

UBE.LO. 312/2024

8 October 2024

Re: Notice to Extraordinary General Meeting of Shareholder No. 1/2024

To: Shareholders of Ubon Bio Ethanol Public Company Limited

- Attachment:
1. Information Memorandum on Share Acquisition and a Connected Party Transaction of Ubon Bio Ethanol Public Company Limited
 2. Independent Financial Advisor Report on the Acquisition of Assets and Connected Transactions
 3. Information of the Independent Directors proposed by the Company as proxy of shareholders
 4. The Company's Articles of Association in relation to the Annual General Meeting of Shareholders
 5. Guidelines for attending the Extraordinary General Meeting of Shareholder through Electronic Meeting (E-EGM) and the Appointment of Proxies
 6. Proxy Form A., Form B. and Form C.

The Board of Directors of Ubon Bio Ethanol Public Company Limited (the “Company”) has resolved to convene the Extraordinary General Meeting of Shareholders No. 1/2024 on Monday, October 28, 2024 at 10.00 hours through Electronic Meeting (E-EGM), to consider the matters under the agenda together with the opinion of the Board of Directors as follows:

Agenda 1 To consider and approve the investment in Oshinei Enterprise Co., Ltd., which is classified as a connected transaction and an acquisition of assets by the Company

Objectives and Rationale To align with the Company’s strategic plan to expend its investments into new potential businesses, to diversify risks and to reduce the volatility of the existing business, which relies solely on cassava as the main raw material and exposes the Company to risks arising from nature, the Company has therefore sought investment opportunities in the potential food sector to strengthen the financial position both in the short term and long term as per following details.

1.1 First tranche investment in Oshinei under the Share Subscription Agreement and Share Purchase Agreement: The Company will subscribe newly issued ordinary shares in the amount of 67,962 shares or equal to 12.75% of the total shares in Oshinei after the capital increase in the total amount of Baht 76,000,000 and purchase the ordinary shares of Oshinei in the amount of 251,816 shares or equal to 47.25% of the total shares in Oshinei after the capital increase from the Sellers with the following details.

a. Purchasing of 229,680 shares or equal to 49.39% of the total shares in Oshinei prior to the capital increase from Miso Harmony Limited, a private company limited, incorporated in Hong Kong in September 2024 for the benefit of managing investment in Oshinei having the ultimate shareholders as follows:

- Mr. Tossri Khowsurat, the shareholder and indirect major shareholder of the Company (“**Mr. Tossri**”) holding 11.80% of the total shares;
- Mr. Sittichai Khowsurat (“**Mr. Sittichai**”) holding 30.37% of the total shares, the father of Mr. Tossri as indirect major shareholder of the Company and Miss Sureeyot Khowsurat as Director, Chief Executive Officer and indirect major shareholder of the Company; and
- Mrs. Waraporn Phakpho, Mr. Kittisak Leelom, Mr. Somporn Posarach, and Ms. Achara Phakarat holds the remaining shares of 57.83% of the total shares;

b. Purchasing of 11,068 shares or equal to 2.38% of the total shares in Oshinei prior to the capital increase from UMP Lab Co., Ltd., a private limited company incorporated in Thailand on 10 June 2024 having Mr. Na-pajra Umpudh holding 99.60% of the total shares; and

c. Purchasing of 11,068 shares or equal to 2.38% of the total shares in Oshinei prior to the capital increase from Supmankong Ingress Co., Ltd. which registered and incorporated in Thailand in September 2024 having Mr. Panot Kittiparsart holding 99.99% of the total shares.

For the first tranche investment, the Company will pay cash compensation of Baht 281,600,796.48. After the completion of the first tranche investment, the Company will hold a total of 319,778 shares or 60% of the total shares of Oshinei (the “**First Tranche Investment**”).

In this regard, (i) Mr. Tossri, the shareholder and indirect major shareholder of the Company, and (ii) Mr. Sittichai, the father of Mr. Tossri and Miss Sureeyot Khowsurat (“**Miss Sureeyot**”) as Director, Chief Executive Officer and indirect major shareholder of the Company, as well as the indirect major shareholder of the Company are major shareholders of Miso Harmony Limited (holding more than 10% of the total shares). Miso Harmony Limited is therefore considered as a connected person of the

Company under the Notification of the Capital Market Supervisory Board No. TorJor. 21/2008 Re: Rules on Connected Transactions (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 Connected Transactions B.E. 2546 (2003) (as amended) (collectively referred to as the “Notifications on Connected Transactions”).

