

Information Memorandum on Disposal of Assets of Simat Technologies Public Company Limited

The Board of Directors Meeting of Simat Technologies Public Company Limited (the “**Company**” or “**SIMAT**”) No. 13/2021, convened on November 15, 2021, resolved to propose the Extraordinary General Meeting of Shareholders No.2/2021 to acknowledge the plan of the issuance and offering of the newly-issued ordinary shares of Hinsitsu (Thailand) Public Company Limited (“**HST**”) by way of the initial public offering (“**IPO**”) and the listing of HST’s shares on the Market for Alternative Investment (the “**MAI**”), including the disposal of HST shares held by the Company in the amount of 7.54 percent of the total paid up capital of HST after IPO at the same occasion of offering of IPO shares, which such amount is a part of the total amount of IPO shares totaling of 28.17 percent of the total paid up capital of HST after IPO (the “**Spin-Off Plan**”). The number of the newly-issued shares to be offered to public by way of IPO and other types of investors which including the holders of the Company’s ordinary shares that are entitled to Pre-emptive Offering (“**Pre-emptive Right**”), and directors, executives, and employees of HST and its subsidiaries, namely, (i) Simat Label Co., Ltd. which HST is a shareholder in the proportion of 99.99 percent of its total shares; and (ii) Hinsitsu Precision (Thailand) Co., Ltd. which HST is a shareholder in the proportion of 75.01 percent of its total shares (Collectively referred to as “**HST’s Subsidiaries**”) (the “**HST ESOP**”) shall not exceed 28.17 percent of the total paid up capital of HST after the offering of the newly-issued ordinary shares by way of the initial public offering (IPO).

In addition, the Board of Directors approved the authorization of the Executive Committee and/or the Chief Executive Officer and/or any person designated by the Board of Directors and/or the Chief Executive Officer, to determine the criteria, conditions, and other details relating to Spin-off Plan, and to consider and execute relevant documents, as well as to undertake any acts relating to and necessary for the Spin-off Plan for the purpose of the completion of the foregoing undertaking, including without limitation, the appointment of any person to be authorized representative of the Company to carry out relevant activities, as well as to vote in the HST’s shareholders meeting to file the applications or documentations, or to deal with the government authorities or related person.

The issuance and offering of the newly-issued shares of HST in the IPO and the listing of HST’s shares on the MAI, including the disposal of HST’s shares held by the Company will result into the dilution of the Company’s shareholding percentage in HST and are classified as a disposal of assets transaction under the Notification of the Capital Market Supervisory Board No. Torchor. 20/2008 Re: Rules on Entering into Material Transactions Deemed as Acquisitions or Disposals of Assets (including any amendment thereto) 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) (including any amendment thereto) (collectively, the “**Notifications on Acquisition or Disposal of Assets**”). Upon consideration the transaction size using the maximum value of the Company’s financial statements for the period ended September 30, 2021, which had been reviewed by the auditor by various approaches under the Notifications on Acquisition or Disposal of Assets, the maximum value of the transaction is equal to 23.83 percent based on the Net Operating Profit criteria. Upon combination with the Company’s transactions on a disposal of assets over the past six months prior to the execution of this transaction, the total transaction value of the disposal of assets by the Company is equal to 42.63 percent based on the Net Operating Profit criteria. Such transaction is therefore classified as a “Class 2 Transaction” under the Notifications on Acquisition or Disposition of Material Assets, i.e. transaction which has a transaction value exceeding 15 percent but lower than 50 percent. The Company is, therefore, obliged to prepare a report and disclose the information in respect of the entry into the transaction to the Stock Exchange of Thailand (the “**SET**”), whereby there must be an information memorandum comprising at least the details as required in List (1) of the Notifications on Acquisition or Disposition of Assets, and a circular notice must be sent to shareholders within 21 days from the date of disclosure of the transaction to the SET. However, the Board of Directors is aware of good corporate governance for the shareholders to receive all information. Therefore, this matter shall be proposed to the

Extraordinary General Meeting of Shareholders No.2/2021 for further consideration and acknowledgement.

