

**Information Memorandum of General Engineering Public Company Limited on Acquisition of Assets by Accepting the Entire Business Transfer  
Transaction and Allocation of Shares by way of Private Placement**

The Board of Directors' Meeting No. 1/2023 of General Engineering Public Company Limited (the “**Company**”), which was held on 13 January 2023, has resolved to approve the proposal to be submitted to the Shareholders' Meeting the plan to invest in Inno Precast Company Limited (“**Inno Precast**”), in the proportion of 51.00% of the total shares of Inno Precast (which consists of 1,020,000 common shares of Inno Precast from the total 2,000,000 common shares), which the investment will be made by way of the Company acquiring and accepting the transfer of the entire business of Quartz Holding 1 Company Limited (“**Quartz Holding 1**”), who holds 1,020,000 ordinary shares, representing 51.00% of the total shares of Inno Precast. Inno Precast and Quartz Holding 1 are subsidiary companies of Prukha Holding Public Company Limited (“**PSH**”) group, whereby Inno Precast operates its business by producing and distributing precast (concrete product for use in construction works) and Quartz Holding 1 is a company operating its business by holding shares in Inno Precast in the proportion of 51.00%, which was established by PSH under its precast business restructuring plan (“**Investment Transaction by way of Accepting the Entire Business Transfer**”).

The investment in 1,020,000 ordinary shares (51.00%) of Inno Precast by way of accepting the entire business transfer of Quartz Holding 1 above at represent the total value of THB 581,910,000. The Company will pay for the whole amount by cash or by way of share swap, by issuing and allocating the newly issued ordinary shares of the Company (Private Placement) in accordance with the value of such investment to Quartz Holding 1 and/or shareholders of Quartz Holding 1 (PSH). The value of such investment can be calculated from the fair value of Inno Precast at 51.00%, upon comparison between the fair value of the Company and after the negotiation, the Board of Directors resolved to approve the issuance and allocation of the newly issued ordinary shares of the Company in the amount of 1,572,729,730 shares, at the par value of THB 0.85 per share by way of private placement, to Quartz Holding 1 and/or shareholders of Quartz Holding 1 (PSH), who are not connected persons of the Company, as a payment for the Investment Transaction by way of Accepting the Entire Business Transfer from Quartz Holding 1. In this regard, the aforementioned newly issued ordinary shares of the Company that will be issued and allocated as a payment represents 18.26% of the total issued ordinary shares of the Company after the capital increase and completion of the transaction, and represented as the offering price at the price of THB 0.37 per shares (“**Issuance of the Newly Issued Ordinary Shares Transaction**”).

The Investment Transaction by way of Accepting the Entire Business Transfer is regarded as an acquisition of assets under the Notification of the Capital Market Supervisory Board No. TorJor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets (as amended) 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 B.E. 2547 (2004) (as amended) (“**Notifications on Acquisition and Disposition of Assets**”). Upon the calculation of the transaction size by referring to the latest audited financial statement of the Company for the third quarter of the year 2022, the highest value of the transaction will be according to the value of shares issued for compensation criteria, at the value of 22.34%, therefore, the transaction will be regarded as an acquisition of assets in type 2 which is more than 15% but less than 50%.

In this regard, the Company has complied with the Notifications on Acquisition and Disposition of Assets, by promptly issuing a report and disclosing information relating to the entering into the transaction of the Company to the SET, and issuing a circular letter to the shareholders containing the information as prescribed in the Notifications on Acquisition and Disposition of Assets.

The aforementioned investment transaction is regarded as the acquisition and acceptance of the transfer of other company's business pursuant to Section 107(2)(b) of the Public Limited Companies Act B.E. 2535 (1992) (as amended), therefore, the Company is required to obtain approval for such transaction from the shareholders of the Company with not less than three-fourth of all votes of the shareholders present at the Meeting and entitled to vote.

**1. Date, Month, Year of the Transaction**

The Company anticipates that the investment and every related transactions will be completed in May 2023 (subject to the completeness of the specified conditions precedent under the agreements relating to every transaction) and after the Company's Shareholders' Meeting has resolved to

approve the Investment Transaction by way of Accepting the Entire Business Transfer, the Issuance of the Newly Issued Ordinary Shares Transaction, as well as the approval of various matters that are necessary and/or related to such transactions.

