting documents relevant to the issuance and offering of the Public Offering shares, including to contact and file such application and documents to the authorities or government agencies concerning the issuance and offering of the Public Offering

shares, and the listing of the new shares on the Stock Exchange of Thailand, as well as to take any other actions which are deemed necessary and appropriate to the issuance and offering of the Public Offering shares.

4. Approved to increase the number of directors from 10 to 11 by proposing Ms. Sineenart Thaisanguanvorakul for the appointment as a new director.
5. Approved the appointment of Ms. Netchanok Thaisanguanvorakul to be the Company secretary in place of Ms. Kesarin Dechpan, effective from 16 December 2020.
6. Approved the date of the Extraordinary General Meeting Shareholder No. 1/2021 on 26 January 2021, 10.00 hrs. at Head Office, SNC Former Public Company Limited, 333/3 Moo 6, Bangpreang District, Amphur Bangbo Samut Prakarn with the agenda as follows:
 - Agenda 1 To acknowledge the minutes of the Annual General Meeting of Shareholders 2020
 - Agenda 2 To consider and approve the increase of the registered capital and approve the amendment of the Clause 4. Of the Memorandum of Association of the Company to be consistent with the increase of registered capital
 - Agenda 3 To consider and approve the allotment of newly ordinary shares to the public (Public Offering)
 - Agenda 4 To consider and approve to increase the number of directors and propose the appointment of new director
 - Agenda 5 Other matters (if any)

The Chairman of the Executive Committee or the person(s) entrusted by the Chairman of the Executive Committee are empowered to take any actions regarding the calling of the Extraordinary General Meeting of Shareholders No. 1/2021, which includes the issuance of invitation letter to the Extraordinary General Meeting of Shareholders No. 1/2021, the amendment of date, time, place, and other details of the Extraordinary General Meeting of Shareholders No. 1/2021 as deemed necessary or appropriate which will be under the conditions prescribed by law.

7. Approved to determine the date fixed to determine the names of shareholders who entitle to attend the Extraordinary General Meeting of Shareholders No. 1/2021 (Record Date) on 30 December 2020. The Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee shall be empowered to adjust the date fixed to determine the names of shareholders who entitle to attend the Extraordinary General Meeting of Shareholders, including with the adjustment of date, time, and place for Extraordinary General Meeting of Shareholders in case that the Company encounters problems or delays in preparing documents and information for sending to shareholders within a specified period or there is an event necessary to amend or adjust such date and time as appropriate and in accordance with prescribed criteria.

Please be informed accordingly.

Yours sincerely,

Mr. Somchai Ngamkitcharoenlap
Director
SNC Former Public Company Limited

Information Memorandum on the Acquisition of Assets, Schedule 1, of
SNC Former Public Company Limited

On December 16th, 2020, SNC Former Public Company Limited's Board of Directors meeting No.7/2020 has approved the project expansion of factory and warehousing for toolbox and home appliances business in an investment value of 780 million Baht, together with previous approved manufacturing capacity expansion and machinery project in air condition, refrigerator, and washing machine assembly business on August 3rd, 2020 No. 5/2020. The 2 projects have accumulated their total investment value of 1,440 million Baht.

Such investment transaction is considered as an asset acquisition transaction in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 20/2008 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 Assets, 2004 (as amended) (the "Notifications on Acquisition or Disposal of Assets") with the maximum transaction value of 21.67 percent calculated from Consideration method compared with total asset value of the Company calculating from the reviewed consolidated financial statement ended 30 September 2020 which is classified as "Asset Acquisition Type 2" according to Notifications on Acquisition or Disposal of Assets. Therefore, the Company has duties to action as follow:

- (1) The Company is required to disclose an information memorandum regarding investment to the Stock Exchange of Thailand ("SET") with the information details according to Schedule 1
- (2) The Company is required to circulate information notice to the shareholders within 21 days from the disclosure date to SET with the information details according to Schedule

1. Transaction date

- (1) The manufacturing capacity expansion and machine project in Air condition, refrigerator, and washing machine business valued 660 million Baht (Location: Moo2 Makhamkoo District, Nihompattana, Rayong) which has been approved by company's Board of Directors on August 3rd, 20, No.5/2020. The company has started its factory construction and purchased machine equipment anticipated to complete by 1st quarter of 2021.

