



บริษัท กุลธอร์นเคอร์บี้ จำกัด (มหาชน)
KULTHORN KIRBY PUBLIC COMPANY LIMITED

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LEADING MANUFACTURER IN HERMETIC COMPRESSOR FOR REFRIGERATION & AIR CONDITIONING SINCE 1980

Our ref. no. 0234/2019

9 August 2019

Subject : Announcement of Information Memorandum on issuance and offering of newly issued ordinary shares to the existing shareholders in proportion

To : Director and Manager
The Stock Exchange of Thailand

Attachments : Information Memorandum on issuance and offering of newly issued ordinary shares to the existing shareholders in proportion

Kulthorn Kirby Public Company Limited would like to notify the Information Memorandum on issuance and offering of newly issued ordinary shares to the existing shareholders in proportion.

As for the rights to subscribe for new ordinary shares is subject to the approval of the Extraordinary Shareholders Meeting No. 1/2019 to be held on 4 September 2019.

Please be informed accordingly and consider further dissemination to investors.



Your Sincerely,
Kulthorn Kirby Public Company Limited

(Mr. Sutee Simakulthorn)

President

**Information Memorandum on issuance and offering of newly issued ordinary shares
to the existing shareholders in proportion
Of
Kulthorn Kirby Public Company Limited**

The Board of Directors' Meeting of Kulthorn Kirby Public Company Limited (the "Company") No. 5/2562, which was held on 7 August 2019, passed the resolution to propose the Extraordinary General Meeting of Shareholders No. 1/2019 on 4 September 2019 to consider approving as followings:

1. Details of the Offering

- 1.1. The increase of the Company's registered Capital from Baht 1,200,000,000 to Baht 1,500,000,000 by issuing 300,000,000 ordinary shares with a par value of Baht 1 each, totaling Baht 300,000,000. And amend the Company's Memorandum of Association in order to be consistent with the Company's registered capital.
- 1.2. The allocation of the 300,000,000 new ordinary shares of the Company with a par value of Baht 1 per share allocate to existing shareholders of the Company in the proportion of the number of shares held by each shareholder (Right Offering) at the allocation ratio of 4 existing ordinary shares to 1 newly issued ordinary share, whereby any fraction of shares shall be round down, at the offering price Baht 1 per share, representing a total value Baht 300,000,000.
- 1.3. The company has set the date to determining the list of shareholders who have the right to subscribe for new ordinary shares (Record Date) on 21 August 2019. In addition, the rights to subscribe and be allocated of such new ordinary shares shall be uncertain until the approval from the Extraordinary General Meeting of Shareholders No. 1/2019 has been obtained.
- 1.4. This time is the issuance and offering of newly issued ordinary shares to the existing shareholders of the Company in the proportion of the number of shares held by each shareholder. The Board of Directors passed a resolution to allow existing shareholders have the right to over-subscribe for the new shares according to their shareholding proportion. And when there are remaining shares from the subscription, The Company will allocate additional ordinary shares to shareholders, who have expressed their intention to subscribe for additional ordinary shares in excess of their right pursuant to their entitlement, in the same ratio as shareholders' entitlement (In the case that there is a fraction from the calculation shall be rounded down) and will be applied until all shares are fully subscribed.

In the event that after the allocation of remaining shares to existing shareholders, who subscribe for shares in excess of their rights pursuant to their entitlement, there are still fraction of remaining shares that cannot be allocated to shareholders in whole number, the Board of Director and/or Authorized Director and/or any person(s) assigned by the Board of Director or Authorized Director shall be empowered to consider and allocate those remaining unsubscribed shares.

2. Purpose of share issuance and plan for utilizing the proceed

The company increases the company's registered capital by issuing 300,000,000 ordinary shares with a par value of Baht 1 each, totaling Baht 300,000,000. The Company will use the total proceeds from the capital increase as follows:

- 2.1. The company plans to use the capital of Baht 250,000,000, approximately 83.33 percent of the amount received from the offering of the newly issued ordinary shares during the year 2019 to 2020 in business operations and to support the Company's expansion. It is related to the Company's existing business of motor compressors, by expanding new product lines in the Bristol Compressor project, under the trademark copyright of "BRISTOL".
- 2.2. The company plans to use the capital of Baht 50,000,000, approximately 16.67 percent of the amount received from the offering of the newly issued ordinary shares within the fourth quarter of 2019 as the Company's working capital.

However, when the capital increase according to the Objective 2.1 is left, the remaining amount could be used for the Objective 2.2.

