



Bor. Hor. 002/2021

14th January 2021

Attention: **The President**
 The Stock Exchange of Thailand

Subject: **Information Memorandum regarding a Connected Transaction (Additional as underlined)**

The Board of Directors' Meeting No. 1/2021 of Tipco Asphalt Public Company Limited ("the Company"), held on January 14, 2021, resolved and approved for the Company to increase its shareholding in Thai Slurry Seal Company Limited ("TSS") from the current shareholding of 1,243,334 shares (par value of THB 100/ share), equivalent to 25 percent of total issued and paid-up shares of TSS, to 3,108,334 shares (par value of THB 100/ share), equivalent to 62.5 percent of total issued and paid-up shares of TSS, through the acquisition of 1,865,000 ordinary shares (par value of THB 100/ share), equivalent to 37.5 percent of the total issued and paid-up shares of TSS, from other current shareholders of TSS, including the Supsakorn Family and its related companies and Colas S.A. (collectively referred to as the "Sellers") at the acquisition price of THB 200/share, resulting in the transaction value of THB 373,000,000 ("The Acquisition of TSS's Shares" or the "Transaction").

The Acquisition of TSS's Shares is considered as an asset acquisition transaction under the Notification of the Capital Market Supervisory Board, TorJor. 20/2551 (2008) Re: Rules on Entering into Material Transactions Deemed an Acquisition or Disposition of Assets (as amended),



as well as under the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Operation Concerning the Acquisition and Disposition of Assets of a Company B.E. 2547 (2004) (as amended) (collectively referred to as the “Notification of Assets Acquisition or Disposition”).

According to the Notification of Assets Acquisition or Disposition guidelines, the Company has to calculate the transaction size in order to determine the required reporting duty to be implemented. By applying the calculation criteria specified in the Notification of Assets Acquisition or Disposition combined with the other asset acquisition transactions occurred during the past 6 months, the highest transaction value is derived from the net tangible assets criteria, having the transaction size of 1.58 percent, which is less than 15 percent. As a result, the Company is not required to disclose any additional information on the Transaction.

In addition, the Acquisition of TSS’s Shares is considered as a connected transaction under the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551, Re: Rules for making connected transactions (as amended) and under the Notification of the Board of Governors of the Stock Exchange of Thailand, Re: Disclosure of information and practices of listed companies in connected transactions B.E. 2546 (2003) (as amended) (collectively referred to as the “Notification of Connected Transaction”) since the Sellers are major shareholders and directors of the Company. Based on the calculation criteria specified in the Notification of Connected Transaction, the transaction value equals to 2.65 percent which is more than 0.03 percent but less than 3 percent of the net tangible assets of the Company. The Company has not



entered into any other connected transaction with the Supsakorn Family and its related companies and Colas S.A. within the past 6 months.

Based on the above, the Company is only required to prepare and disclose information to the Stock Exchange of Thailand, having details as specified in the attached Information Memorandum. All the directors who have conflict of interests in the Transaction did not have voting rights on this Agenda and left the meeting room when the Transaction was deliberated during the Board of Directors Meeting. The Company has attached the Information Memorandum regarding the Connected Transaction for reference.

Please be informed accordingly.

Sincerely,

Mr. Chaiwat Srivalwat
Chief Executive Officer



**Information Memorandum regarding the Connected Transaction
by Tipco Asphalt Public Company Limited (the “Company”)**

1. Transaction Date

The Company will acquire Thai Slurry Seal Company Limited (“TSS”)’s shares from other current shareholders within the month of February 2021.

2. Contractual Parties

Buyer : Tipco Asphalt Public Company Limited

Sellers : 1) Supsakorn Family and its related companies and 2) Colas S.A. who are other current shareholders of TSS

3. Details of Connected Persons and their Relationship with the Company

Connected Persons	Relationship with the Company
1. Supsakorn Family	<p>1.1) Mrs. Anurat Tiamtan is a shareholder of the Company and the sibling of Mr. Sitilarb Supsakorn and Ms. Laksana Supsakorn who are the shareholders and directors of the Company. As of 31 December 2020, Mrs. Anurat Tiamtan holds 2,860,000 ordinary shares, equivalent to 0.18 percent of total voting rights of the Company</p> <ul style="list-style-type: none"> • Mr. Napat Supsakorn is a son of Mrs. Anurat Tiamtan • Mr. Tisan Tiamtan is a son of Mrs. Anurat Tiamtan <p>1.2) Mr. Sitilarb Supsakorn is a shareholder and director of the Company. As of 31 December 2020, Mr. Sitilarb Supsakorn holds 17,250,000 ordinary shares, equivalent to 1.09 percent of total voting rights of the Company</p> <p>1.3) Vanichapark Co., Ltd. is a company of which Ms. Laksana Supsakorn is a shareholder and a director</p> <ul style="list-style-type: none"> • Ms. Laksana Supsakorn is a shareholder and director of the Company. As of 31 December 2020, Ms. Laksana