## 2. Related Parties and Relationships with the Company

### 2.1 Related Parties

**Seller:** General Engineering Public Company Limited

**Buyer:** Quartz Holding 1 Company Limited, which is a subsidiary company in the PSH group. Quartz Holding 1 is a holding company which engages its core business of investing in ordinary shares of Inno Precast only, and was established by PSH under its precast business restructuring plan.

Quartz Holding 1 has 4 shareholders, namely (1) Pruksa Holding Public Company Limited, who is a major shareholder holding 99.99% of the shares, (2) Mr. Uten Lohachitpitaks, (3) Ms. Surawee Chaithumrongkool, and (4) Mr. Pornthep Supphatharatham, each holding 1 share.

### 2.2 Relationship between the Buyer and the Seller

The Company and the counterparties, including PSH, Quartz Holding 1, and Inno Precast, are not related in any way, and so will not be deemed related person under the Notification of the Capital Market Supervisory Board No TorJor 21/2551 Re: Rules on Connected Transactions 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 (2003).

## 3. General Description and Size of the Transactions

### 3.1 General Description of the Transactions

The Company will invest by accepting the transfer of the entire business of Quartz Holding 1, namely 1,020,000 ordinary shares in Inno Precast (representing 51.00% of the total registered and paid-up shares of Inno Precast) at the par value of THB 100, amounting to THB 581,910,000. The Company will issue and allocate its newly issued ordinary shares in the amount not exceeding 1,572,729,730 shares, at the par value of THB 0.85 by way of private placement, to Quartz Holding 1 and/or shareholders of Quartz Holding 1 (PSH) who are not connected persons of the Company, as a payment for the entire business transfer from Quartz Holding 1.

The Company has entered into transaction related agreements with the PSH group on 16 January 2023, detail as follows:

- (1) Share Subscription Agreement: set out the key terms and conditions relating to the issuance and offering of the Company's newly issued ordinary shares by way of private placement as a payment for the investment by means of share swap.
- (2) Entire Business Transfer Agreement: set out the key terms and conditions whereby Quartz Holding 1 will transfer its entire business to the Company.
- (3) Undertaking Agreement: set out the condition relating to the support in undertaking this transaction, including any future business cooperation between the Company and the PSH group as a business partner.
- (4) Call Option Agreement: set out an agreement which gives the Company to right to make an offer to purchase the remaining ordinary shares of Inno Precast owned by PSH according to the agreed terms (the remaining ordinary shares of Inno Precast which the Company has the right to purchase under such agreement are all ordinary shares in Inno Precast which PSH holds through Quartz Holding 2 Company Limited (“**Quartz Holding 2**”), which is a subsidiary Company of PSH, who holds 100% of the share in Quartz Holding 2. Quartz Holding 2 holds 979,997 ordinary shares, representing 49.00% of the total shares of Inno Precast).

The aforementioned agreements also include various agreements relating to the support for entering into the transaction and further business cooperation between the Company group and the PSH group as business partners. The material conditions can be summarized as follows:

- (1) PSH will become a major shareholder of the Company after the transaction, reserves the right to nominate 1 person to be appointed as a director of the Company (who has no involvement in the management of the Company).

- (2) The Company agrees not to take any action which will result in the reduction of PSH's shareholding in the Company (Dilution) following the agreed terms and period.
- (3) PSH agrees to support the business operation of Inno Precast by purchasing precast product for use in the business operation of the PSH group from Inno Precast, under the agreed framework and conditions.

After this Acquisition of Assets by Accepting the Entire Business Transfer Transaction and Allocation of Shares by way of Private Placement, the entire precast business of PSH shall fall under the scope of business of Inno Precast, which operates the business of manufacturing and distributing precast. In addition, pursuant to an agreement relating to the support for entering into the transaction and business cooperation between the Company group and the PSH group as business partners, PSH agrees to support Inno Precast's business operations by purchasing precast products from Inno Precast for use in its business in accordance with the agreed terms and conditions, to ensure clarity in the business operation of the Company's group and to prevent any conflict of interest that may arise in the future. However, pursuant to the conditions of the aforementioned agreements, the Investment Transaction by way of Accepting the Entire Business Transfer and Issuance of the Newly Issued Ordinary Shares Transaction shall proceed only after the conditions precedent as agreed have been fulfilled or waived by the relevant counterparties. The significant conditions precedent may be summarized as follows:

- (1) The Company is satisfied with the due diligence results of Inno Precast in various aspects (legal, accounting and tax).
- (2) PSH is satisfied with the due diligence results of the Company in various aspects (legal, accounting and tax).
- (3) The Shareholders' Meeting of the Company has resolved to approve the investment transaction, the accepting of entire business transfer, and the issuing an allocation of the newly issued ordinary shares by way of private placement as a payment by way of share swap, as well as other matters that may be required and/or related to the transaction, and the Company has received approval from the relevant authorities in relation to the issuing and offering such newly issued ordinary shares.
- (4) The Board of Directors and Shareholders' Meeting of Quartz Holding 1 resolved to approve its entire business transfer to the Company, as well as entering into the Entire Business Transfer Agreement, agreements, contracts, and other documents which may be related to the Investment Transaction by way of Accepting the Entire Business Transfer and such share allocation transaction, along with any other actions to ensure that the Investment Transaction by way of Accepting the Entire Business Transfer and Issuance of the Newly Issued Ordinary Shares Transaction are completed.
- (5) There is no event or action happening which may cause significant adverse impact to the transaction, the accepting of the entire business transfer, and the issuing and offering of the newly issued ordinary shares this time.

General Information of Inno Precast Company Limited

3.1.1 General Information

Name of Company	Inno Precast Company Limited
Type of Business	Production of concrete products for use in construction works
Address	69/5 Moo 11 Phahon Yothin Road, Klong Nueng Sub-District, Khlong Luang District, Pathum Thani Province, 12120
Company's registration number	0135565029626
Incorporation Date	22 November 2022
Registered and paid-up capital	THB 200,000,000

3.1.2 List of Shareholders of Inno Precast Company Limited as of 13 January 2023

Shareholder	Number of Shares Held	Proportion
Quartz Holding 1 Company Limited	1,020,000	51.00%
Quartz Holding 2 Company Limited	979,997	48.99%
Mr. Uten Lohachitpitaks	1	0.00%

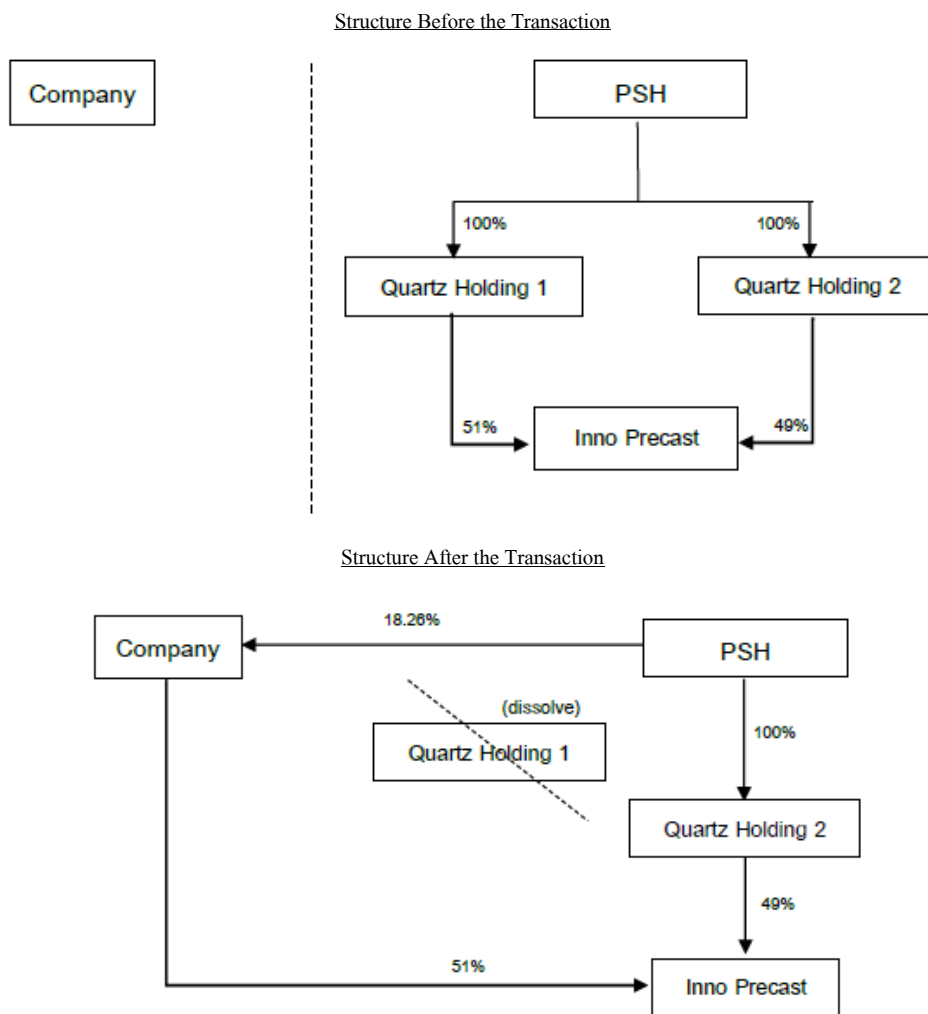
Shareholder	Number of Shares Held	Proportion
Ms. Surawee Chaithumrongkool	1	0.00%
Mr. Pornthep Suphatharatham	1	0.00%

