

**Information Memorandum on Allocation of Newly issued Ordinary Shares for Private Placement and  
for Exercise of the Warrants to Purchase Ordinary Shares of Stark Corporation Public Company Limited  
Series 1 (STARK-W1)**

The Board of Directors' Meeting of Stark Corporation Public Company Limited (the "Company") No. 9/2020, which was held on 5 November 2020, resolved to approve the increase of the Company's registered capital by THB 3,968,801,651.50 from the existing registered capital of THB 11,906,404,955.50 to THB 15,875,206,607 by issuing of not exceeding 7,937,603,303 newly issued ordinary shares, divided into (i) 1 newly issued ordinary share with a par value of THB 0.50 per share (before the change of the par value by way of reverse stock split) to accommodate for the change of the par value of the Company's shares by way of private placement, namely Mr. Vonnarat Tangkaravakoon ("Mr. Vonnarat"); and (ii) another 7,937,603,302 newly issued ordinary shares with a par value of THB 0.50 per share (before the change of the par value by way of reverse stock split) to accommodate the exercise of the warrants to purchase ordinary shares of the Company Series 1 (the "STARK-W1 Warrants") for allocation to the Company's existing shareholders in proportion to their shareholding percentage, and also approve the change of the par value of the Company's shares from THB 0.50 per share to THB 1.00 per share. Upon completion of the registration for change of the par value of the Company's shares, the amount of its registered capital and the number of the ordinary shares to accommodate the exercise of the STARK-W1 Warrants will be amended to be in line with the change of the par value of the Company's shares to the new registered capital of THB 15,875,206,607, divided into 15,875,206,607 newly issued ordinary shares with a par value of THB 1.00 per share, totaling THB 15,875,206,607. In this regard, the number of newly issued ordinary shares to be allocated to accommodate the exercise of the STARK-W1 Warrants to the Company's existing shareholders in proportion to their shareholding percentage shall not exceed 3,968,801,651 shares with a par value of THB 1.00 per share. The Company will propose this matter to the Extraordinary General Meeting of Shareholders No. 2/2020 on 17 December 2020 for consideration and approval.

Given that the issuance and offering of newly issued ordinary shares are material, the Company has prepared the information essential to the shareholders' decision under the Notification of the Capital Market Supervisory Board No. TorJor. 73/2558 Re: List of Information in the Notice of Shareholders' Meeting of Listed Company for Seeking Approval of the Issuance and Offering of Securities (as amended), with the details as follows:

**1. Details of Offering of Newly Issued Shares**

- 1.1 The Company shall allocate 1 newly issued ordinary share with a par value of THB 0.50 per share (before the change of the par value by way of reverse stock split) to accommodate for the change of the par value of the Company's shares by way of reverse stock split to prevent any fraction of shares

after the change of the par value by way of reverse stock split, for offering by way of private placement, namely Mr. Vonnarat, who is a connected person of the Company, in the amount of 1 newly issued ordinary share at a price not less than the market price (no discount). This transaction size is not subject to the disclosure requirement in accordance with the rules on connected transactions by listed companies.

The issuance of such newly issued ordinary shares is an offering of shares where the shareholders has resolved to authorize the Board of Directors or the person authorized by the Board of Directors to have the power to determine the offering price at the market price pursuant to the requirements the Notification of the Capital Market Supervisory Board No. TorJor. 72/2558 Re: Permission for Listed Companies to Offer Newly Issued Shares to Specific Investors dated October 28, 2015 (as amended) (the “**Notification No. TorJor. 72/2558**”). The offering price shall be the best price in accordance with the market condition at the time of offering to private placement investor, and shall be the price which maintains the best interest of the existing shareholders of the Company.