Therefore, the Company hereby to inform the details of the Information Memorandum on Disposal of Assets are as follows:

1. Transaction Date

The issuance and offering of the newly-issued ordinary shares of HST by way of the IPO and the listing of HST's shares on the MAI, including the disposal of HST shares held by the Company will be subject to the satisfaction of conditions precedent for entering into the transaction as specified in Item 10.

2. Parties involved and their relationship with the Company

Issuer : Hinsitsu (Thailand) Public Company Limited or HST, a Company's subsidiary which the Company holds the shares of 60 percent of total paid up capital of HST.

Purchaser : Public and other types of investors, which including the holders of the Company's ordinary shares that are entitled to purchase the IPO shares under Pre-emptive Right, and directors, executives, and employees of HST and HST's Subsidiaries.

3. General Characteristics and the Transaction Size

The Board of Directors Meeting No. 13/2021, convened on November 15, 2021, resolved to approve the Spin-Off Plan. HST will file the applications for approval to offer the newly issued shares to public by way of the IPO and to list the shares on the MAI. The number of shares to be offered to public, and other types of investors, which including the holders of the Company's ordinary shares that are entitled to purchase the IPO shares under Pre-emptive Right, and directors, executives, and employees of HST and HST's Subsidiaries ("HST ESOP"), shall not exceed 28.17 percent of the total paid-up capital of HST after the IPO. In this regard, the Company shall dispose HST shares held by the Company in the amount of 7.54 percent of the total paid up capital of HST after IPO at the same occasion of offering of shares offered by way of IPO which such amount is a part of the total amount of IPO shares of 28.17 percent of the total paid up capital of HST after IPO.

After the offering of the newly-issued ordinary shares by way of the IPO will result in the dilution of the Company shareholding proportion in HST from 60 percent to not less than 40.08 percent of the paid-up capital of HST after IPO, which will have dilution effect on other rights of the Company, as the shareholders of HST, such as earning per share dilution and control dilution of 33.20 percent. (Calculation method = $(60\% - 40.08\%)/60\% = 33.20\%$)

The execution of such transaction is classified as an asset disposal transaction under the Notifications on Acquisition or Disposal of Assets whereby the transaction size is calculated by using the Company's consolidated financial statements for the period ended September 30, 2021, which had been reviewed by the auditor (Information of the Company) and the HST's consolidated financial statements for the period ended September 30, 2021 which had been reviewed by the Company's auditor (Information of HST). The details of the transaction size calculation are as follows:

Lists	Company (Unit : THB Million)	HST (Unit : THB Million)
Total Assets	1,825.57	489.52
<u>Deducted</u> Total Liabilities	677.92	271.83
Net Assets	1,147.65	217.69
<u>Deducted</u> Goodwill and Intangible Assets	130.52	4.53
<u>Deducted</u> Deferred Tax Assets	32.56	6.96
<u>Deducted</u> Non-controlling interests	205.43	3.25
Net Tangible Asset (NTA)	779.14	202.94
Net Income from twelve (12) months ended September 30, 2021	72.08	86.23
Book Value of HST ⁽¹⁾ (September 30, 2021)		217.69
% decreased shareholding proportion of SIMAT in HST		19.92

The details of the value calculation of the transaction size are as follows:

Calculation Basis

Calculation Formula

1. **Net Tangible Assets (NTA)** = The value of NTA of HST proportionately disposed ⁽¹⁾ / Value of asset under the consolidated financial statements of the Company
= (202.94 x 19.92 percent) / 779.14
= 5.19 percent and when calculated together with the Company's assets disposal transactions in the past 6 months, the aggregated value will be equivalent to 8.58 percent.
2. **Net Operating Profits** = Net Profit of HST proportionately disposed ⁽²⁾ / Net Profit under the consolidated financial statements of the Company
= (86.23 x 19.92 percent) / 72.08
= 23.83 percent and when calculated together with the Company's assets disposal transactions in the past 6 months, the aggregated value will be equivalent to 42.63 percent.
3. **Total Value of Consideration** = HST's book value ⁽³⁾ x Portions of shares being disposed / Value of total assets under the consolidated financial statements of the

Company

$$= (217.69 \times 19.92 \text{ percent}) / 1,825.57$$

= 2.38 percent and when calculated together with the Company's asset disposal transactions in the past 6 months, the aggregated value will be equivalent to 12.08 percent.

