

TYCN 22/59

05 July 2016

Subject : Information concerning the increase investment and offer financial assistance to associated company TY Steel Co., Ltd.

To : President of Stock Exchange of Thailand

The Board of Directors' Meeting of Tycoons Worldwide Group (Thailand) Public Company Limited ("TYCN" or the "Company") No. 4/2016 held on 05 July, 2016 has approved resolution additional investment in associated company according to the proportion of shareholding and offer financial assistance to associated company by pledge the additional shares (this time and last time) as collateral of a bank loan. Details as follow:

1. Approval of the Company increased its investment in associate company TY Steel Co., Ltd. (TY) according to the proportion of the shareholding. Because of the Funding requirements for the new production line of Deformed Round Steel Bars for Concrete Reinforced, TY plans to increase its registered capital 450,000,000 baht, after capital increase, the registered capital will increase from 1,940,000,000 baht to 2,390,000,000 baht, split into 239,000,000 shares with a par value of Baht 10.

Current shareholders of TY Steel Co., Ltd are:

1. Tycoons Worldwide Group (Thailand) Public Co., Ltd holds 30.57% shareholding as 59,309,797 shares and;
2. Tycoons Group International Co., Ltd holds 69.43% shareholding as 134,690,200 shares and;
3. Others shareholders hold 3 Shares.

The Company would like to invest in this capital increase of TY base on the proportion of the shareholding, amount 137,565,000 baht, split into 13,756,500 shares with a par value of baht 10. After capital increase, the Company will hold shares of TY 73,066,297 shares, amount 730,662,970 baht, shareholding ratio is 30.57%. Calculating the size of acquisition and disposition of assets, the size of transaction is 2.70% of the net tangible assets and 1.87% of total assets.

The company increased investment Associated company TY Steel Co., Ltd. the transaction is a related transaction, the information is disclosed as follow:

- 1-1. Transaction date: Within Q3/2016

1-2. Parties involved relations with the company.

- 1) TY steel Co., Ltd with 30.57% shareholding owned by Tycoons Worldwide Group (Thailand) Public Co., Ltd.
- 2) Tycoons Worldwide Group (Thailand) Public Co., Ltd.- the Company

1-3. Nature of Transaction

1-3.1 Type of transaction:

The Company increases investment in an associated company TY Steel Co., Ltd. by 13,756,500 shares amount 137,565,000 baht at the par value of baht10.

Fundamental data of the company increased investment in associate company TY Steel Co., Ltd during the past which has been disclosure to Stock Exchange of Thailand. By order of occurrence summarized as attachment (1).

At present, TY had registered capital of 1,940,000,000 baht, split into 194,000,000 shares with a par value of baht 10. After this capital increase 450 Million Baht, the registered capital will change to be 2,390,000,000 baht, split into 239,000,000 shares with a par value of baht 10. TY Steel Co., Ltd. recently began commercial revenues from January 2016.

1- 3.2 Size of transaction

- 1- 3.2.1 Connected Transaction required to be disclosed pursuant to the Notification of the Capital Market Supervisory Board No. Tor Chor 20/2551 Re: Rules on the transaction that is significant to the Acquisition or Disposition Assets and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposal of Assets BE 2547 dated October 29, 2547.

The transaction size calculated on the basis of TYCN's Consolidated Financial Statements Quarter 1/2559 which has been reviewed by the auditor as of March 31, 2559.

Value of Net Tangible Assets:

$$\begin{aligned} \text{Method of calculation} &= \frac{\text{Value of consideration} \times 100}{\text{NTA of consolidated financial statement}} \\ &= \frac{137,656 \text{ Thousand baht}}{5,090,263 \text{ Thousand baht}} \times 100 \\ &= 2.70\% \end{aligned}$$

Value of total assets:

$$\begin{aligned} \text{Method of calculation} &= \frac{\text{Value of consideration} \times 100}{\text{Total assets of consolidated financial Statement}} \\ &= \frac{137,565 \text{ Thousand baht} \times 100}{7,363,054 \text{ Thousand baht}} \\ &= 1.87\% \end{aligned}$$

Since TY Steel Co., Ltd. recently began commercial revenues from January 2016 but so far still no profit, thus the Company adopts the price of the par value to calculate this transaction size. 13,756,500 ordinary shares worth 137,565,000 baht, the size of transaction is 2.70%.