In addition, the Board of Directors’ Meeting resolved to grant approval to propose the Shareholders’ Meeting to consider authorizing the Board of Directors or the Executive Committee or the Chief Executive Officer and/or the person authorized by the Board of Directors or the Executive Committee or the Chief Executive Officer to take any arrangements in relation to the issuance, offering, allocation and subscription for such newly issued ordinary shares, including the following matters:

- (1) To determine, amend, add details relating to the issuance, offering, allocation and subscription for the newly issued ordinary shares, the offering date of the newly issued ordinary shares, and the payment method for the newly issued ordinary shares (which may consider determining the allocation and subscription period on a single or several occasions), including such arrangements relating to the issuance, offering, allocation and subscription for such newly issued ordinary shares, and relevant information filing and disclosure to the Stock Exchange of Thailand (“**SET**”);
- (2) To sign, amend, change, contact or report any information in the applications and evidence necessary for and in connection with the issuance, offering, allocation, subscription and delivery of such newly issued ordinary shares, including contact and filing of the applications, documents and evidence with the Ministry of Commerce, the Office of the Securities and Exchange Commission (the “**SEC Office**”), SET, government agencies or other relevant authorities, and the listing of the Company’s newly issued ordinary shares on SET, and to have the authority to take any other actions as deemed necessary and appropriate to ensure the successful completion of the Company’s issuance, offering and allocation of the newly issued ordinary shares by way of

private placement.

- 1.2 The Company shall allocate not exceeding 3,968,801,651 newly issued ordinary shares with a par value of THB 1.00 per share (after the change of the par value by way of reverse stock split) to accommodate the exercise of the STARK-W1 Warrants at the ratio of 3 existing ordinary shares to 1 unit of the STARK-W1 Warrants issued to the Company's existing shareholders in proportion to their shareholding percentage (the allocation ratio is calculated from the number of shares after the change of the par value by way of reverse stock split), at the offering price of the STARK-W1 Warrants at THB -0.00- per unit, and any fraction of such shares shall be discarded. Please refer to further details in the Summary of Preliminary Details of the Warrants to Purchase Ordinary Shares of Stark Corporation Public Company Limited Series 1 (STARK-W1) in Enclosure 3.

For the purpose of issuance and allocation of the STARK-W1 Warrants, the Board of Directors or the Chairman of the Board of Directors or the Chief Executive Officer and/or any other person appointed and assigned by the Board of Directors or the Chairman of the Board of Directors or the Chief Executive Officer shall be authorized to determine or change details and conditions as necessary and/or in connection with the issuance and allocation of the STARK-W1 Warrants in all respects, including the power to take any relevant or necessary actions as appropriate to ensure the successful issuance and offering of the STARK-W1 Warrants, subject to the requirements of applicable laws and the scope of approval by the Extraordinary General Meeting of Shareholders, the details of which includes, but is not limited to:

- (a) preparation of the terms and conditions of the STARK-W1 Warrants, including determination of details relating to the issuance and offering of the STARK-W1 Warrants, etc.;
- (b) provision of information, contact, preparation, execution, delivery, submission of documents as necessary for or in connection with the issuance and offering of the STARK-W1 Warrants to the SEC Office, SET, Thailand Securities Depository Co., Ltd., Ministry of Commerce and other relevant authorities or persons;
- (c) listing of the warrants and ordinary shares arising from the exercise of the STARK-W1 Warrants on SET;
- (d) appointment of sub-attorney-in-fact to have the power to take any actions as necessary and appropriate in relation to the issuance and offering of the STARK-W1 Warrants to ensure the successful issuance and offering of the STARK-W1 Warrants in all respects;

- (e) registration for change of the paid-up capital with the Department of Business Development, Ministry of Commerce, with the power to take all necessary actions in accordance with the Registrar's order to complete the registration;
- (f) scheduling and change of the record date to determine the list of shareholders entitled to be allocated with the STARK-W1 Warrants.