3. Impact on the Existing Shareholders from the Issuance and Offering of the Newly Issued Ordinary Shares to the Existing Shareholders

3.1. Impact on stock price (Price Dilution)

$$\text{Price Dilution} = \frac{(\text{Market price before offering} - \text{Market price after offering})}{\text{Market price before offering}}$$

Whereas
Market price = The weighted average market price of shares for the past, 15 consecutive business days prior to the date of the Board of Directors Meeting No. 5/2019, which was held on 7 August 2019 and passed a resolution of the capital increase (from 15 July 2019 to 6 August 2019), which is equal to Baht 1.02 per share (Stock Trading data from SET)

$$\begin{aligned} \text{Market price after offering} &= \frac{(\text{market price} \times \text{number of paid-up shares}) + (\text{offering price of the newly issued ordinary shares to the existing shareholders} \times \text{number of the newly issued ordinary shares offered to the existing shareholders})}{(\text{Number of paid-up shares} + \text{number of the newly issued ordinary shares offered to existing shareholders})} \\ &= \frac{(1.020 \times 1,200,000,000) + (1.000 \times 300,000,000)}{(1,200,000,000 + 300,000,000)} \end{aligned}$$

$$= \text{Baht 1.016 per share}$$

$$\text{Price Dilution} = 0.39 \text{ percent}$$

3.2. Impact on shareholding of the shareholders (Control dilution)

The issuance and offering of ordinary shares to the existing shareholders in the proportion to each shareholder shall have no impact on the shareholders as of the issuance date of such newly ordinary shares.

3.3. Impact on Earnings per Share (EPS dilution)

The Company has had operating loss for the last 4 quarters. Therefore, there is no impact on net earnings per share.

4. Opinion of the Board of Directors regarding the Issuance, Offering and Allotment of the newly issued ordinary shares

4.1. Reasons and the Necessity of Capital Increase

The Board of Directors has an opinion that the issuance of the ordinary shares of the Company on this occasion is for strengthening the Company's motor compressor business, in order to have a more premium compressor products by investing in a new line of product under the name of "Bristol Compressor" Project and expanding the new market into the North America region. This increases the likelihood of enhancing the company's income stability and future profits, supporting long-term growth of the Company's business expansion.

4.2. Plan to use and the possibility of the Plan for Utilizing the Proceeds from the Offering

The Company expects to issue and offer the newly issued ordinary shares to the existing shareholders and will receive the proceeds within September 2019. The Company will use the proceeds from the capital increase to support the business operations as specified in section 2 above.

4.3. Justifications of the Capital Increase and Adequacy of Source of Funds

The Board of Directors' meeting view that this capital increase is reasonable and will bring the most benefit to the Company. The Company needs to raise additional capital of Baht 300,000,000 in order to increase the Company's business strength to support long-term growth of the Company and to use as the Company's working capital. As a result, the Company will have better liquidity and stronger financial structure. By considering the various approaches for fund raising, the Board of Directors' meeting has the opinion that the offering of the newly issued shares to the existing shareholders in proportion to their shareholding is the most appropriate funding approach in the current situation of the Company.

4.4. Potential Impact on the Company's Business Operations, Financial Status and Operating Results

The issuance and offering of the newly issued shares to the existing shareholders in proportion to their shareholding will enable the Company to receive the capital increase, which will strengthen and stabilize the Company's financial status and position, increase the potential of business operations and increase the opportunity of market expansion. As a result, the Company can generate more revenues and make the Company's performances to be better in the future.

4.5. The origin of the offering price and the appropriateness of the newly issued share price to the existing shareholders.

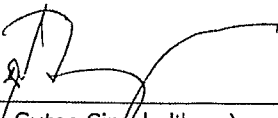
The Board of directors considers that the price of the newly issued ordinary shares of the company offering to the existing shareholders in the proportion to the shareholding at the offering price of Baht 1 per share is reasonable due to the price is determined based on the market price of the Company's stock and has a 1.96% discount, which is calculated from the weighted average price of the Company's shares traded on the Stock Exchange of Thailand for 15 business days prior to the date on which the Board of Directors resolve to propose and Extraordinary General Meeting of Shareholders to seek approval for the offering and allotment of the newly issued ordinary shares. (That is from 15 July 2019 to 6 August 2019), which is equal to Baht 1.02 per share.

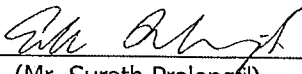
4.6. Certification of the Board of Directors regarding the capital increase

In the event the directors do not perform their duty as abide by law, objectives and article of association of the Company or resolutions of the shareholders meeting with honesty and diligently to preserve the benefits of the Company regarding to the capital increase. Any actions taken or overlook from not abide by such duty and caused damage to the Company as a result of such actions, the Company may file a lawsuit against such director. However, if the Company does not file a lawsuit, the shareholders collectively holding shares not less than 5% of the Company's paid-up capital can inform the Company to take such action. In case that the Company still does not take any actions as per shareholders' notice, such shareholders may file a lawsuit against such director on behalf of the Company for such damages, according to Section 85 of the Public Limited Companies Act, B.E.2535. (and as amended). In addition, any actions taken or overlook from not abide by such duty law, objectives and article of association of the Company or resolutions of the Shareholders Meeting with honesty and diligently to preserve the benefits of the Company in regard to such capital increase resulted in any director or his/her connected persons to obtain undue benefits; the Company may file a lawsuit to claim for such benefits from such directors to compensate such benefit to the Company, or the shareholders collectively holding shares not less than 5% of the Company's paid-up capital can inform the Company to take such action. In case that the Company still does not take any actions as per shareholders' request within 1 months from the date as notice by shareholders, such shareholders may file a lawsuit against such director on behalf of the Company for damages, according to Section 89/18 of the Securities and Exchanges Act, B.E.2535 (and as amended).

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



Signed  Authorized director
(Mr. Sutee Sinyakulthorn)
President

Signed  Authorized director
(Mr. Surath Pralongsil)
Director