

Detailed Information of Issue and Offer of New Shares to Existing Shareholders by way of Rights Issue and for Reserving for Exercise of Warrants to Purchase Ordinary Shares in Company (SEAOIL-W)

1. Details of Offering

The Company will issue and offer 276,746,854 new shares at the par value of Baht 1 each to its existing shareholders by way of rights issue and for reserving for exercise of warrants as detailed in agenda item no. 6 of this notice of the Extraordinary General Meeting of Shareholders No. 1/2016 (EGM).

2. Objectives of Issue of New Shares and Fund Utilization Plan

2.1 Objectives and Fund Utilization Plan

According to the Company's investment plan, it wishes to invest in the solar power plant business and a solar power plant management business (**Projects**). The Company will use the fund derived from this capital increase of approximately Baht 188,000,000 as investment fund for the Projects and its future development of the Projects. It is expected that the fund raised from capital increase will be utilized in February 2017.

The remaining balance from the investment, approximately Baht 227,000,000 will be reserved for working capital and enhancing liquidity of the Company's subsidiaries operations;

- 1) Seoil Offshore Limited Malaysia : approximately Baht 90,000,000; and
- 2) Seoil Petroleum Pte. Ltd: approximately Baht 137,000,000 for the market expansion and increase of fuel sales capacity. This would lead to an increase in fuel sales which shall increase profitability.

In this regard, in case the investment in the solar power plant is disapproved by the shareholders meeting, the Company has its plan to utilize its additional fund, approximately Baht 180,000,000, for the improvement of Condensed Refinery Project and to reserve for working capital and enhancing of liquidity of Company's subsidiaries operation as mentioned above.

2.2 Details of Project, Internal Return Rate and Risks

The Company will invest in the solar power plant business, totaling 10 projects, which already obtained 10 power purchase agreements with the total capacity of 7.825 megawatts, 7.600 megawatts from the Provincial Electricity Authority (**PEA**) and 0.225 megawatt from the Metropolitan Electricity Authority (**MEA**). The solar power plants has also gradually commenced its commercial operation since November 2014. All 10 solar power plants fully opened for commercial operation in March 2015. The details of each of the Projects are set out in the information memorandum relating to the connected transaction (Enclosure No. 3).

The Company's investment will be made through the acceptance of entire business transfer from Sunny Phum Co., Ltd., which is a subsidiary of Nathalin Co., Ltd., the Company's major shareholder. As at 28 November 2016, Nathalin Co., Ltd's shareholding is 45.05 percent of the total issued shares. Mr. Cherdchu Panbunhom and Mrs. Wilaisri Panbunhom (spouse) together hold more than 30 percent of the shares in Nathalin Co., Ltd, therefore Nathalin Co., Ltd is deem as the person under section 258 (5) of Mr. Cherdchu Parnbunhom. In addition, Mr. Cherdchu Panbunhom and Mrs. Wilaisri Panbunhom (spouse) are the major shareholders of the Company, holding 10.60 percent of the Company's total issued shares. This is also considered as connected transaction under the Notification of the Capital Market Supervisory Board No .Tor Jor .21/2551 regarding Connected Transactions Rules dated 31 August 2551 (and its amendments) and the Notification of the Board of Governors of the Stock Exchange of

Thailand regarding Disclosure and Compliance by Listed Companies relating to Connected Transactions B.E .2546 dated 19 November 2546. The details are set out in the information memorandum relating the connected transaction (Enclosure No. 3).

The Company expects that the investment in solar power plant business, which is considered as high potential project and having steady returns, will generate sustainable income throughout the term of the relevant power purchase agreements, which ends on 31 December 2038. The expected EIRR to be received from the investment of the Projects will be approximately 10 percent, which is not lower than the Company's weighted average cost of capital (WACC). However the Projects has some major risks, which are as follows:

- Risk from climate that limits the quantity of solar power, which is the major factor of the power generation. The Company's solution is to study and/or arrange for experts to increase the efficiency to earn more solar electricity for power generation.
- Risk from technology, which may be dilapidated, damaged or deteriorated of equipment used for power generation that is beyond the capability of the Company's expert to repair. The Company's solution is to arrange for technical adviser to inspect, repair and fix as deemed appropriate.