(2) The investment in the construction of factories and warehouses for the toolbox, warehouse for the electric appliance business for lease worth 780 million Baht (Location: Moo2 Makhamkoo District, Nakhompathana, Rayong) which has been approved by company's Board of Directors on December 16th, 2020, No. 7/2020. The company has plan to start its factory construction in 1st quarter of 2021 and expected to finish by 3rd quarter of 2021.

2. Transaction related with the Company and Relationship with the Listed Company

For construction of factory building, the company has carefully selected outstanding perform contractor who have no direct or indirect relationship with the company's employee in order to avoid the conflict of interest.

For machine, the company plans to purchase from local and oversea. The seller must expertise in particular type of machine and earn their reputation profile among the buyer around the world. Momentarily, the company has undergoing connection with various qualified vendor both domestic and oversea, repetitively. The company has avoided any conflict of interest that may occur with the transaction.

3. General Characteristics of Transaction and Transaction Size

3.1 General characteristic of transaction;

The transaction is the investment for construction of factory and buying machinery for expansion the production capacity of air-conditioners, refrigerators and washing machines. The other transaction is the investment for construction of factory and warehouse for toolbox business and warehouse for home appliance business. This investment will be done through a subsidiary company named SNC Creativity Anthology Co., Ltd. ("SCAN") in which the company holds 99.99% of shares.

The company has several type of air conditioning manufacturing such as Window A/C, Split A/C, and portable A/C that contain both domestic and oversea customer. The company main export destined to Vietnam, China, and USA. The company purchases supporting part assembly from both domestic and oversea as well as local content that could be manufacture with the plant itself.

Business operative for toolbox assembly on one of company customer that obtain its primary market in USA. The company has manufactured from the upstream parts such as metal sheet stamping, forming, painting, and final assembly into toolbox according to a customer designed blueprint. During the past 2 years,

the company has obtained significantly increasing order quantity from 13,000 units in 2019 to 200,000 units in 2020 which result in a manufacturing capacity expansion. One of the company customers is interested in leasing the factory area for expanding the production capacity in this business. As a result, the company decided to invest into both projects value around 1,440 million Baht.

3.2 Calculate a transaction size

The investment of manufacturing capacity expansion and machinery project in air-conditioner, refrigerator, and washing machine assembly business and project expansion of factory and warehousing for toolbox and home appliances business have the transaction size equivalent to 21.67 percent calculating from reviewed consolidated financial statement ended 30 September 2020.

Detail of project calculation.

1. Calculation based on the value of net tangible assets NTA

Unable to determine because of manufacturing infrastructure and machine equipment

2. Calculation based on net operating profits

Unable to determine because of manufacturing infrastructure and Machine equipment

3. Calculation based on total value of consideration paid or received

$$= \frac{\text{Value of transaction paid} \times 100}{\text{Total assets of listed company @ 30/9/63}}$$

$$= \frac{(660+780) \times 100}{6,645.823}$$

$$= 21.67 \%$$

4. Calculation based on value of equity shares issued for the payment of assets

Unable to determine because of manufacturing infrastructure and Machine equipment

4. Project Description

Manufacturing infrastructure expansion and machine investment to support production capacity expansion of Air-conditioner, refrigeration, washing machine, and electrical appliance warehousing are installing within the company own premise to the following asset table;

Description	EA OEM project Value (Million Baht)	Toolbox project Value (Million Baht)
1. Construction of factory	390	780
2. Purchase of equipment	270	-
Total	660	780

- (1) Manufacturing infrastructure expansion and machine investment for Air-conditioner, Refrigeration, and Washing Machine

Company	SNC CREATIVITY ANTHOLOGY COMPANY LIMITED (Subsidiary which 99.99% owned by the company)
Manufacturing capacity	Air-conditioner 1,000,000 sets/year Refrigerator 300,000 units/year Washing machine 300,000 units/year
Estimate Date of Completion	Approximately 4-6 months
Estimate Date of Commercializing	1 st quarter of 2021
Estimate Capitalization	Approximately 660 Million Baht (Exclude working capital)