Connected Persons	Relationship with the Company
	<p>Supsakorn holds 13,860,000 ordinary shares, equivalent to 0.88 percent of total voting rights of the Company</p> <p>1.4) Ms. Roumsin Supsakorn is a shareholder of the Company and the sibling of Mr. Sitilarb Supsakorn and Ms. Laksana Supsakorn who are the shareholders and directors of the Company. As of 31 December 2020, Ms. Roumsin Supsakorn holds 19,800,000 ordinary shares, equivalent to 1.25 percent of total voting rights of the Company</p> <p>1.5) Ms. Piyaratana Supsakorn is a shareholder of the company and the spouse of Mr. Somchit Sertthin, a shareholder and director of the Company. As of 31 December 2020, Ms. Piyaratana Supsakorn and Mr. Somchit Sertthin holds 43,000,000 ordinary shares, equivalent to 2.72 percent of total voting rights of the Company</p> <p>1.6) Rattanajit Co., Ltd. is a company of which Ms. Piyaratana Supsakorn is a shareholders and director</p> <p>1.7) Jitzda Co., Ltd. is a company of which Ms. Piyaratana Supsakorn is a shareholder and director</p>
2. Colas S.A.	<p>Colas S.A. is a major shareholder of the Company. As of 31 December 2020, Colas S.A. holds 490,731,040 ordinary shares, equivalent to 31.09 percent of total voting rights of the Company. As a major shareholder, Colas SA. has appointed 1) Mr. Frederic Gardes, 2) Mr. Jacques Pastor, 3) Mr. Hugues De Champs and 4) Mr. Jacques Marechal to be the directors of the Company</p>

4. General Characteristics of the Transaction

4.1 Overview of the Transaction

The Company will increase its shareholding proportion in TSS from the current shareholding of 1,243,334 shares (par value of THB 100/share), equivalent to 25 percent of total issued and paid-up shares of TSS, to 3,108,334 shares (par value of



THB 100/share), equivalent to 62.50 percent of total issued and paid-up shares of TSS, through the acquisition of 1,865,000 ordinary shares (par value of THB 100/share), equivalent to 37.50 percent of the total issued and paid-up shares of TSS, from other current shareholders of TSS, including the Supsakorn Family and its related companies and Colas S.A. (collectively referred to as the “Sellers”) at the acquisition price of THB 200 per share, resulting in the transaction value of THB 373,000,000 (“The Acquisition of TSS’s Shares” or the “Transaction”) The shareholding structures of TSS pre-transaction and post-transaction are as follows:

Name	Pre-transaction ^{1/}		Post-transaction	
	No. of shares	%	No. of shares	%
Supsakorn Family				
1. Mrs. Anurat Tiamtan	41,998	0.84	-	-
2. Mr. Napat Supsakorn	165,501	3.33	93,250	1.87
3. Mr. Tisan Tiamtan	165,501	3.33	93,250	1.87
4. Mr. Sitilarb Supsakorn	373,000	7.50	186,500	3.75
5. Ms. Laksana Supsakorn	186,500	3.75	186,500	3.75
6. Vanichapark Co., Ltd.	186,500	3.75	-	-
7. Ms. Roumsin Supsakorn	373,000	7.50	186,500	3.75
8. Ms. Piyaratana Supsakorn	43,000	0.86	6,500	0.13
9. Rattanajit Co., Ltd.	120,000	2.41	-	-
10. Jitzda Co., Ltd.	30,000	0.60	-	-
Total Supsakorn Family	1,685,000	33.88	752,500	15.13
11. Colas S.A.	1,865,000	37.50	932,500	18.75
12. The Company	1,243,334	25	3,108,334	62.50
13. Ms. Alida Sertthin	90,000	1.81	90,000	1.81
14. Mr. Kris Sertthin	90,000	1.81	90,000	1.81
Total	4,973,334	100	4,973,334	100

Note: ^{1/} Based on the shareholder list of TSS as of 13 January 2021



4.2 Overview of TSS and TWS

1) Thai Slurry Seal Company Limited (TSS)