3.1.3 Directors of Inno Precast as of 13 January 2023 consist of 5 directors as follow:

- (1) Mr. Uten Lohachitpitaks
- (2) Mr. Pornthep Suphatharatham
- (3) Ms. Surawee Chaithumrongkool
- (4) Ms. Panchan Worathanarat
- (5) Mr. Pumipat Chatnoraset

In this regard, after the completion of the transaction, the Company and PSH will proceed to change the directors of Inno Precast to align with the proportion of investment and shareholding of the Company.

3.2 Shareholding Structure Before and After the Transaction



Following the completion of the transaction, Inno Precast will cease to be a subsidiary company of PSH and will become a subsidiary company of the Company. In addition, to comply with the conditions under the Revenue Code regarding the entire business transfer, PSH shall proceed with the dissolution of Quartz Holding 1 after the completion of the transaction by 2023.

3.3 Type and Size of the TransactionAcquisition of Assets

The detail of calculation of the transaction size under the Notification on Acquisition or Disposition of Assets is as follows:

Financial Information

(Unit: Million Baht)	The Company As of 30 September 2022	Inno Precast As of 31 December 2022
Total Assets	7,226.52	2,698.80
Intangible Assets	16.17	4.49
Deferred Tax Assets	-	-
Total liabilities	3,166.37	2,498.55
Minority Shareholders' Equity	3.90	-
<b>Net Tangible Assets (NTA)</b>	4,040.08	195.76
Net Profit (Loss)	(107.81)	0.25

Criteria	Calculation Formula	Calculation (Million Baht)	Transaction Size
1. Net Tangible Assets (NTA)	$\frac{\text{NTA of acquired assets} \times \text{acquired percent} \times 100.0}{\text{NTA of the Company}}$	$(195.76 \times 0.51 \times 100) / 4,040.68$	2.46
2. Net Operating Profit	$\frac{\text{Net profit of acquired assets} \times \text{acquired percent} \times 100}{\text{Net profit of the Company}}$	Not applicable	Not applicable
3. Total Value of Consideration	$\frac{\text{Transaction value} \times 100.0}{\text{Total assets of the Company}}$	$(58,191 \times 100) / 7,226.52$	8.95 (this transaction size equals to 8.05% and including the transaction size of investment budgets per the Board's resolution in item 8. at 0.90%)
4. Value of Shares Issued for Compensation	$\frac{\text{Number of shares issued as compensation} \times 100.0}{\text{Number of the Company's issued and paid-up shares}}$	$1,572,729,730 / 7,039,316,435$	<b>22.34</b>

4. **Details of Acquired Assets**

As of the date of the transaction, the Company shall accept transfer of the entire business of Quartz Holding 1, the detail is as follows:

List of Assets

1,020,000 ordinary shares in Inno Precast at the par value of THB 100 (representing 51.00% of the total shares of Inno Precast) and other assets (if

any).