Acquisition of Assets Details	<p>Factory: Manufacturing plant with availability area 40,000 square meter, quality control room, paint room, etc</p> <p>Machine and Equipment: Main machine is production line, stamping machine, painting line, quality equipment</p>
Risk	<ol style="list-style-type: none"> 1. Risk from customer dependence 2. Risk of insufficient labor and cost of labor 3. Risk of currency fluctuation

(2) Construction project expansion of factory and warehousing for toolbox and electrical appliance

Company	SNC CREATIVITY ANTHOLOGY COMPANY LIMITED (Subsidiary which 99.99% owned by the company)
Estimate date of completion	Approximately 4-6 months
Estimate date of	3 rd quarter, 2021
Estimate Date of Commercializing	Approximately 780 Million Baht (Exclude working capital)
Acquisition of Assets Details	Factory: Manufacturing plant with availability area 90,000 square meter together with basic utility
Risk	<ol style="list-style-type: none"> 1. Uncollectible debt from leasing contract 2. Risk of customer dependence

Risk analysis

(1) Risk from rely on major customers

The company has operated the manufacturing of air-conditioner, refrigerator, washing machine, that rely on a few major customers. If the major customers cancel the order in the next year or reduce to order and the company could not find any replacement customer, this will affect to the company revenue significantly.

The company realizes this risk well, so the company tries to expand its customer base into various business including the customers from abroad. Also, the company try to get the long-term manufacturing contract that will help the company to reduce such risk. However, according to the expertise and experience of the company that get the recognition from many customers for the high-quality production, punctual delivery, high production technology to serve the customer demand, the company believes that its major customers will continue to do the business with the company.

In addition, for the factory and warehouse construction projects for the toolbox business, the Company is currently in the process of contracting with a major customer who has a need to rent the factory and warehouse space for toolbox business, so the company may be at risk from relying on such major customers. And if the major customer cancels the lease, it may affect the operating results of the company.

The company has hedged the risk in this matter. The offer is a 5-year lease agreement, including in the clause that if the customer terminates the contract early, the customer has to pay the rent for the remaining period. This will enable the Company to receive all rental payments as specified in the agreement. However, with the location of the project near the main motorway, shipping ports and airports as well as within the EEC area, this is an important strategic point in logistics. Moreover, the cost of relocating to a new facility is relatively high since the customer has invested in installing all the production machines in the factory building. The Company expects that the risk of such customers deciding not to renew the factory and warehouse leasing contract is therefore low. But if the customer decides not to renew the contract, the company is able to improve the project to meet the needs of new customers. By taking advantage of the quality of construction and system work of the said project and the strategic location of the project in finding new tenant customers.

(2) Risk of insufficient labor and cost of labor

The Company's business is labor-dependent business. However, due to the labor shortage situation in Thailand, together with the labor cost burden from the policy of determining the minimum wage including other benefits causing the overall labor cost to increase therefore, it inevitably affects the production cost of the company.

The company is aware of the risk in this matter. Therefore, there is a project to develop and enhance the work efficiency of workers and reduce losses from the production process. In the past, the company has established more regulations for production of raw materials in machinery and technology, this hiring for employees to work with the company continuously, the company has continuously organized more employee relations to maintain good relationship with employees and enhance the quality of life and good working climate.

(3) Risk of Currency Fluctuation

The business of the group companies has its main income from exporting products to foreign countries. The company is therefore exposed to the risk of exchange rate fluctuation. If the exchange rate fluctuates, it will have a significant impact on the Company's operating results. And there is a clear policy to take care and prevent risks appropriately. The financial instruments are used in business planning, such as matching of income and expense in foreign currency (natural hedge), enter forward contracts. The company has no policy to speculate on the exchange rate.

(4) Uncollectible debt from leasing contract

The risk that the company is unable to collect payment under the lease This may happen in the event that the customer is adversely affected by the economic conditions. This affects the financial status of the customer and may affect the ability to pay the rent under the contract. As a result, the company has been affected by the decrease in rental income.

However, the company expects that the impact will be minimal. This is because the major customers expected to be the tenants of factories and warehouses are highly reliable entities with a high level of

financial stability, including the company has required customers to pay a security deposit which the terms of the lease are stipulated that if the customer cancels the lease before the end of the specified rental period, the client is to pay the company for compensation equal to the rental fee for the entire remaining rental period.