1.1) General Information of TSS

Address	: 118/1 Rama 6 road, Phayathai, Phayathai, Bangkok 10400
Business Operation	: TSS is one of the leading road rehabilitation contractors, specializing in high performance surfacing pavement for special – purpose road/track, such as suspension steel bridge deck, bicycle lane, highway, airport runway, and motor car racing track. TSS has one wholly- owned subsidiary; namely, Thanomwongse Service Company Limited (“TWS”), which is a special class road contractor, as classified by many government organization.
Share Capital	: THB 497,333,400
Issued and Paid-up Capital	: THB 497,333,400

1.2) Shareholder list of TSS

As of 13 January 2021, TSS has paid-up capital of THB 497,333,400. The shareholder list of TSS as of 13 January 2021 is as follows:

Name	No. of shares	%
Supsakorn Family		
1. Mrs. Anurat Tiamtan	41,998	0.84
2. Mr. Napat Supsakorn	165,501	3.33
3. Mr. Tisan Tiamtan	165,501	3.33
4. Mr. Sitilarb Supsakorn	373,000	7.50
5. Ms. Laksana Supsakorn	186,500	3.75
6. Vanichapark Co., Ltd.	186,500	3.75
7. Ms. Roumsin Supsakorn	373,000	7.50



Name	No. of shares	%
8. Ms. Piyaratana Supsakorn	43,000	0.86
9. Rattanajit Co., Ltd.	120,000	2.41
10. Jitzda Co., Ltd.	30,000	0.60
Total Supsakorn Family	1,685,000	33.88
11. Colas S.A.	1,865,000	37.50
12. The Company	1,243,334	25
13. Ms. Alida Sertthin	90,000	1.81
14. Mr. Kris Sertthin	90,000	1.81
Total	4,973,334	100

1.3) Board of Directors of TSS

Members of the Board of Directors of TSS as of 13 January 2021 are as follows:

Name
1. <u>Mr. Sitilarb Supsakorn</u>
2. <u>Mr. Fabien Stephane Luc Gil</u>
3. <u>Mr. Hugues De Champs</u>
4. <u>Mr. Jacques Marechal</u>
5. <u>Mr. Chaiwat Srivalwat</u>
6. <u>Ms. Laksana Supsakorn</u>
7. <u>Mr. Somchit Sertthin</u>
8. <u>Mr. Jacques Pastor</u>



1.4) Summary of Financial Position and Performance

(Unit: THB million)

Consolidated Financial Statements	For the Fiscal Year ended 31		
	December		
	2017	2018	2019
Cash and cash equivalents	287.25	83.24	47.34
Trade and other receivables	156.58	228.29	159.63
Unbilled service revenue	166.58	176.26	465.48
Property, plant and equipment	489.74	407.64	334.69
Intangible assets	2.20	4.14	3.76
Goodwill	209.78	209.78	209.78
Other assets	183.73	142.66	169.42
Total assets	1,495.86	1,252.01	1,390.10
Short-term loans from financial institutions	30	30	20
Trade and other payables	308.73	244.38	282.84
Unearned revenue from construction contract	90.33	6.48	104.69
Other liabilities	160.47	122.03	159.86
Total liabilities	589.53	402.88	567.39
Total shareholders' equity	906.33	849.13	822.71
Total revenue	1,793.76	1,142.21	1,235.67
Total costs and expenses	1,671.97	1,149.68	1,262.20
Net profit (loss)	121.79	(7.47)	(26.54)



(Unit: THB million)

Company Only Financial Statements	For the Fiscal Year ended 31 December		
	2017	2018	2019
Cash and cash equivalents	55.17	24.39	10.52
Trade and other receivables	63.96	135.39	122.65
Unbilled service revenue	70.87	41.98	7.03
Investment in subsidiary	791.20	791.20	791.20
Property, plant and equipment	118.35	97.78	79.44
Intangible assets	2.20	1.91	1.67
Other assets	44.63	38.25	41.43
Total assets	1,146.38	1,130.90	1,053.95
Short-term loans from financial institutions	30	30	20
Trade and other payables	112.38	125.13	89.38
Unearned revenue from construction contract	-	1.33	-
Short-term loan form related parties	89	112	70
Other liabilities	49.57	36.79	45.23
Total liabilities	280.95	305.25	224.61
Total shareholders' equity	865.43	825.65	829.34
Total revenue	574.12	367.92	423.05
Total costs and expenses	525.34	357.97	418.09
Net profit (loss)	48.78	9.95	4.96



2) Thanomwongse Service Company Limited (TWS) (The Subsidiary of TSS)

2.1) General Information of TWS

Address	: 118/ 1 Rama 6 road, Phayathai, Phayathai, Bangkok 10400
Business Operation	: Established in 1965, TWS is a leading company for highway construction and rehabilitation in Thailand. TWS is certified as “The Special Class Contractor” , which allows TWS to participate in large government projects tender without project size limitation, by several road-related governmental organizations, for example, Department of Highway, Department of Rural Road, Irrigation Department, and Bangkok Metropolitan Administration.
Share Capital	: THB 2,500,000,000
Issued and Paid-up Capital	: THB 2,500,000,000