The Acquisition and Disposal of Assets incurred during the past six months is 2.95%. Total size of transaction is (2.70%+2.95%) 5.65% of net tangible assets which is less than 15% as a medium size transaction which must be approved by board of directors and disclosed to the Stock Exchange of Thailand.

1- 4. The value of transaction and criteria used to determine the value of the consideration

1) The Company will increase investment associated company TY Steel Co., Ltd. by 13,756,500 shares, value 137,565,000 baht, at the par value of baht 10.

2) Payment method: Paid in cash.

1- 5. Details of related person

Mr. Huang Wen- Sung and Mr. Huang Ping- Lun are directors of Tycoons Worldwide Group (Thailand) Public Co., Ltd and also be directors of TY Steel Co., Ltd. Therefore, Mr. Huang Wen- Sung and Mr. Huang Ping- Lun considered a related person has abstained on board this time.

1- 6. Fund sources: Long-term loans from financial institutions amount 100,000,000 baht and the rest from working capital of the Company.

1- 7. Opinion of board of directors/ benefits expected to be received

The Board of Directors considered and approved the Company increase investment in associated company TY Steel Co., Ltd. by 13,756,500 shares in the amount of 137,565,000 baht at the par value baht 10.

Consider enhancing the Comprehensive Benefit of the Group, the associated company TY plans to vertical expands to produce downstream product “Deformed Round Steel Bars for Concrete Reinforced”. In order to increase sales and profit margin, full utilization of the EAF production capacity and reduce the production cost. The company will obtain a stable raw materials source with reasonable price and the profit distribution of the associated company operation.

1-8. Opinions of the company’s Audit Committee and/or directors who are different from the opinions of the Board of Directors

-None-

2. Approved of the financial assistance

According to TY’s Loan Agreement with First Commercial Bank in Taiwan, all of the issued common shares of TY held by TGI and the Company shall be pledged as the collateral of Loan Agreement. The Board of Directors considered and approved the Company provide the increased common stock 13,756,500 shares worth 137,565,000 baht as a collateral of TY’s Loan Agreement. In addition, the Lender also requires the company provide the TY increase capital shares 15,000,000 shares worth 150,000,000 baht as collateral. The shares held by the Company was approved by the Board of Directors on March 14, 2016 (refer to information disclosure TYCN06 / 59). Thus, the total pledge shares shall be 28,756,500 shares worth 287.565 million baht.

The transaction was treated as Offering Financial Assistance to associated company TY base on the proportion to the shareholding. And Tycoons Group international Co., Ltd as the major shareholder of TY should bring the increased shares as collateral according to the proportion of shareholding.

The transaction is a connected transaction. According to the Capital Market Supervisory Board No. Tor Chor 21/2551 Re: Rules on the Connected Transactions, type Offering Financial Assistance. Figured the size of the transaction is 5.6 percent. Total Transactions that occurred during the past six months is 5.65%. A transaction where a list company or a subsidiary and connected persons jointly offer financial assistance to a Juristic entity of which the shares held by such listed company or subsidiaries and connected persons based on the ratio they have an interest therein base on general trading conditions, the list company will be exempted from requesting for an approval from the Shareholders’ Meeting for the transaction.

However, the company have duty to seeking the Board of director's approval and prepare a report disclosure to Stock Exchange of Thailand regarding enter into connected transaction. The details are as follows:

2.1. Transaction date: in third quarter year 2016

2.2. Related Parties Relations with the company

Receiver: TY steel Co., Ltd with 30.57% shareholding owned by Tycoons Worldwide Group (Thailand) Public Co., Ltd.