UMP Lab Co., Ltd., Supmankong Ingress Co., Ltd., and other shareholders in Miso Harmony Limited (other than Mr. Tossri and Mr. Sittichai) are not considered connected persons of the Company under the Notifications on the Connected Transactions.

1.2 Second tranche investment in Oshinei under the First Call Option Agreement and Second Call Option Agreement: The Company has right to purchase ordinary shares from Miso Harmony Limited, UMP Lab Co., Ltd. and Supmankong Ingress Co., Ltd. The details of investment is as follows:

(1) *First Call Option Agreement*

In case that Oshinei’s combined financial performance for the year 2024 and 2025, as shown in the audited financial statements by Oshinei’s certified public accountant lower than Baht 97,000,000, the Company has the right to purchase the ordinary shares of Oshinei at a price equal to the par value of the shares (Baht 100 per share), up to a total of 53,296 shares, representing not less than 5% but not exceeding 10% of the total shares, according to the proportion agreed upon by the parties. The Company can exercise the right in the year 2026. If the Company exercises the first call option, the Company will hold shares in Oshinei of not exceed 70% of the total shares.

In case that Oshinei’s combined financial performance for the year 2024 and 2025, as shown in the audited financial statements by Oshinei’s certified public accountant exceeds Baht 97,000,000, the Company will have no right to exercise the first call option.

(2) *Second Call Option Agreement*

In the year 2027, the Company has the right to purchase up to 53,296 shares or equal to not exceed 10% of the total shares at a purchase price determined by the calculation formula as shown in the Information Memorandum on the Acquisition of Assets and the Connected Transaction of Ubon Bio Ethanol Public Company Limited (*Attachment 1*).

After exercising the first call option and second call option, the Company will hold not exceed 80% of the total shares in Oshinei. However, all of the aforementioned transactions will take place only after the Company obtain an approval from the shareholders' meeting to proceed with the transaction and upon the fulfilment of the other conditions specified in the relevant agreements or if a waiver is granted.

The purchase of Oshinei's shares from Miso Harmony Limited is considered a connected transaction of the Company as Miso Harmony Limited has Mr. Tossri and Mr. Sittichai as the major shareholder (holding more than 10% of the total shares). As a result, Miso Harmony Limited is considered as a connected person of the Company under the Notifications on Connected Transactions. When calculating the value of the connected transactions, the transaction size is 7.38% comparing with the value of the Company's net tangible assets according to the Company's financial statements as of June 30, 2024, which has been reviewed by the certified public accountant of the Company. The Company has no connected transactions during the past 6 months which has not been approved by the shareholders' meeting. The value of the connected transaction exceeds 3% of the Company's net tangible asset value. Therefore, the Company is obliged to comply with the Notifications on Connected Transactions, which require the Company to proceed as follows.

- (1) To immediately report and disclose the information memorandum on such acquisition of assets to the Stock Exchange of Thailand ("SET") where such information memorandum must at least contain the information as listed in type (1) of the Notifications on Connected transactions in which the Company has already implemented.
- (2) To appoint an independent financial advisor to perform various related tasks including providing its opinions as required by the Notifications on Connected Transactions, whereby the independent financial advisor's report shall be delivered to the shareholders for consideration along with the notice to the shareholders' meeting. In this regard, the Company has appointed OptAsia Capital Co., Ltd. who is a financial advisor on the list approved by the Securities and Exchange Commission ("SEC") as the independent financial advisor to provide its opinion on the share acquisition and capital increase transaction which is a connected transaction.
- (3) To convene a shareholders' meeting of the Company to approve the share acquisition and capital increase transaction by delivering the notice to the shareholders' meeting to the shareholders at least 14 days prior to the meeting date and to obtain an approval from the shareholders' meeting with not less than three-fourths of the total number of votes of the shareholders attending the meeting and have a right to vote, excluding shareholders having beneficial interest i.e. (1) Mr. Tossri, (2) Mr. Sittichai,

(3) STK Capital Co., Ltd., (4) K Plus Holding Co., Ltd., (5) Miss Sureeyot, (6) Mrs. Saisunee Kuhakarn and (7) Miss Preerati Bhirombhakdi.