#### List of Liabilities

All liabilities as of the date of the entire business transfer.

#### General Information of Inno Precast

Inno Precast conducts its business by manufacturing and distributing precast, and is a green precast factory, and is the first in the real estate development group in Thailand who has imported green technology "Carbon Cure" to produce low carbon precast sheets. Inno Precast has a production rate of approximately 4.4 million square meters/year and has invested in the automation system. Inno Precast has production bases with the main factories located in Lam Luk Ka District, Pathum Thani Province (operation commenced in 2004) and Navanakorn, Pathum Thani Province (operation commenced in 2014). PSH has incorporated Inno Precast under its business restructuring plan in December 2023, prior to that, precast business is a business unit of PSH. In this regard, under the business restructuring plan, PSH has incorporated Inno Precast, which is a newly incorporated subsidiary company, and transfer assets relevant to or used in the operation of the precast business, the related rights and obligations, along with the relevant personnel of the precast business of PSH to the said newly incorporated subsidiary of PSH in order to enhance the business operation flexibility and to increase the opportunity for new business partnership of PSH in the future.

#### **5. Total Value of Consideration**

Totalling THB 581,910,000. After the completion of the conditions precedent, the Company will hold 51.00% shares in Inno Precast through the entire business transfer of Quartz Holding 1, and the Company will pay for the whole amount by way of share swap, by issuing and allocating the newly issued ordinary shares of the Company in the amount of 1,572,729,730 shares at the par value of THB 0.85 to Quartz Holding 1 and/or shareholders of Quartz Holding 1 (PSH).

#### **6. Criteria to Determine the Total Value of Consideration**

The determination of the total value of consideration is determined from the fair value of Inno Precast as the Company and PSH mutually agreed, together with the negotiations between the counterparties.

#### **7. The Value of Acquired Assets**

As of 31 December 2022, shareholders' equity in the financial statement of Inno Precast equals to THB 200.25 million.

Nevertheless, in the determination of the total value of the transaction, the Company and PSH has mutually agreed to determine from the fair value of Inno Precast, amounting to THB 1,141,000,000, representing 51.00% of the total value, which the Company will invest THB 581,910,000.

#### **8. Expected Benefits to the Company**

The investment in Inno Precast aligns with the strategy and main business of the Company group, as Inno Precast has conducted its business by producing and distributing precast with a production capacity at 4.40 million square meters/year. In addition, Inno Precast is a green precast factory, and is the first in the real estate development group in Thailand who has imported green technology "Carbon Cure" to produce low carbon precast sheets. In terms of business, Inno Precast's production capacity will be increased by 5.20 million square meters/year, which will help expanding the Company's precast business to achieve a stronger customer base including the transactions which PSH will purchase precast materials and/or accept related services from Inno Precast in the amount of approximately THB 2,000 million per year. Currently, the Company has a backlog in the amount more than THB 3,000 million which the transaction will result in the Company achieving potential growth. The Board of Directors believes that with the Company's strengths in business experience and strong marketing expertise, the Company will be able to continually expand its customer base.

This investment also receives support and business cooperation from the PSH group in terms of reducing the burden of financing of the Company through the issuance of newly issued ordinary shares as a payment for the investment by way of the share swap, as well as various support provided by the PSH group as a business partner, all of which will greatly reduce the risk of investment and assist in the business expansion of the Company.

In this regard, for consideration of the shareholders, the Company has appointed I V Global Public Company Limited to act as an independent financial advisor to provide opinions to the shareholders of the Company regarding the entry into the Investment Transaction by way of Accepting the Entire