5. Project Return

The manufacturing capacity and machine expansion project in air-conditioners, refrigerators, and washing machines, together with the manufacturing factory and warehouse for toolbox business and electrical appliances will be finished approximately 4-6 months. According to the company feasibility study on these projects (1) the project of manufacturing capacity and machine expansion would yield internal rate of return at approximately 30 percent with a payback period of an approximately 3 years. (2) the project of manufacturing factory and warehouse for toolbox and electrical appliance would yield internal rate of return around 17 percent with a payback period of an approximately 5 years.

6. Total Value of the Consideration and Basis Used to Determine the Value of Consideration

The manufacturing capacity and machine expansion project in air-conditioners, refrigerators, and washing machines, together with the manufacturing factory and warehouse for toolbox business and electrical appliances will be invested around 1,440 million Baht for construction of factory and installation of machines including the supporting system until starting the operation. Such investment amount is estimated from the sellers' offer where the Company has compared price, offers, and negotiated according to the procurement process of the company's regulations.

7. Source of fund

The investment of manufacturing capacity and machine expansion project in air-conditioners, refrigerators, and washing machines will be used the long-term loan from the financial institutions and cash from operation amounting to 660 million Baht. While the manufacturing factory and warehouse for toolbox business and electrical appliances will be used the raised fund amounting to 780 million Baht which comes from capital increase by offering newly issued ordinary shares to the public. The capital increasing will be raised to the Extraordinary of General Meeting of shareholders No. 1/2021 supposed to be held on 26th January 2021 (Information Memorandum regarding with the Allocation of New Ordinary Shares, Enclosure 3).

In this regard, the Company plans to borrow short-term loan from financial institutions for use in the early stages of the construction.

8. Expected Benefits to the Company

The implementation of the Company's projects will create 3 main benefits for the Company's group as follows:

- 1) The manufacturing capacity and machine expansion project in air-conditioners, refrigerators, and washing machines will increase company air-conditioner production capacity up to 2,000,000 sets per year (previously 1,000,000 sets). The refrigerator production capacity will increase to 300,000 units per year (previously zero) and will allow washing machine production capacity up 300,000 units per year (previously zero). The overall expansion will support the consistently increase demand of the customers every year.
- 2) The factory and warehousing projects for toolbox and electrical appliance business with the total area of 90,000 square meter will generate the regular incomes and cashflow during the whole 5 years of rental period. With the benefit of location in the EEC area, near the motorway, shipping port and airport, this will create a competitive advantage of the factory and warehouse rental business of the company. The company anticipates that these projects will help the company to get the long-term benefit to the company.
- 3) The investment of the company this time will make the company to gain the higher competitiveness and develop its overall business to grow sustainably for the prosperous of the company and its shareholders in the future.

9. Board of director conflict of interest

There is no conflict of interest to any members of the Board of director.

10. Board of Directors' Opinion regarding the Transaction

The Board of director of the company has considered that the investment of these 2 projects is suitable and feasible to the benefit of company because these projects will help the company to have more production capacity and variety of the company revenue. Moreover, these projects are still in the business domain that company has expertise. This will help company to gain its competitive advantages and the sustainable returns to the company in the future.

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

The Audit Committee has no any opinion which is different from the Board of Directors.

The company hereby certify this report is fully legitimate.

Yours sincerely,

Mr. Somchai Ngamkitcharoenlap

Director

SNC Former Public Company Limited

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(F 53-4)

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Capital Increase Report Form
SNC Former Public Company Limited
 16 December 2020

We, SNC Former Public Company Limited, ("the Company"), would like to report the resolutions of the Board of Directors' Meeting No. 7/2020 held on 16 December 2020 relating to the capital increase and share allotment as follows:

1. Capital increase

The Board of Directors' Meeting has resolved to propose to the Extraordinary General Meeting of Shareholders No. 1/2021 to consider and approve to increase the registered capital of the Company at the amount of Baht 112,222,661 from Baht 287,777,339 to Baht 400,000,000 by issuing newly issued ordinary 112,222,661 shares at the par value of Baht 1.00 in order to offer to the public (Public Offering) in the amount of 112,222,661 shares as detailed below:

Type of Capital Increase	Type of Share	Number of Shares	Par Value (Baht per Share)	Total (Baht)
<input checked="" type="checkbox"/> Specifying the purpose of utilizing proceeds	Ordinary Shares	112,222,661	1.00	112,222,661
	Preferred Shares	-	-	-
<input type="checkbox"/> General Mandate	Ordinary Shares	-	-	-
	Preferred Shares	-	-	-

2. Allotment of new ordinary shares

2.1 Capital increase with specified purpose of use of subscription proceeds

Allotted to	Number of Shares	Ratio (Existing : New)	Offering Price (Baht per Share)	Subscription and Payment Period	Remarks
Public - to reserve for the allotment of new shares to the public (Public Offering)	Not exceeding 112,222,661	-	Details in Remark 1-3	Details in Remark 1-3	Details in Remark 1-3
Total	Not exceeding 112,222,661				

Remark:

1. The Company shall allocate newly issued ordinary shares not exceeding 112,222,661 shares with a par value of Baht 1.00 per share in order to reserve for the offering to public (Public Offering). The Preliminary Features of Newly Issued Ordinary Shares of SNC Former Public Company Limited offering to public (Public Offering) are shown in Enclosure 3.
2. The offering price, subscription and payment period will be determined by the Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee later, after the approval for the offering of newly issued ordinary shares by the SEC.
3. The Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee shall be empowered
 - (1) To determine and adjust the relevant details of the issuance and offering of newly issued ordinary shares to public (Public Offering) in all aspects which including but not limited to the offering price, subscription and payment period, and relevant conditions
 - (2) To correct words or texts in any related document such as minutes of meeting, memorandum, application form and/or take any action to comply with the Registrar request for the Company's capital register to the Department of Business Development, Ministry of Commerce
 - (3) To provide the information, execute the application and necessary supporting documents relevant to the issuance and offering of the Public Offering shares, including to contact and file such application and documents to the authorities or government agencies concerning the issuance and offering of the Public Offering shares, and the listing of the new shares on the Stock Exchange of Thailand.
 - (4) To take any other actions which are deemed necessary and appropriate to the issuance and offering of the Public Offering shares

2.2 The Company's plan in case where there is a fraction of shares remaining

Such fraction shall be discarded

3. Schedule for a shareholders' meeting to approve the capital increase/allotment

The Extraordinary General Meeting Shareholder No. 1/2021 is scheduled to be held on 26 January 2021, 10.00 hrs. At Head Office, SNC Former Public Company Limited, 333/3 Moo 6, Bangpreang District, Amphur Bangbo Samut Prakarn

The Extraordinary General Meeting of Shareholders No. 1/2021	
The date fixed to determine the names of shareholders who entitle to attend the Extraordinary General Meeting of Shareholders No. 1/2021 (Record Date)	30 December 2020
The Extraordinary General Meeting of Shareholders No. 1/2021	26 January 2021

4. The Progress/ Approval of the capital increase/ share allotment by relevant governmental agency and conditions thereto (if any)
 - (1) The Company shall register the capital increase and paid-up capital with Business Development Department, Ministry of Commerce, amend the Memorandum of Association of the Company with respect to the registered capital
 - (2) The Company shall submit the application for the offering of newly issued ordinary shares to public (Public Offering) to the SEC and apply for approval to effective the filing and prospectus after the

approval for the offering of newly issued ordinary shares. In this regard, the Company expects to submit the application within 3 months from the shareholders' approval of the capital increase.

- (3) The Company shall apply for approval from the Stock Exchange of Thailand to accept its newly issued ordinary shares as listed securities for trading on the Stock Exchange of Thailand.

However, the capital increase and the offering of newly issued ordinary shares to public is still uncertain which is depended upon the results of the approval from the SEC.