4. Value of Equity Shares Issued for the Payment of Assets

Not applicable as the Company does not issue its securities in exchange of the assets acquired.

Remarks:

- (1) The transaction size will be calculated based on the book value of net tangible asset. The book value of net tangible assets of HST will be calculated proportionately to the assets disposed by the Company based on the HST's consolidated financial statements for the period ended September 30, 2021, which have been reviewed by the auditor.
- (2) The net profit of HST is based on HST's consolidated financial statements for the 12 months (since fourth quarter of 2020 to third quarter of 2021) which have been reviewed by the auditor.
- (3) The total value of consideration is subject to the offering price of HST shares to be offered by way of the IPO, which has currently not yet been determined. Therefore, in calculating the total value of consideration, the Company will use the book value of HST based on the HST's consolidated financial statements for the period ended September 30, 2021, which have been reviewed by the auditor.

From the above calculation, the highest transaction size is equal to 23.83 percent based on the Net Operating Profit criteria. Upon combination with the Company's transactions on a disposal of assets over the past six months prior to the execution of this transaction, the total transaction value of the disposal of assets by the Company is equal to 42.63 percent based on the Net Operating Profit criteria. Such transaction is therefore classified as a "Class 2 Transaction" under the Notifications on Acquisition or Disposition of Assets, i.e. transaction which has a transaction value exceeding 15 percent but lower than 50 percent. The Company is, therefore, obliged to prepare a report and disclose the information in respect of the entry into the transaction to the SET, whereby there must be an information memorandum comprising at least the details as required in List (1) of the Notifications on Acquisition or Disposition of Assets, and a circular notice must be sent to shareholders within 21 days from the date of disclosure of the transaction to the SET. However, the Board of Directors is aware of good corporate governance and for the shareholders to receive all information. Therefore, this matter shall be proposed to the Extraordinary General Meeting of Shareholders No.2/2021 for further consideration and acknowledgement.

4. Details of the Disposed Asset

4.1. Details of the offering of the newly issued shares by way of the IPO of HST

Issuer	Hinsitsu (Thailand) Public Company Limited or HST
Type of Securities Offered	ordinary shares of HST (which have currently not yet listed on the MAI)
Proportion of Offering of Ordinary Shares	1. The newly issued shares in the proportion of 20.63 percent of the total paid-up capital of HST after IPO.

2. The existing shares of HST held by SIMAT in the amount not exceeding 7.54 percent of the total paid-up capital of HST after IPO.

The total of IPO offered shares is 28.17 percent of the total paid-up capital of HST after IPO.

The IPO shares shall be offered to:

- The holders of the Company's ordinary shares that are entitled to purchase the IPO shares under the Pre-emptive Right in the maximum number of not exceeding 19.72 percent of the total paid-up capital of HST after IPO.
- Directors, executives, and employees of HST and the HST's Subsidiaries under HST ESOP in the number of not exceeding 3.17 percent of the total paid-up capital of HST after IPO (Please consider information memorandum regarding the offering of the newly issued ordinary shares to the directors, executives, and employees of HST and the HST's Subsidiaries as appears in Enclosure 2)
- The remaining shares from the aforementioned allocation shall allocated to public, patronage, and HST's related persons.

The proportion of the offered shares to each of such group shall be determined by the person authorized by the shareholder' meeting of HST and/or the Board of Directors of the Company in compliance with the IPO shares allocation regulation of the Securities and Exchange Commission (“**SEC Office**”)

Par Value

THB 100 per share as of September 30, 2021, which HST plans to amend the par value from THB 100 to be THB 0.50 per share.

Offering Price

The offering Price has not yet been determined; the offering price shall be subject to the Book Building.

The Board of Directors and/or the Executive Committee and/or the Chief Executive Officer and/or any person designated by the Board of Directors and/or the Executive Committee and/or the Chief Executive Officer of HST will have authorize to consider determining the offering price which will occur after HST received the approval from the SEC Office for offering of the newly issued shares by way of the IPO. The offering price of the newly-issued ordinary shares of HST offered and allocated to directors, executives, and employees of HST and the HST's Subsidiaries under HST ESOP shall be discounted from the IPO price of not exceeding 10 percent.