2.2) Shareholder list of TWS

As of 13 January 2021, TWS has paid-up capital of THB 2,500,000,000. The shareholder list of TWS as of 13 January 2021 is as follows:

Name	No. of shares	%
1. Thai Slurry Seal Company Limited (TSS)	2,499,998	100
2. Mr. Sitilarb Supsakorn	1	0
3. Ms. Laksana Supsakorn	1	0
Total	2,500,000	100



2.3) Summary of Financial Position and Performance

(Unit: THB million)

Company only Financial Statements	For the Fiscal Year ended 31 December		
	2017	2018	2019
Cash and cash equivalents	232.08	58.85	36.81
Trade and other receivables	98.44	96.47	53.76
Unbilled service revenue	100.46	141.27	458.45
Short-term loans to related parties	89	112	70
Property, plant and equipment	208.37	161.48	148.46
Intangible assets	-	2.22	2.09
Other assets	139.51	104.42	128
Total assets	867.86	676.70	897.57
Trade and other payables	207.19	129.80	210.24
Unearned revenue from construction contract	90.33	5.15	104.69
Other liabilities	77.62	54.89	89.08
Total liabilities	375.14	189.84	404.02
Total shareholders' equity	492.72	486.86	493.55
Total revenue	1,266.99	823.46	899.54
Total costs and expenses	1,171.99	829.31	894.23
Net profit (loss)	95	(5.85)	5.30

5. Total Value and the Criteria Used in Determining Total Value of the Transaction

Total Value of the Transaction : Total value of consideration for the Acquisition of TSS's shares equals to THB 373,000,000, consisting of 1,865,000 ordinary shares at the acquisition price of THB 200 per share



Consideration Method	: The Company will directly pay the cash consideration to the Sellers
Transaction Closing Date	: The Company will pay the consideration to the Sellers within the month of February 2021
Criteria Used in Determining Total Value of the Transaction	: Based on terms and conditions which are mutually agreed between the Buyer and the Sellers. The agreed value is less than the fair value of equity; <u>valued by the Financial Advisor, TISCO Securities Company Limited, using the Discounted Cash Flow valuation approach, which is in the range of THB 218.4/share – THB 257.5/share.</u>

6. Transaction Size Calculation

The Acquisition of TSS's Shares is considered a connected transaction relating to assets and services. According to the Notification of Connected Transaction, the value used in the calculation is based on total value of consideration or the book value or the market value of TSS, whichever is higher. The details are as follows:

(Unit: THB million)

Financial Information	Value
1. Total Value of Consideration	373
2. Book Value	308.52 ^{1/}
3. Market Value	- N/A ^{-2/}
The Value Used in the Transaction Size Calculation	373

Note: ^{1/} Book Value from the consolidated financial statements as of 31 December 2019 of TSS, at the acquisition percentage of 37.50 percent of total issued and paid-up shares of TSS

^{2/} Not applicable since TSS is not listed in the stock exchange

According to the Notification of Connected Transaction, by using total value of consideration of THB 373 million in the calculation, the transaction value is 2.65 percent of the Company's



net tangible assets (NTA) as of 30 September 2020. The details of the transaction size calculation can be demonstrated as below:

Details of Calculation		Transaction Size
$\frac{\text{Total Value of Consideration}}{\text{NTA of listed company}^{1/}} = \frac{\text{THB 373 million}}{\text{THB 14,079.48 million}}$		2.65 percent

Note:^{1/} NTA of the Company is calculated by using total assets deducted by intangible assets, goodwill, deferred tax assets, total debts and non-controlling interest, based on the Company's consolidated financial statements as of 30 September 2020

Since the connected transaction value is more than 0.03 percent but less than 3 percent of the NTA of the Company (The Company has not entered into any other connected transaction with Supsakorn Family and Colas S.A. within the past 6 months), the Company is obligated to prepare and disclose information to the Stock Exchange of Thailand.

7. Source of Funds and Adequacy of Capital Flow

The Company will use its cash flows from operations and/or loan from financial institutions to fund the Transaction. As such, at the payment date of consideration, the Company envisaged that the Transaction will not affect its liquidity and working capital position since the Company has sufficient cash on hand and cash flows from operations as well as the credit facilities from financial institutions.