Provider : Tycoons Worldwide Group (Thailand) Public Co., Ltd

2.3. Transaction details

2.3.1 Type of transaction:

The Company offers a financial assistance to associated company TY Steel Co., Ltd based on the ratio to the shareholding as a shareholder. According to TY's Loan Agreement with First Commercial Bank in Taiwan, all of the issued common shares of TY held by TGI and the Company shall be pledged as the collateral of Loan Agreement.

The company provides the increased shares 13,756,500 shares worth 137,565,000 baht and 15,000,000 shares worth 150,000,000 baht which held by the Company was approved by the Board of Directors on March 14, 2016 (refer to information disclosure TYCN06 / 59). Thus, the total pledge shares shall be 28,756,500 shares worth 287.565 million baht.

Fundamental data of the financial assistance by pledge the shares TY held by the Company as collateral for TY's loans from the Bank of Taiwan during the past TYCN has been disclosure to Stock Exchange of Thailand as attachment (2).

The information of TY Steel Co., Ltd is as below:

An associated company established on 14 September 2554. The objective is to produce and sell billets. At present, registered capital is 1,940,000,000 baht, split into 194,000,000 shares with a par value of baht 10, after this capital increase 450MB, the registered capital is 2,390,000,000 baht, split into 239,000,000 shares with a par value of baht 10.

2.3.2 Size of transaction

The connected transaction required to be disclosed pursuant to the notification of the Capital Market Supervisory Board No. Tor Chor 21/2551 Re: Rules on Connected Transactions 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 2546. The size of transaction is 5.65 percent of net tangible assets based on the TYCN's Consolidated Financial Statements Quarter 1/2559 which was reviewed by the auditor as of March 31, 2559.

Value of net tangible assets:

$$\begin{aligned} \text{Method of calculation} &= \frac{\text{Value of consideration} \times 100}{\text{NTA of consolidated financial statement}} \\ &= \frac{(137,565 \text{ thousand baht} + 150,000 \text{ thousand baht}) \times 100}{5,090,263 \text{ thousand baht}} \\ &= 5.65\% > 3\% \end{aligned}$$

The Company used par value 10 baht per share to calculate size of transaction, 28,756,500 ordinary shares worth 287.565 million baht. The size of transaction is 5.65 percent of net tangible assets. A transaction where a list company or a subsidiary and connected persons jointly offer financial assistance to a Juristic entity of which the shares held by such listed company or subsidiaries and connected persons based on the ratio they have an interest therein base on general trading conditions, the list company will be exempted from requesting for an approval from the Shareholders' Meeting for the transaction.

However, the company have duty to seeking the Board of director's approval and prepare a report disclosure to Stock Exchange of Thailand regarding enter into connected transaction. The details are as follows:

2.4. The value of transaction

The company provides the shares of TY Steel Co., Ltd. 28,756,500 shares worth 287,565,000 baht with a par value of baht 10, which held by the Company as the collateral of TY's Loan Agreement with First Commercial Bank in Taiwan. The tenor of shares pledge is not more than seven years according to the terms of the Loan Agreement.

2.5. The criteria used to determine the value of the consideration

The Company's policy to take care of subsidiaries and associated, in case of the company provides shares to pledge as collateral for a bank loan of subsidiaries and associated as well as the parent company Tycoons Group International Co., Ltd in order to abide by the terms of the Loan Agreement will not charge a fee. The conditions are agreed between the shareholders of TY. Since the transaction will beneficial to the company.

2.6. Details of related persons

The associated company- TY steel Co., Ltd with 30.57% shareholding owned by Tycoons Worldwide Group (Thailand) Public Co., Ltd.

Mr. Huang Wen- Sung and Mr. Huang Ping- Lun are directors of Tycoons Worldwide Group (Thailand) Public Co., Ltd and also be directors of TY Steel Co., Ltd. Therefore, Mr. Huang Wen- Sung and Mr. Huang Ping-Lun considered a related person has abstained on board this time.

2.7. Opinion of board of directors/ benefits expected to be received

The board of directors has considered and approved the Company provides the shares of TY as the collateral of TY's Loan Agreement with First Commercial Bank in Taiwan. TY will get sufficient funds to complete building factories and operation and the company will obtain a stable raw materials source with reasonable price and the profit distribution of the associated company operation.