## 2. Information and Details of the Private Placement Investor

The person who will be allocated with the newly issued shares by way of private placement on this occasion is Mr. Vonnarat, with the details as follows:

First-Last Name	:	Mr. Vonnarat Tangkaravakoon
Address	:	121 Soi Soonvijai 1, Bang Kapi, Huai Khwang, Bangkok
Nationality	:	Thai
Work experience	:	<p><b>Stark Corporation Public Company Limited</b> 2019 – present Director</p> <p><b>Stark Investment Corporation Limited</b> 2019 – present Director</p> <p><b>Phelps Dodge International (Thailand) Limited</b> 2015 – present Director</p> <p><b>PDTL Trading Co., Ltd.</b> 2015 – present Director</p>
Relationship with the Company, directors, management, or major shareholders of the Company	:	Mr. Vonnarat is a connected person of the Company since he is a major shareholder of the Company, holding 13,847,500,000 shares, representing 58.15 percent of all issued shares of the Company, and also is a director of the Company, including, he is a shareholder of Stark Investment Corporation Limited who is a major shareholder of the Company, holding 5,000,000,000 shares, representing 100.00 percent of all issued shares of Stark Investment Corporation Limited.

## 3. Purpose of Issuance of Newly Issued Shares and Plan for Use of Proceeds

- 3.1 The capital increase by way of private placement on this occasion is to prepare for the change of the par value of the Company's shares from THB 0.50 to THB 1.00 to prevent any fraction of shares after the change of the par value of the Company's shares.

3.2 To prepare for and ensure its financial flexibility for business expansion in the future and as working capital in its business operations upon exercise of rights to purchase ordinary shares under the STARK-W1 Warrants.

The above plan for use of proceeds in accordance with the Company’s current business plan in respect of the allocation of proceeds from this offering of newly issued shares. However, the number of newly issued ordinary shares to be exercised under the STARK-W1 Warrants and actual payments may be less than the number of shares intended to be offered by the Company, and as such, the Company may receive less proceeds than planned, in which case, the Company’s plan for use of proceeds may be different from the plan for use of proceeds as specified above.

#### 4. Effects on the Shareholders from the Offering of Newly Issued Shares

Effects from the issuance of newly issued ordinary shares for private placement and to accommodate the exercise of the STARK-W1 Warrants (which are calculated from the number of shares after the change of the par value of the Company’s shares by way of reverse stock split) are described below.

##### 4.1 Control Dilution

(1) After the capital increase by way of private placement, there will be no control dilution effect due to the amount of 1 newly issued ordinary share to be offered to this private placement is very few.

(2) Should the shareholders allocated with the STARK-W1 Warrants exercise their rights to convert the Warrants into ordinary shares in full according to their rights, there shall be no control dilution effect on the Company’s shareholders. However, should any shareholders allocated with the STARK-W1 Warrants not exercise their rights of conversion, and other shareholders exercise their rights of conversion in full, the maximum control dilution effect will occur to the shareholders as follows:

Number of all issued and sold ordinary shares of the Company (Qo)	11,906,404,956 shares
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Number of ordinary shares to accommodate the STARK-W1 Warrants to be issued and offered on this occasion (Qw)	3,968,801,651 shares
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<b>Control Dilution</b>	<b>Not exceeding 25.0 percent</b>
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$Qw / (Qo + Qw)$

#### 4.2 Price Dilution

(1) The offering price of the newly issued shares for this private placement has not determined, and as such, it is not possible to calculate the price dilution effect. However, after the capital increase by way of private placement, the Company views that there will be no price dilution effect as the offering is based on the market price.

(2) After the issuance and offering of the STARK-W1 Warrants, the Company's ordinary shares will not be affected in terms of price since the exercise price of the STARK-W1 Warrants (THB 5.00 with a par value of THB 1.00) is higher than the market price of the Company's ordinary shares.

The market price is equal to the weighted average market price of the Company for the past 7 consecutive business days prior to the date of the Board of Directors' Meeting No. 9/2020 on 5 November 2020 (namely, from 27 October 2020 – 4 November 2020) (Data from SETSMART of SET) which is equal to THB 1.51 (a par value of THB 0.50) or equivalent to THB 3.02 (a par value of THB 1.00).