In addition, the share acquisition and capital increase transaction has resulted in the Company having control over Oshinei and therefore, it is considered an acquisition or transfer of the business of another company or a private company to the Company, which must be approved by the shareholders' meeting with not less than three-fourths of all votes of the shareholders present at the meeting and have a right to vote pursuant to Section 107 paragraph 2 (b) of the Public Limited Companies Act B.E. 2535 (as amended) (the "Public Companies Act"). It is also classified as an acquisition of assets under 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 dated August 31, 2008 (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 Connected Transactions B.E. 2547 dated October 29, 2004 (as amended) (collectively referred to as the "Notifications on Acquisition or Disposal of Assets"), which has the maximum transaction size according to the Notifications on Acquisition or Disposal of Assets, when calculating the transaction size based on the net income from Oshinei's operations in proportion to the Company's investment comparing with the Company's net income from operations pursuant to the Company's reviewed financial statements as at June 30, 2024 by the certified public accountant, is equal to 10.86% according to the net operating profit and the Company has no acquisition transaction during the past 6 months which has not been approved by the shareholders' meet. Therefore, as the size of the Company's acquisition transaction is equal to 10.86% based on the net operating profit criterion, which is lower than the 15% threshold as per the Notifications on Acquisition or Disposal of Assets, the Company is not obliged to perform any action under the Notifications on Acquisition or Disposal of Assets. However, since this transaction requires an approval from the shareholders' meeting of the Company under the Notifications on Connected Transactions and Public Companies Act as aforementioned, the Board of Directors deems it is appropriate to propose to the shareholders' meeting to approve the acquisition transaction and appoint OptAsia Capital Co., Ltd. to be the Company's independent financial advisor to provide opinions on the acquisition transaction and comply with the Notifications on Acquisition or Disposal of Assets.

It is proposed that the shareholders' meeting grant authority to the Deputy Managing Director of Accounting and Finance and/or a person delegated by the Deputy Managing Director of Accounting and Finance to have full authority to undertake any necessary actions related to the investment and share acquisition in Oshinei. This includes, but is not limited to, negotiating, amending, signing, revising, drafting, and executing agreements and/or documents related to the investment and/or share purchase, including any amendments to such contracts and/or documents, as well as complying with the terms and conditions of the agreements and other related documents, and approving any fees and expenses related to the investment and share acquisition.

Other details of share acquisition and capital increase are shown in the Information Memorandum on the Acquisition of Assets and the Connected Transaction of Ubon Bio Ethanol Public Company Limited (*Attachment 1*).

Board of Directors' Opinion The Board of Directors deems it appropriate to propose to the shareholders' meeting to approve the investment in Oshinei Enterprise Co., Ltd., which is classified as a connected transaction and an acquisition of assets by the Company which has been reviewed by the Audit Committee that it is suitable, reasonable, and the most beneficial to the company as follows; 1) the such investment aligns with the Company's strategy and business direction to establish a new growth, diversify risks and mitigate volatility from its current reliance on cassava as the main raw material which is subject to environmental threats such as climate change 2) the transaction price is appropriate since the transaction price is calculated based on the Discounted Cash Flow (DCF) method. This valuation is considered reasonable when compared to transactions comparable in the market. 3) the transaction terms are appropriate, as they include other conditions requiring key management to sign a Management Agreement with a term of 5 years. This agreement ensures that Oshinei, the Company's new business, will be continuously managed by experienced.

Audit Committee's Opinion: The Audit Committee has considered the investment in Oshinei Enterprise Co., Ltd., which is classified as a connected transaction and an acquisition of assets by the Company that this investment is essential for the sustainable growth of the company. After comparing prices and terms, it was found that are not significantly different from those applicable to transactions with external parties, are deemed appropriate, reasonable, and the most beneficial to the company. Therefore, the committee recommends that the Board of Directors present this proposal to the shareholders' meeting for approval. The audit committee and the board of directors have the same opinion as the Company's board of directors.

Independent Financial Advisor's Opinion: The Independent Financial Advisor (IFA) has the opinion on the acquisition of assets and connected transactions involving the investment in Oshinei Enterprises Company Limited ("Oshinei") which are appropriate. The IFA considered advantages, disadvantages and risk of the transactions, appropriateness of transaction price and transaction conditions including source of funds to enter the transaction. The IFA considers this transaction to be beneficial to the Company and shareholders of the Company compared to entering transaction with external parties based on the following reasons;

- (1) Expanding investments into new businesses with strong potential and opportunities to generate substantial returns for the Company since:
 - The Company seeks to respond to the rapidly evolving industry environment and reduce the risks associated with its existing business operations. Consequently, the Company plans to formulate a strategy to expand into downstream business by investing in the food and restaurant business, which has high growth potential and opportunities for substantial returns.