3. Information relating to Effects on Shareholders as a result of Issue and Offer of New Shares

The details of the dilution effects to shareholders are set out in form of capital increase report (F 53-4) of Enclosure No. 7.

4. Board's Opinion

4.1 Rationale and Necessity of Capital Increase

The Company must raise sufficient fund for its investment in the 10 solar power plant projects (Enclosure No.3) as well as working capital and liquidity for its aforementioned subsidiaries businesses operation including future business expansion according to the Company's business plan, which is to increase the portion of the investment in alternative and renewable energy and/or other business, which has potential and tendency to generate profit to the Company in the future. The Company becomes aware of the importance of shareholders' interest before making investment. If such project is highly feasible or has potential to generate sustainable income, the Company will consider to invest in such project for enhancing value added to the Company and its shareholders in the long term.

4.2 Possibility of Capital Increase Fund Utilization Plan

After the Board of Directors' Meeting No. 8/2016 resolved to approve the investment in 10 solar power plant projects, the Company expects to enter into the share purchase agreement between the Company and Sunny Phum Co., Ltd., Ms. Paleerat Panbunhom, Mr. Surapon Meesatient and Mr. Somsak Rasameewiriyannanth (the sellers) before the shareholders' meeting, which gives legal binding effect to all parties to proceed with the terms and conditions of such agreement. The Company will purchase the shares from the sellers at the price of not exceeding Baht 188,000,000. At this stage, the Company expects that if the shareholders' meeting approves this transaction and the condition precedent under the agreement has been fulfilled or waived, the Company will complete the share acquisition on or before 1st quarter of 2017.

4.3 Rationale of Capital Increase, Fund Utilization Plan and Relevant Projects and Sufficiency of Funding Source

The Company will offer to sell new shares to its existing shareholders by way of rights issue at the ratio of 3 existing shares to 1 new shares at the price of Baht 3 each share. In addition, the Company will give free warrants to the existing shareholders who subscribe such new shares at the ratio of 1 new share to 1 unit of warrant in order to motivate the shareholders to subscribe for new shares. The exercise price and ration are Baht 3 and 1 unit of warrant to 1 share, respectively. The subscription price of new shares and exercise price of warrants are deemed appropriate and the best interest of shareholders. Such prices is determined by taking into account the need of fund utilization of the Company in the future and reflects the price that can persuade the shareholders to subscribe for new shares and exercise warrants.

The offer of such new shares will enhance the Company's sufficient fund for its investment in the solar power plant projects by:

- If the new shares are fully subscribed, the Company will have remaining fund of approximately Baht 227,000,000 after the investment in the Projects, to enhance working capital and liquidity in its subsidiaries as mentioned above.
- If the new shares are partially subscribed, the Company will have fund derived from the increase of capital by Nathalin Co., Ltd which holds 45.05 of total issued shares as at 28 November 2016. In this regard, if the fund mentioned is insufficient, the Company has its plan to utilize internal cashflow for the investment in the Projects which is not exceeding Baht 188,000,000.

4.4 Anticipated Effects to Company's Business, Financial Status and Operating Results from Capital Increase and Implementation of Fund Utilization Plan and Projects

This capital increase will generate funding source for the Company's investment in the Projects, which is deemed to be an expansion of the Company's business and business diversification. This will benefit the capability to generate profit of the Company. In addition, the offer to sell the new shares will increase cash flow and liquidity of the Company as well as improve debt to shareholders' equity ratio and enhance its reserve fund for investment in business that has potential and high growth opportunity, which will benefit to the Company and all shareholders.

In case of non-compliance with its fiduciary duty and duty of care relating to the capital increase by the Company's directors, if such non-compliance causes damage to the Company, the Company's shareholders may represent the Company in taking legal actions for damages against such directors on as stipulated in Section 85 of the Public Companies Act B.E. 2535. In addition, if such directors or their related parties receive wrongful benefit due to such non-compliance, the shareholders has the right to represent the Company in taking legal actions in order to pursue such wrongful benefit as stipulated in Section 89/18 of the Securities and Exchange Act B.E. 2535.