#### 4.3 Earnings per share dilution

(1) After the capital increase by way of private placement, there will be no material earnings per share dilution effect due to the amount of 1 newly issued ordinary share to be offered to this private placement is very few.

(2) After the issuance and offering of the STARK-W1 Warrants, the earnings per share dilution effect will not exceed 25 percent, as follows:

Number of all issued and sold ordinary shares of the Company (Qo) 11,906,404,956 shares

Number of ordinary shares to accommodate the STARK-W1 Warrants to be issued and offered on this occasion (Qw) 3,968,801,651 shares

Earnings per share dilution before offering (EPS1)\* THB 0.06

*Net Profit LTM / Qo*

Earnings per share dilution after offering (EPS2)\* THB 0.04

*Net Profit LTM / (Qo + Qw)*

Earnings per share dilution

Not exceeding 25.0 percent

$(EPS1 - EPS2) / EPS1$

Remark: \* This is calculated from net profits attributable to major shareholders of the Company for the past 12 months (Net Profit LTM) from the third quarter of 2019 to the second quarter of 2020, which is equal to THB 692.7 million.

#### 4.4 Worthiness for the shareholders relative to earnings per share dilution or control dilution

The Board of Directors considered and viewed that:

- (1) The allocation and offering of the Company's newly issued ordinary shares by way of private placement are to prepare for the change of the par value of the Company's shares by way of reverse stock split in order to prevent any fraction of shares thereafter, and the share offering is substantially insignificant, namely 1 share, and as such, it will not give rise to price dilution, earnings per share dilution or control dilution in any material aspect.
- (2) The issuance of newly issued ordinary shares to accommodate the exercise of the STARK-W1 Warrants will be more beneficial to the shareholders than the earnings per share dilution or control dilution because once the shareholders exercise the STARK-W1 Warrants, the Company will derive proceeds as its working capital to support the Company's operations, which will help strengthen the Company's financial structure and debt to equity ratio in the long run, and help enhance the financial flexibility in the implementation of future projects in the interest of the shareholders as a whole, and ensure confidence in its business operations and promote the Company's image to attract more investors.

### 5. Opinions of the Board of Directors on the Capital Increase

#### 5.1 Reasons and Necessity of the Capital Increase

The Board of Directors is of the opinion that:

- (1) It is necessary for the Company to increase its registered capital and issue newly issued ordinary shares by way of private placement in order to prevent any fraction of shares after the change of the par value of the Company's shares by way of reverse stock split.
- (2) It is necessary for the Company to increase its registered capital and issue newly issued ordinary shares to accommodate the exercise of the STARK-W1 Warrants for offering to the existing

shareholders in proportion to their shareholding percentage (Rights Offering) on this occasion because the Company plans to use such proceeds from the offering of newly issued shares for the purposes as described in Item 3.2 above.

## **5.2 Feasibility of the Plan for Use of Proceeds from the Share Offering**

The Company expects to issue newly issued ordinary shares to accommodate the exercise of the STARK-W1 Warrants for a term of 4 years from the issuance date of the STARK-W1 Warrants, and the Company will use such proceeds from the capital increase for the purposes as described in Item 3.2 above.

## **5.3 Reasonableness of the Capital Increase, Plan for Use of Proceeds from the Share Offering and Projects to be Implemented, and Adequacy of Funding Source in respect of the Proceeds from the Share Offering**

The Board of Directors is of the opinion that:

- (1) The issuance and offering of newly issued ordinary shares by way of private placement on this occasion are reasonable as they are to prepare for the change of the par value of the Company's shares by way of reverse stock split from THB 0.50 to THB 1.00. The Company shall increase its capital in 1 share with a par value of THB 0.50 per share (before the change of the par value by way of reverse stock split) in order to prevent any fraction of shares thereafter. The offering price of such shares is the best price in accordance with the market condition at the time of the Company's private placement, and in the best interest of the Company's existing shareholders.
- (2) The issuance and offering of newly issued ordinary shares to accommodate the exercise of the STARK-W1 Warrants on this occasion are justifiable, reasonable and in the best interest of the Company and all shareholders since the Company plans to use the proceeds from this fundraising for the purposes as described in Item 3.2 above.