5. Objectives of the capital increase and plans for utilizing proceeds received from the capital increase

The Company will use funding from new shares issuance for the following objectives:

- (1) To support the construction of factories and warehouses for rent, for the Toolbox manufacturing business and the construction of warehouses for electric appliances business with an amount of approximately Baht 780 million.
- (2) To support the relocation of production lines from Samut Prakan Province to Rayong to be a one-stop production center with a budget of Baht 200 million
- (3) To use as working capital and/or for repayment of loans from financial institutions for the proceeds received in excess of Clause (1) and (2)

The Company expects to use the proceeds received from the capital increase for the objectives (1) (2) and (3) by 2021, whereby the amount received from this capital increase will depend on the offering price which will be determined after the approval for the offering of newly issued shares by the SEC, and will be considered as appropriate based on the market price of the Company's shares at the time of offering of securities.

Other details for the construction of factories and warehouses for rent, for the manufacturing of Toolbox and warehouses for electric appliances business appeared in the information memorandum on the acquisition of assets. (Enclosure 1)

5.1 Details of the projects and all project budget that is expected to be used initially

The construction of factories and warehouses for rent, for the Toolbox manufacturing business and the construction of warehouses for electric appliances business are the construction of a 90,000 square meter factory building on the existing Company's land which currently in the process of entering into a rental agreement with the customer, with the rental term of 5 years. The Company expects to receive approximately 17% internal rate of return (IRR) with a payback period of 5 years.

5.2 Expected impacts in the event that the project cannot be successfully executed and the risk of project execution

The Company expects that the opportunity that the Company will not be able to undertake factory and warehouse rental projects for the Toolbox business, and to build warehouses for electric

appliances business are relatively low because the Company has been a manufacturer (OEM) Toolbox for customers since 2019 and over the past 2 years, Toolbox business has grown steadily with increasing contract volume from more than 13,000 sets in 2019 to over 200,000 sets in 2020 which requires more space for assembly and storage. In addition, such customers have planned to expand their production capacity and are interested in renting the Company's factory space for such business. The project, therefore, is low risk and it also helps to diversify the Company's income while still within the scope of the business it has expertise and will provide the Company with consistent income and cash flow throughout the rental term.

6. Benefits which the Company will receive from the capital increase/share allotment

- (1) The proceeds received from the capital increase will provide the company with sufficient funding sources for the business expansion plan and will help increase the Company's capital appropriately to support the business expansion of the Group in the future.
- (2) This capital increase will reduce the financial burden, strengthen the financial status of the Company, enable the Company to continue the business with sustainability, as well as help increase the opportunity to expand the business. This will generate sustainable income and profits for the Company in the future.

7. Benefits which shareholders will receive from the capital increase/share allotment

7.1 Dividend policy

The dividend payout policy of the Company is not less than 50 % of its net profit after tax and legal reserve, provided that the said payment shall have no impact to the Company's business significantly and should take other factors such as future performance, financial status, liquidity, business expansion plan and economics condition into consideration. Such dividend payment shall subject to the shareholders' approval or the Board of the Directors' approval in case of interim dividend.

7.2 The right to receive dividends from the operations of the company

Subscriber of newly issued ordinary shares offered to public (Public Offering) will be entitled to receive dividends when the subscriber's names has been registered as a shareholder of the Company with related government authorities and the Company has announced dividend payment which will be in accordance with the relevant laws and regulations.

8. Schedule of action if the board of directors passes a resolution approving the capital increase or allotment of new shares

Procedures of the capital increase	Date
1. The Board of Directors' Meeting No. 7/2020 to approve capital increase and the allocation of newly issued ordinary shares to the public (Public Offering)	16 December 2020
2. The date fixed to determine the names of shareholders who entitle to attend the Extraordinary General Meeting of Shareholders No. 1/2021 (Record Date)	30 December 2020
3. The Extraordinary General Meeting of Shareholders No. 1/2021	26 January 2021
4. Registration of paid-up capital increase with the Ministry of Commerce	Within 14 days after the shareholders meeting approved the capital increase
5. Submit application for offer newly issued ordinary shares to public (Public Offering, PO) to the SEC	Within 3 months after the shareholders meeting approved the capital increase

The Company hereby certifies that the information contained in this report form is true and complete in all respects.

(Mr. Somchai Ngamkitcharoenlap)

Director

(Mr. Somchai Thaisanguanvorakul)

Director

(Company's stamp)

- Unofficial Translation -

Should there be any discrepancies between the original Thai document and its English translation; the original Thai document shall prevail.