2.8. Opinions of the company's Audit Committee and/or directors who are different from the opinions Board of Directors

-None-

Please be informed accordingly.

(Huang, Ping-Lun)
Director

Attachment 1:

Fundamental data of the company increased investment in associate company TY Steel Co., Ltd (TY) during the past which has been disclosure to Stock Exchange of Thailand. By order of occurrence summarized as below:

- On 19 September 2011, TY Steel Co., Ltd is an associated company of the Company which established on 14 September 2011 the registered capital is 420,000,000 baht split into 42,000,000 shares with a par value baht 10. The Company holds 95% of the 39,899,970 shares amounting to baht 398,999,700 and Tycoons Group International Co., Ltd. hold 5% of the 2,100,000 shares, amounting to 21,000,000 baht, for the purpose of producing and selling billets.
- On 10 November 2011, the Company reduced the number of shares investment in TY Steel Co., Ltd by selling 19,000,000 shares, amount 190,000,000 baht to Tycoons Group International Co., Ltd. As a result of this disposal, the Company 's shareholding in that company decreased from 95% to 49.76% and Tycoons Group International Co., Ltd. increased from 5% to 50.24%.
- On 6 January 2012, TY Steel Co., Ltd. increased the registered capital by 420,000,000 baht to be 840,000,000 baht. The new issued share allocated based on the proportion of shareholding. The Company increased investment in TY of 208,992,000 baht and Tycoons Group International Co., Ltd. in 211,008,000 baht. After the capital increase, the Company held shares of TY 41,799,197 shares, amounted to 417,991,970 baht with shareholding 49.76% and Tycoons Group International Co., Ltd. held 42,200,800 shares, amount 422,008,000 baht with shareholding 50.24%.
- On 9 August 2013, TY Steel Co., Ltd. increased the registered capital 400,000,000 baht, the total capital changed from 840,000,000 to be 1,240,000,000 baht. The Company increased investment in TY of 9,995,600 shares, amount 99,956,000 baht, after the capital increase, the Company held 51,794,797 shares in the amount of 517,947,970 baht with shareholding 41.77% and Tycoons Group International Co., Ltd. with shareholding 58.23%.
- On 24 February 2014, the Company reduced the number of shares invested in TY from 51,794,797 shares to 44,309,797 shares, by selling 7,485,000 shares to Tycoons Group International Co., Ltd. at a price of Baht 10 each. As a result of this disposal, the Company's shareholding in that company decreased from 41.77% to 35.73% and Tycoons Group International Co., Ltd. increased from 58.23% to 64.27%.

- On 23 September 2015, TY Steel Co., Ltd. increase the registered capital by 400,000,000 baht, the total capital changed from 1,240,000,000 to be 1,640,000,000 baht. The new issued shares subscribed by Tycoons Group International Co., Ltd. solely, As a result, the company's shareholding in that company decreased from 35.73% to 27.02% and Tycoons Group International Co., Ltd. increased from 64.27% to 72.98%.
- On 14 March 2016, TY Steel Co., Ltd. increased the registered capital 300,000,000 baht, the total capital changed from 1,640,000,000 to be 1,940,000,000 baht. The new issued shares subscribed by the company and Tycoons Group International Co., Ltd. by each 50%. As a result, the Company's shareholding in that company increased from 27.02% to 30.57% and Tycoons Group International Co., Ltd. decreased from 72.98 to 69.43%.

Attachment 2:

Fundamental data of the financial assistance by pledge the shares of TY with bank as collateral for a loan granted to TY by overseas bank during the past. TYCN has been disclosure to Stock Exchange of Thailand as below:

- On 27 February 2012, the board of directors of the Company has approved to offer financial assistance to an associated company TY Steel Co., Ltd by pledging 41,799,197 shares of associated company's shares with the First Commercial Bank in Taiwan.
- On 09 August 2013, the board of directors of the Company has approved to offer financial assistance to an associated company TY Steel Co., Ltd, by pledging 9,995,600 shares of associated company's shares with the First Commercial Bank in Taiwan.