Should the shareholders exercise their rights to purchase newly issued ordinary shares under the STARK-W1 Warrants in full, the Company would be able to raise up to approximately THB 20,000 million (which is calculated from the amount of shares after the change of the par value by way of reverse stock split) whereby the Company plans to use such proceeds from the exercise of right to purchase of newly issued shares as its working capital or to support its business expansion in the future.



#### **5.4 Potential Impact on the Company's Business Operations, Financial Position and Operating Results from the Capital Increase and the Implementation of the Plan for Use of Proceeds or Projects**

The Board of Directors is of the opinion that:

- (1) The issuance and offering of newly issued ordinary shares by way of private placement on this occasion will not affect the Company's business operations and financial position as the capital increase is substantially insignificant and only intended to prevent any fraction of shares after the change of the par value of the Company's shares by way of reverse stock split.
- (2) The issuance and offering of newly issued ordinary shares to accommodate the exercise of the STARK-W1 Warrants are in accordance with the Company's plan to secure its funding source, so as to enable the Company to use such proceeds from the capital increase for the purposes as described in Item 3.2 above. Such arrangements as mentioned above will be beneficial to the Company by continuously generating cash flow and profits in the future without any negative impact on the Company's business operations, financial position, and operating results.

#### **5.5 Justification of Offering Price and Basis of Determination of Offering Price for Private Placement**

The offering price of the newly issued shares for private placement on this occasion is determined by the Board of Directors or the person authorized by the Board of Directors to have the power to determine the offering price based on the market price pursuant to the requirements of the Notification No. TorJor. 72/2558. The offering price is the market price (no discount). In this regard, the Board of Directors is of the view that the offering price of the newly issued ordinary shares for private placement will be the best price in accordance with the market condition at the time of the Company's private placement, justifiable and in the best interest of the Company's existing shareholders.

#### **6. Certification of the Board of Directors on the Capital Increase**

In the event where any director of the Company fails to perform his/her functions as required by law, objectives and articles of association of the Company as well as resolutions of the shareholders' meeting, with integrity and due care to protect the Company's interests in connection with this capital increase, and such failure by action or inaction in the performance of his/her functions has caused damage to the Company, the Company may claim damages from such director. If the Company does not claim such damages, the shareholders, holding among them in aggregate not less than 5 percent of all issued and sold shares, may give notice to the Company to proceed with such claim, failing which, the shareholders

may take legal actions to claim damages from such director on behalf of the Company pursuant to Section 85 of the Public Limited Companies Act B.E. 2535 (1992) (as amended).

In addition, should such failure by action or inaction in the performance of his/her functions as required by law, objectives and articles of association of the Company as well as resolutions of the shareholders' meeting, with integrity and due care to protect the Company's interests in this capital increase, have caused any director, executive or related persons to derive any undue benefits, the Company may take legal actions against such director be held liable to return such benefits to the Company, or the shareholders, holding among them in aggregate not less than 5 percent of all votes in the Company, may give notice to the Company to do so, failing which within 1 month from the date of receipt of such notice, the shareholders may take legal actions to recover those benefits from such directors on behalf of the Company pursuant to Section 89/18 of the Securities and Exchange Act B.E. 2535 (1992) (as amended).

In this connection, the Board of Directors certifies that the Board of Directors has exercised its due care to consider and verify the information of the private placement investor, and is of the view that the allocation of newly issued shares by way of private placement is justifiable.

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

Please be informed accordingly.

Sincerely yours,

*-Mr. Sathar Chantrasettalead-*

(Mr. Sathar Chantrasettalead)

Director