Information Memorandum regarding the allocation of the newly issued ordinary shares

SNC Former Public Company Limited

16 December 2020

The Board of Directors' Meeting of SNC Former Public Company Limited ("the Company" or "SNC") No. 7/2020 held on 16 December 2020 has approved the issuance and offering of new ordinary shares. The details are as follows:

1. Offering Details

Offering amount of not exceeding 112,222,661 shares at the par value of Baht 1.00 per share. The details are as follows:

- 1.1 Allocate to the public (Public Offering) where the offering price, subscription and payment period for the public (Public Offering) will be determined later by the Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee
If there are any shares remaining after the allocation as aforementioned, the Company shall further propose the Shareholders' Meeting to consider and approve the reduction of registered capital.
- 1.2 The offering price, subscription and payment period will be determined by the Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee later, after the approval for the offering of newly issued ordinary shares by the SEC.
- 1.3 The Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee shall be empowered
 - To determine and adjust the relevant details of the issuance and offering of newly issued ordinary shares to public (Public Offering) in all aspects which including but not limited to the offering price, subscription and payment period, and relevant conditions
 - To correct words or texts in any related document such as minutes of meeting, memorandum, application form and/or take any action to comply with the Registrar request for the Company's capital register to the Department of Business Development, Ministry of Commerce
 - To provide the information, execute the application and necessary supporting documents relevant to the issuance and offering of the Public Offering shares, including to contact and file such application and documents to the authorities or government agencies concerning the issuance

and offering of the Public Offering shares, and the listing of the new shares on the Stock Exchange of Thailand

- To take any other actions which are deemed necessary and appropriate to the issuance and offering of the Public Offering shares

2. Objectives of the capital increase and plans for utilizing proceeds received from the capital increase

The Company will use funding from new shares issuance for the following objectives:

- (1) to support the construction of factories and warehouses for rent, for the Toolbox manufacturing business and the construction of warehouses for electric appliances business with an amount of approximately Baht 780 million and repay short-term loan from financial institutions at the early stages of the construction (if any).
- (2) to support the relocation of production lines from Samut Prakan Province to Rayong to be a one-stop production center with a budget of Baht 200 million.

The Company will use the proceeds received in excess of Clause (1) and (2)

- (3) to use as working capital.
- (4) and/or for repayment of loans from financial institutions.

The Company expects to use the proceeds received from the capital increase for the objectives (1) (2) and (3) by 2021, whereby the amount received from this capital increase will depend on the offering price which will be determined after the approval for the offering of newly issued shares by the SEC, and will be considered as appropriate based on the market price of the Company's shares at the time of offering of securities.

Other details for the construction of factories and warehouses for rent, for the manufacturing of Toolbox and warehouses for electric appliances business and risk from such project operation in the information memorandum on the acquisition of assets. (Enclosure 1)

3. Shareholder Effects from Share Issuance

3.1 Price Dilution

Price Dilution will be depended upon the offering price of newly issued ordinary shares which will be determined by the Board of Directors and/or the Executive Committee and/or the person(s) entrusted by the Board of Directors and/or the Executive Committee later, after the approval for the offering of newly issued ordinary shares by the SEC which will be considered as appropriate based on the market price of the Company's share during the offering period.

Nevertheless, in case that the Company offers newly issued ordinary shares to the public (Public Offering) at the offering price with a discount of 5% to 20% from the market price, the price dilution will range from 1.40% to 5.61%, respectively.

Remark: The Price Dilution above is only to show the effect that will occur if the Company offers newly issued ordinary shares with a discount from the market price in such specified range. The Company may set the offering price of the newly issued shares at a price higher than the market price or have more discount on the market price than disclosed as appropriated, depending on the market price of the Company's shares and the market conditions in the stock exchange at the time of offering period.