Offering Period

The offering period has not yet been determined. The Board of Directors and/or the Executive Committee and/or the Chief Executive Officer and/or any person designated by the Board of Directors and/or the Executive Committee and/or the Chief Executive Officer of HST will have authorize to consider determining the offering period which will occur after HST has received the approval form the SEC Office for the offering of the newly issued shares by way of the IPO, and the registration statement, and prospectus become effective, and the SET

approves the application for listing the newly-issued ordinary shares of HST as the listed securities on the condition that HST meets the free-float requirements.

Other Details

The Company will further inform the material details and progress on the IPO of HST to the shareholders of the Company to acknowledge.

Remarks: The aforementioned details may be subject to change as the Board of Directors and/or the Executive Committee and/or the Chief Executive Officer and/or any person designated by the Board of Directors and/or the Chief Executive Officer of HST and/or its designated deems appropriate.

4.2. Details of HST

Name of the Company Hinsitsu (Thailand) Public Company Limited

Type of Business Design, develop and produce silk screen, sticker label, sus plate, and die cut products.

Head office 20/2 (A5) Moo. 4, Thepharak Road, Bang Phli Yai Subdistrict, Bang Phli District, Samut Prakan Province.

Registered capital, Paid-Up Capital, and Par value THB 100,000,000 divided into 1,000,000 ordinary shares with par value of THB 100 per share which HST has plan to change the par value from THB 100 to be THB 0.50 per share.

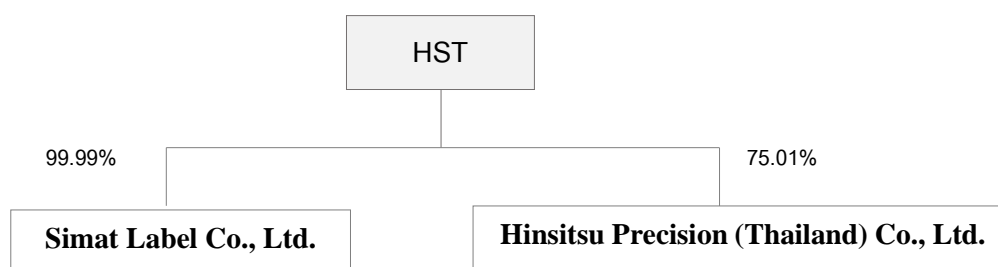
4.3 Shareholder Structure of HST

The current shareholding structure of HST and shareholding structure after IPO can be summarized as follows:

List of Shareholders in HST	September 30, 2021 (Par value of THB 100)		Amended par value prior to IPO (Par value of THB 0.5)		After IPO	
	Registered Capital of THB 100,000,000				Registered Capital of THB 126,000,000	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
1. The Company	600,000	60	120,000,000	60	101,000,000	40.08
2. Mr. Vincent Lau Bick Yeong	199,999	19.99	39,999,800	19.99	39,999,800	15.87
3. Mr. Chen Kwan Sin	99,999	9.99	19,999,800	9.99	19,999,800	7.94
4. Mr. Supoj Kaewmanee	1	0.0001	200	0.0001	200	0.0001
5. Mr. Sansern Watthanachirotkun	1	0.0001	200	0.0001	200	0.0001
6. One to One Contacts Public Company Limited	100,000	10	20,000,000	10	20,000,000	7.94
7. General Public	-	-	-	-	71,000,000	28.17

List of Shareholders in HST	September 30, 2021 (Par value of THB 100)		Amended par value prior to IPO (Par value of THB 0.5)		After IPO	
	Registered Capital of THB 100,000,000				Registered Capital of THB 126,000,000	
	Number of Shares	Percentage	Number of Shares	Percentage	Number of Shares	Percentage
Total	1,000,000	100	200,000,000	100	252,000,000	100

Shareholding structure of HST as of the date of this Information Memorandum. The details are as follows:



Details of HST's Subsidiaries

No.	Name of Company	Types of Business	Registered Capital (THB)	Shareholding Percentage of HST (Percentage)
1.	Simat Label Company Limited	Production of Sticker, Label, barcode paper, part of production for telecommunication and other related materials.	34,000,000	99.99
2.	Hinsitsu Precision (Thailand) Co., Ltd.	Production, buy and sell of sticker, label, raw material for producing of sticker.	40,000,000 (Paid-up 23,000,000)	75.01

4.3. Board of Directors of HST

The Board of Directors of HST as of the date of this Information Memorandum, has 9 directors as follows:

No.	Name	Position in HST	Position in the Company
1.	Mr. Weidt Nuchjalearn	Chairman of the Board of Directors / Director	-

No.	Name	Position in HST	Position in the Company
2.	Mr. Vincent Lau Bick Yeong	Director/ Executive director / Managing director / Member of the Risk Management Committee / Member of the Nomination and Remuneration Committee	-
3.	Mr. Chen Kwan Sin	Director / Chairman of the Executive Committee/ Chief Executive Officer / Member of the Risk Management Committee	-
4.	Mr. Siraphop Lamchan	Director / Executive Director / Member of the Risk Management Committee	-
5.	Mr. Teeranut Thangsatapornpong	Director / Executive Director / Chief Financial Officer / Chairman of the Risk Management Committee	-
6.	Mr. Teerawut Kannibhakul	Director / Member of the Risk Management Committee	Director
7.	Mr. Vorapot Phoekeo	Independent Director / Chairman of the Audit Committee / Member of the Nomination and Remuneration Committee	-
8.	Mr. Sirisak Manitkunakarn	Independent Director / Member of the Audit Committee	-
9.	Mr. Sommai Yanoi	Independent Director / Member of the Audit Committee / Chairman of the Nomination and Remuneration Committee	-

4.4. Summary of financial position and operation results of HST ended on September 30, 2021

Summary of financial position and operation results of HST based on the HST's consolidated financial statements for the period ended September 30, 2021, which have been reviewed by the auditor, the details are as follows:

Information of Financial Statement	Ended as of September 30, 2021 (Unit : THB Million)
Statement of Financial Position	
Total assets	489.52
Total liabilities	271.83
Shareholders' equity	217.69
Profit or Loss	
Revenues from sales	453.97
Gross profit	184.34
Profit before financial income (financial cost) and corporate income tax	84.75
Net Profit	59.29

5. Total Value of Consideration

The initial calculation of the total value of consideration has applied the book value of shares of HST as detailed on Item 3 above. However, the offering price for the newly-issued ordinary shares of HST offered to public by way of IPO has not yet determined. The offering price is subject to book building.

6. Value of Disposed Assets

The disposed assets are the newly-issued ordinary shares of HST whereby the consideration will be received in cash from the investors. The preliminary value of shares is calculated by using the book value of shares of HST as detailed in Item 3 above. However, the offering price for the newly-issued ordinary shares of HST in the IPO has not yet been determined. The offering price is subject to book building. Therefore, the values of the disposed assets used for calculation of the transaction size under Item 3 is equivalent to THB 217.69 million.

7. Basis used to determine the value of Consideration

Currently, the offering price for the newly-issued ordinary shares in the IPO has not yet determined. The offering price is subject to book building. Therefore, in calculation based Total Value of Consideration, the Company referred to the book value of HST based on the HST's consolidated financial statement for the period ended of September 30, 2021, which have been reviewed by the auditor.

8. Expected Benefits of the Transaction

8.1. Expected benefits to the Company

- 1) The Company's share price will reflect the actual value from the share price of HST as HST share price has the underlying market price.
- 2) The Company has an opportunity to receive the earning profit from the investment in HST as the business of HST may be expanded after funding and listing of HST in the MAI.
- 3) The Company will receive proceeds from the sale of ordinary shares that the Company holds in HST, including capital gain from the sale of such shares.