Moreover, the Company can utilize this investment to use as other channels for other products to create value added and broaden the customer base to reach new segments, and enhancing distribution channels for the Company's products. Oshinei is a successful brand with an established customer base and a team with experience and expertise, enabling the Company to expand its branches swiftly and efficiently in the future without needing to build a new brand from scratch.

- The Japanese restaurant business has the potential for continuous growth due to various factors, including the economic growth of Thailand and the region, as well as the expansion of tourism.
- Oshinei has consistently achieved net profits through its core business operations, which include: (1) sourcing, distributing, and supplying Japanese food ingredients, (2) operating restaurant franchises, and (3) managing Japanese buffet restaurants. The Company also has the potential to expand into other areas, such as selling Japanese food ingredients outside its primary group or expanding into other franchise and restaurant concepts, like Yakiniku.
- Oshinei has a competitive advantage as a profitable business benefiting from economies of scale, with 28 branches, enabling efficient cost management.
- The Company can leverage the expertise, knowledge, and experience of related parties in restaurant business management to support the expansion of its restaurant ventures.
- This transaction grants the Company controlling interest in Oshinei, enabling it to consolidate Oshinei's performance as a subsidiary as a result of this investment.
- The transaction with related parties enables the Company to capitalize on over 10 years of experience in investing in Japanese restaurant businesses from the related parties involved.

(2) The total consideration for the first tranche investment (the Company will invest in 60% of all shares in Oshinei) is at a price not exceeding the fair value of Oshinei's common shares, based on the net present value method of cash flows.

- The total consideration for exercising the First Call Option Agreement (whereby the company may further invest in an additional 5-10% of Oshinei's total shares) at Oshinei's par value, along with the first tranche of investment, will not exceed the fair value of Oshinei, as determined by the net present value of cash flows, in the event that Oshinei's performance does not align with projections
- The total consideration for exercising the Second Call Option Agreement (whereby the Company may further invest in an additional 10% of Oshinei's total shares), calculated based on the price-to-earnings (P/E) ratio according to actual performance, does not exceed fair value.

(3) The transaction terms are appropriate, including a non-competition clause prohibiting the seller from engaging in competing businesses throughout the duration of their shareholding and for an additional 3 years after they cease to hold shares (with an exception for Honmono, a Japanese restaurant located in Bangkok and its metropolitan area, which differs from Oshinei's focus on provincial areas and expansion within the ASEAN region). Additionally, a Management Agreement requires key management personnel to work with Oshinei for 5 years post-investment. Furthermore, there is an agreement stipulating that the seller will be liable for any indemnification to the company without a cap, with liability duration aligned to the statute of limitations for each case.

Please refer to Attachment 2 (Independent Financial Advisor's Report on the Acquisition of Assets and Related Party Transactions) for further details.

Voting The resolution for this agenda requires a vote of not less than three-fourths of the total number of votes of the shareholders attending the meeting and have a right to vote, excluding shareholders having beneficial interest i.e. (1) Mr. Tossri, (2) Mr. Sittichai, (3) STK Capital Co., Ltd., (4) K Plus Holding Co., Ltd., (5) Miss Sureeyot Khowsurat (6) Mrs. Saisunee Kuhakarn and (7) Miss Preerati Bhirombhakdi.

Agenda 2 To acknowledge the change in the purpose of IPO proceeds which are considered immaterial

Objectives and Rationale According to the Notification of the Securities and Exchange Commission No. SorJor. 63/2561 Re: Change to Purpose of Proceeds Utilisation under the Registration Statement for Offer for Sale of Securities and Draft Prospectus, it stipulates that any immaterial change in the purpose of proceeds utilisation shall be carried out upon approval from the Board of Directors of the Company and reported to the shareholders' meeting for acknowledgement in the following shareholders' meeting.