3.2 Control Dilution

After the issuance and offering of newly issued ordinary shares to the public (Public Offering), the Control Dilution will be as follows:

$$\text{Control Dilution} = \frac{\text{The number of newly issued shares offering to PO}}{\text{The number of paid-up capital} + \text{The number of newly issued shares offering to PO}}$$

$$\begin{aligned} \text{Control Dilution} &= 112,222,661 / (287,777,339 + 112,222,661) \\ &= 28.06 \% \end{aligned}$$

3.3 Earnings per Share Dilution

After the issuance and offering of newly issued ordinary shares to the public (Public Offering), the EPS Dilution will be as follows:

$$\text{EPS Dilution} = \frac{\text{EPS before offering} - \text{EPS after offering}}{\text{EPS before offering}}$$

$$\text{EPS Dilution} = 28.06\%$$

4. Opinion of the Board of Directors

4.1 Reason and necessity for the capital increase of the Company

The main objective of the capital increase is to support the plan to build factories and warehouses for rent, which will generate stable income for the group of companies and to support the relocation of production lines from Samut Prakan to Rayong Province, as well as to be used as working capital and repayment of loans from financial institutions. In addition, the capital increase will help increase the Company's capital, which currently has a registered capital of Baht 287,777,339 to reserve for the business expansion of the Group in the future. The Board of Directors considered and viewed that the capital increase is reasonable and necessary. Moreover, in order to make this capital increase the most successful and to provide opportunities for potential investors, both institutional and retail investors, to become the Company's shareholders, the Board of Directors considers that the offering of shares to the public (Public Offering) is a proper method for this capital increase.

4.2 Probability of the plan to utilize proceeds from the new shares offering and projects to be implemented

The main objective of the capital increase plan which aims to support the plan to build factories and warehouses for rent is possible. Due to the expansion of the production that the Company is an original equipment manufacturer (OEM) for customers, during the past 2 years, there has been a continuous increase in growth rate and such customer is interested in expanding their business by renting the Company's factory space for the said business. The Company is now in the process of entering into a rental agreement with the customer, and has presented such investment plan to the Board of Directors for approval, disclosed information on the acquisition of assets in the Company's business expansion projects, and in the process of circulating the information to shareholders. Furthermore, the Company's Board of Directors believes that the said investment plan will increase the Company's income diversity while still within the scope of the business in which the Company has expertise and this will enable the Company to have consistent income and cash flow throughout the rental term, helping to create sustainable returns for the Company in the future, as well as helping to create added value for shareholders in the long term.

4.3 Reasonability of the capital increase and the adequacy of source of funds in case the proceeds from the capital increase do not cover the budget needed to be used as planned

The aforementioned capital increase plan and funding utilization plan are reasonable and feasible because it is an investment in the construction of factories and warehouses for rent in the Toolbox business, which the Company is an OEM and still continue to operate, also the existing customer is interested in renting factory and warehouse space for the operation which is now in the process of entering into a rental agreement. However, in case that the proceeds from this offering does not cover the budget needed to be used for the operation, the Company is still able to obtain financing from commercial bank loans because the current debt-to-equity ratio (D/E Ratio) (as of 30 September 2020) is 0.91 which is not that high and the Company is negotiating with financial institutions to provide funding for its early operations.

4.4 Expected effects on the Company's business operation as well as the financial position and operating results of the Company due to the capital increase and the implementation of project plan

The Company will have sufficient source of funds for the Group's business expansion and will help increase the Company's capital appropriately to support the business expansion in the future. Also, in case the Company is able to expand the business as planned, it will help increase potential, competition, and create sustainable returns in the future as well as help to create long-term shareholder value.

5. Warranty of Directors

The Board of Directors certifies that the Board of Directors has performed its duty with honesty and has carefully preserved the benefit of the Company in relation to such increase of the registered capital. However, in case that such performance of duty causes damage to the Company, the shareholders are entitled to file a lawsuit to claim for damages from such director on behalf of the Company as specified in section 85 of the Securities and Exchange Act B.E. 2535. Moreover, in case that such performance of duty causes a director

or his/her related person to obtain undue benefit, the shareholders shall be entitled to file a lawsuit to claim for such benefit from such director on behalf of the Company as specified in section 89/18 of the Securities and Exchange Act B.E. 2535.

By considering the fact and reason above, the Board of Directors has resolved to approve the capital increase agenda of the Company.

The Company hereby certifies that the information contained in this report is accurate and complete in all respects.

(Mr. Somchai Ngamkitcharoenlap)

Director

(Mr. Somchai Thaisanguanvorakul)

Director

(Company's stamp)