8.2. Expected benefits to HST

- 1) HST will be more flexibility and able to access sources of funds from both the equity and debt capital market by means of independent fundraising, rather than predominantly depending on funds from its parent company. This will enhance HST's growth capacity and business expansion in the long run.
- 2) The transaction would lessen HST's financial cost in long run due to various alternatives for funding. In additions, HST being a listed company in the MAI will be able to raise fund with lower cost than present.
- 3) The way of the IPO, HST will enhance its public awareness and image, and give rise to the opportunity to seek for personnel and/or business partners with knowledge and experience in the production of sticker business.
- 4) HST has sufficient capital from raising funds through the MAI for future business expansion and used as working capital for business operations. This will increase competitiveness and proactive expansion to create opportunities for organic growth and inorganic growth.
- 5) Upon becoming a listed company, HST shares will have more liquidity and its market price will be able to be used as a reference price for trading securities, or as the consideration to make payment for the asset or business acquisition transactions in the future.

8.3. Expected benefits to the shareholders of the Company

- 1) To increase investment alternatives for shareholders and investors by which the shareholders and investors could selectively invest in the Company and/or HST depending on their investment's policy.
- 2) The Company's shareholders will gain indirect benefits from the value of shares of HST reflecting the actual value and the added value of the production of sticker, which will be higher than the value of the production of sticker business which currently operates under the Company.
- 3) The Company's shareholders are entitled to the IPO of HST to maintain their rights in proportion to their shareholding in the Company (Pre-emptive Right).

9. Plan for the utilization of proceeds from the IPO

HST has plans to utilize the proceeds from the newly-issued ordinary shares by way of the IPO as follows:

- 1) To use as investment for construction of factories and purchase of machines to increase production capacity.
- 2) To use for business investment
- 3) To use as working capital of HST and its subsidiaries

In this regard, HST will be further determine details and projects to be specified in HST's prospectus, which is currently in the process of preparation.

10. Conditions for the entering into the transaction

- 10.1.** The shareholders meeting of HST resolved to approve the capital increase for the offering of the newly-issued ordinary shares by way of the IPO and the listing of the ordinary shares of HST on the MAI.
- 10.2.** The shareholders meeting of the Company resolved to acknowledge Spin-Off Plan and approve the HST ESOP.
- 10.3.** The SEC Office grants approval to HST to offer the newly-issued ordinary shares by way of the IPO and the registration statement and draft prospectus to become effective.
- 10.4.** The MAI approves the listing of the newly-issued ordinary shares of HST on the MAI under the condition that HST meets the free-float requirements.

11. Effect on the operation under the Spin-Off Plan of the Company and the shareholders of the Company

11.1 Effects on Earning Per Share Dilution (EPS Dilution) and Control Dilution

After HST issued and offered the newly-issued ordinary shares by way of the IPO and offered to directors, executives, and employees of HST and the HST's Subsidiaries under the HST ESOP, it will result in the EPS Dilution and Control Dilution decreasing by approximately 33.20 percent of earnings per share dilution and original voting right in HST.

However, in order to reduce the effect on EPS Dilution of the shareholders of the Company, the shareholders of the Company may be entitled to first subscribe the newly-issued ordinary shares of HST in proportion to their shareholding in the Company (Pre-emptive Right). The right for subscription of the newly-issued ordinary shares of HST shall be pursuant to The Board of Directors and/or the Executive Committee and/or the Chief Executive Officer and/or any person designated by the Board of Directors and/or the Executive Committee and/or the Chief Executive Officer of HST as it deems appropriate.

11.2 Effects on Price Dilution of the Company's Ordinary Shares

The newly-issued ordinary shares of HST is not be expected to directly result on price dilution. However, the decreased of shareholding percentage in HST will result on the acknowledgement of earning profit in HST.

12. Opinions of the Board of Directors on the Entering into of the transaction

The Board of Directors is of the view that it is appropriate to approve entering into such transaction of the Spin-Off Plan which will enhance the strength of the Company's and HST financial position. HST will be able to raise fund in the MAI by itself in order to expand business of HST and the HST's Subsidiaries in the future and help to reduce depending on funds from the Company, which will benefit to HST and the shareholders of the Company in a long run.

13. Opinions of the Audit Committee and/or the directors of the Company which are different from those of the Board of Directors.

-None-