In this regard, the Board of Directors' meeting No. 6/2024 held on August 27, 2024 has resolved to approve immaterial change in the purpose of IPO proceeds utilisation in order to align with the Company's strategies and business plan to expand its investment to potential business for the strengthen of the Company's financial position both the short term and long term as follows:

(Unit: Baht Million)

	Objective (Before)	Proceeds Utilisation	Balance (Before)	Objective (After)	Balance (After)	+/-
1	An expansion of cassava flour capacity by 200 tons/day to 300 tons/day	300.0	66.4	-Same-	66.4	-

Objective (Before)	Proceeds Utilisation	Balance (Before)	Objective (After)	Balance (After)	+/-
2 New production line for organic sweeteners with a capacity of 300 tons/day	300.0	300.0	-Same-	<u>280.0</u>	<u>(20)</u>
3 Improvement of cassava starch production efficiency	100.0	-	-Same-	-	-
4 De-bottlenecking fuel ethanol production capacity by 40,000 liter/day	50.0	48.8	Expanding de-bottlenecking fuel ethanol production capacity by 40,000 liter/day <u>and/or investment in industrial-grade ethanol and/or pharmaceutical-grade ethanol</u>	48.8	-
5 Coffee cherry mill and organic coffee roastery	100.0	100.0	<u>Investment in the food business</u> ⁰¹	<u>120.0</u>	<u>20</u>
6 Working capital	1,892.7	-	-Same-	-	-
Total	2,742.7	515.2		515.2	0

Remark: (1) Investment in the food and restaurant business will only occur after the company receives approval from the Extraordinary General Meeting of Shareholders No. 1/2024 on 28 October 2024 on Agenda 1.

The company has changed in the purpose of IPO proceeds as follows: 1) changing objective from Coffee cherry mill and organic coffee roastery business to investment in the food business, and 2) expanding the investment objective in the ethanol business from expanding production capacity in fuel ethanol to expanding production capacity in fuel ethanol, industrial-grade ethanol and/or pharmaceutical-grade ethanol to create value added of potential future government policies (if any).

Board of Directors' Opinion: The Board of Directors deems it appropriate to propose to the shareholders' meeting to acknowledge the change in the purpose of IPO proceeds which are considered immaterial to align with the Company's strategies and business plan as follows:

Voting: This agenda is for acknowledgement and voting is not required.

Agenda 3 Other business (if any)

All shareholders are cordially invited to attend the Extraordinary General Meeting of Shareholders No. 1/2024 on Monday, October 28, 2024 at 10.00 hours through Electronic Meeting (E-EGM). The registration will commence at 8.00 hours.

For convenience, if any shareholders are unable to attend the meeting in person and wish to appoint someone else to attend and vote on their behalf, the shareholder shall either fill in and sign as appropriate Proxy Form B. as per Attachment 6 or download Proxy Form A., Form B. or Form C. (Form C. is applicable only to foreign shareholders who have a custodian in Thailand) from the Company's website at www.ubonbioethanol.com. Alternatively, shareholders may authorize one of the Company's Independent Directors to attend and vote on his/her behalf. Details of the Independent Directors proposed by the Company as proxy of shareholders can be found in Attachment 3.

In case that any shareholder wishing to appoint another person as his/her proxy to attend and vote at the meeting on his/her behalf is asked to fill in and sign the proxy form and deliver it, together with the required documents, to the Company by October 22, 2024 with attention to the Company Secretary Office, Ubon Bio Ethanol Public Company Limited, 130-132 Sindhorn Tower 2, 7th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330.

The Company determined the name of shareholders who are entitled to attend the Extraordinary General Meeting of Shareholders No. 1/2024 on Friday, September 13, 2024 (Record Date).

The Board of Directors' Meeting resolved to approve the authorization of the Chief Executive Officer and Managing Director to have power to perform any acts relating to the calling of the Extraordinary General Meeting No. 1/2024, including issuance of a notice, change of date, time and venue of the meeting and other relating details as appropriate.

Please be informed to attend the shareholders' meeting at the venue on the date and time mentioned above accordingly.

Sincerely yours,

-Signature-

(Miss Sureeyot Khowsurat)

Chief Executive Officer and Managing Director

On behalf of the Board of Directors' of

Ubon Bio Ethanol Public Company Limited

Note: The Company has published the notice to the Extraordinary General Meeting of Shareholders No. 1/2024 and all related documents on the Company's website from October 8, 2024. If any shareholder has a query regarding the agenda, please send the query in advance during October 8-22, 2024 via email at comsec@ubonbioethanol.com or via post to the Company Secretary Office, 130-132 Sindhorn Tower 2, 7th Floor, Wireless Road, Lumpini, Pathumwan, Bangkok 10330.