8. Characteristics and Scope of Interests of Connected Persons when Agreeing to Enter into the Connected Transaction

The Sellers who are connected persons of the Company will receive the consideration of THB 373,000,000 from the sales of 1,865,000 ordinary shares of TSS to the Company



9. Directors who Have Conflict of Interests

The Company's directors who represent Colas S.A., the Sellers, consist of 1) Mr. Frederic Gardes, 2) Mr. Jacques Pastor, 3) Mr. Hugues De Champs and 4) Mr. Jacques Marechal.

In addition, the Company's director, Mr. Sittilarb Supsakorn is one of the Sellers. Another Company's director, Ms. Laksana Supsakorn, is a shareholder and director of Vanichapark Co., Ltd., one of the Sellers. The 7th Company's director, Mr. Somchit Serththin, is the spouse of Ms Piyaratana Supsakorn. Ms Piyaratana is a Sellers and also a director and shareholder of Rattanajit Co. Ltd. and Jitzada Co. Ltd., who are Sellers as well.

Seven directors mentioned above are considered to have conflict of interests in the Transaction. The conflicting directors did not attend the meeting and did not have voting rights on the agenda relating to the Transaction.

10. Opinion of the Board of Directors on the entering into the Transaction

The Board of Directors' Meeting No. 1/2021 held on 14 January 2021 has considered and is of the opinion that the Transaction is reasonable and beneficial to the Company and the Company's shareholders.

The Company has invested in TSS since 2016, having the objective to expand the Company's business into regional construction business, which was in accordance with the Mission and Vision of the Company to become "a globally preferred integrated asphalt and petroleum related products company". Moreover, the Company has benefited from utilizing TSS's and TWS's businesses as marketing arms to introduce new value-added products and new developed techniques to the market. Such initiatives have led to higher overall profit margin of the Company, as the Company could increase the sales proportion of high-margin products.

Although there was a net loss in the consolidated financial statements of TSS during 2018 – 2019, such loss was due to the accounting adjustment from the fair value measurement and increased in expenses. Nevertheless, TSS had positive gross profit from operations during such period while the business operation and potential of TSS had not been impacted. Therefore, according to this Transaction, an increase of shareholding proportion in TSS from



25 percent to 62.5 percent of total issued and paid-up capital of TSS will enable the Company to increase its involvement in the road construction and maintenance business, an initiative which will enhance the growth and prospect of the domestic business of the Company. Even though the Transaction to invest in TSS could raise the conflict of interests issue in the future since Supsakorn Family and Colas are major shareholders of TSS, but for the most benefits to the Company's business, entering into the Transaction would increase the revenue contribution from the construction business as well as would increase the sales of asphalt product due to expected increase demand from TSS and TWS while enhance the investment diversification of the Company. In addition, the Transaction would increase the future business potential and support the Mission and Vision of the Company. Subsequent to an increase of shareholding proportion in TSS, the Company anticipates to have more involvement in terms of business operations of TSS in various areas, for examples: (1) Reduce costs and risks in raw material sourcing, (2) Increase TSS's creditability in project biddings, (3) Reduce the financial costs such as bank's fees, as TSS will become the subsidiary of the listed company that have strong financial position, and (4) Enhance the internal control system to improve operational efficiency. In addition, the Company has set the connected transaction policies to be in accordance with related rules and regulations related to the connected transaction of the Securities and Exchange Commission and the Stock Exchange of Thailand. For example, standard related party business transactions are approved by the Board of Directors according to Section 89/12 of the Securities and Exchange Act. The standard related party transaction relies on a fair and arms' length basis. Such transactions are reported to the Board of Directors on quarterly basis. All other related party transactions are determined by the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transaction. Moreover, in case that any member of the Board of Directors or executive who may have interests in any agenda under consideration in the Board of Directors' meeting must abstain from attending the meeting and voting on such agenda. This is to ensure that the Board of Directors and executives make decisions in a fair manner for the utmost benefit of shareholders.

With respect to the appropriateness of the acquisition price, the Board of Directors' Meeting has considered and is of the opinion that the offering price of THB 200 per share is



reasonable as the price is lower than the fair price determined by the Discounted Cash Flow valuation approach.

Having considered the rationale and the expected benefits of the Acquisition of TSS's Shares, as well as the appropriateness of the acquisition price, the Board of Directors' Meeting is of the opinion that the Transaction is reasonable and beneficial to the Company and the Company's shareholders. As a result, the Board of Directors' Meeting has unanimously resolved to approve the Transaction.

11. Opinion of the Audit Committee and/or directors which are different from the Board of Director's opinions in Clause 10

The Audit Committee and/or any director of the Company did not have any different opinion from the Board of Directors.

The Company hereby certifies that this information memorandum is true and correct in all respects