Business Transfer, and Issuance of the Newly Issued Ordinary Shares for Share Swap. The Board of Directors anticipates that the investment and transactions, including the business cooperation with the PSH group this time, will be beneficial to the operations and enhance business opportunities of the Company in the long term. The independent financial advisor has issued an opinion report, which is enclosed in the Notice to the Annual General Meeting of Shareholders for the year 2023, details as shown in enclosure 8, in which the independent financial advisor is of the opinion that "the offering price of the newly issued ordinary share for payment of the acquired assets is reasonable and the shareholders should approve the transaction". The independent financial advisor has determined the fair value of the equity value of the 1,020,000 ordinary shares (representing 51.00%) of Inno Precast and the fair value of the 1,572,729,730 newly issued ordinary of the Company (representing 18.26% of the total issued ordinary shares of the Company after the capital increase and the completion of the transaction), and opines that the appropriate method of determining the fair value of the ordinary shares should base on the net present value of the discounted cash flow approach, because when using the net present value of the discounted cash flow approach as the method of determining the value, it takes into account the past result of operation to forecast the ability and result of operation of the business in the future. Such financial estimates have been carried out based on the assumptions and information received from the business under the current economic conditions and situations. The independent financial advisor has conducted sensitivity analysis of the reasonableness of the fair value of the business on the base case to cover the affected period which may occurs due to the changing of two factors, which are the change in income and weighted average cost of capital (WACC), to reflect the fair value of the business. This results in this method being the method which can reflect the ability to make profit and cashflow of the business which may be received in the future. Therefore, the determination of the share value using this method is the most appropriate method in determining the value of the business.

In determining the share value of Inno Precast and the Company using the net present value of the discounted cash flow approach, the independent financial advisor has considered the information from the financial statements for the year 2022 which have been audited by the auditor of Inno Precast, the financial statements for the year 2019 to 2021 which have been audited by the auditor of the Company, and the financial statements for the 9 months period ended on 30 September 2022 which have been audited by the auditor of the Company, as well as information received from interviewing the executives of Inno Precast and the Company.

In this regard, in determining the value of the shares of Inno Precast, there are 3 main assumptions, which are (1) income which is estimated based on the sale volume from the order and backlog of the customers for the year 2023 and the estimated market selling price in the past and using the growth index of 1.5% per year according to the average inflation rate for the past 10 years before the outbreak of the Covid-19 pandemic on a conservative basis, (2) costs of sale, which is estimated using the average variable costs in the past and depreciation in accordance with the policy of Inno Precast, (3) the costs of sale and services, which mostly consist of rent and services which are based on the contracts, and for other expenses which are estimated in proportion to the total income, (4) growth rate as of the year end which conducted the terminal growth rate which equals to 1.50%, and (5) the weighted average cost of capital (WACC) which equals to 9.69%.

In addition, the determination of the fair value of the shares of the Company is based on the following main assumptions: (1) income which is estimated base a conservative basis, in part of the selling price, the independent financial advisor has used the assumption based on the year 2023 with the selling price growth index of 1.5% per year according to the average inflation rate for the past 10 years before the outbreak of the Covid-19 pandemic, (2) costs of sale and services, which the variable costs is based on the past variable costs during the year 2022 and 2023, and the fixed cost is calculated with the growth index of 1.5% per year according to the average inflation rate for the past 10 years before the outbreak of the Covid-19 pandemic, (3) costs of sale, which is based on the comparison with the income from sale and services during the year 2022 and 2023, (4) management costs, based on past information and from the year 2023, is calculated with the growth index of 1.5% per year according to the average inflation rate for the past 10 years before the outbreak of the Covid-19 pandemic, (5) growth rate as of the year end which conducted the terminal growth rate which equals to 1.50%, and (6) the weighted average cost of capital (WACC) which equals to 9.98%.

In this regard, the fair value of the equity value of 1,020,000 ordinary shares (representing 51%) of Inno Precast is between THB 521.01 million to 687.46 million, and the fair value of the equity value of 1,572,729,730 ordinary shares of the Company is between THB 628.44 million to 726.41 million. Therefore, the independent financial advisor is of the opinion that the fair value of the newly issued ordinary shares of the Company for Inno Precast's share swap through the acceptance of the entire business transfer of Quartz Holding 1 is within the fair value range and is an appropriate value.

In this regard, the Company will apply for the acceptance of the securities the Company issued as consideration for the acquisition of assets to the SET, for considering accepting the newly issued ordinary shares as listed securities on the SET.

The Board of Directors of the Company hereby certifies that the information provided in this report is for information purposes only and is not intended to be an invitation or an offer for the acquisition or subscription of securities, and certifies that the information provided in this report is correct and complete in all respects.

Please be informed accordingly.

Your sincerely,

General Engineering Public Company Limited

- Signed -

Mr. Wuttichai Sresthabutra

Company Secretary