

Ref. LPN/SorKor/060/2562

14<sup>th</sup> February 2019

Re: Establishment of a joint-stock company

Dear Director and Manager  
Stock Exchange of Thailand

*Enclosed: Information on the establishment of a joint-stock company*

The Board of Directors' Meeting Ref.1/2019 of L.P.N. Development Public Co., Ltd. ("the Company") held on 14<sup>th</sup> February 2019 has resolved to establish a joint-stock company. The details are as follows:

Name of the Company:	Dolsiri Development Co., Ltd.
Objective:	To develop, rent out and manage real estate projects
Registered Capital:	1,000,000 THB (One Million Baht Only) Comprising 10,000 ordinary shares at the value of 100 THB per share
Investment Proportion:	50% of registered capital
Shareholding Structure:	1. L.P.N. Development Public Co., Ltd. 49% 2. Nye Estate Co., Ltd. 49% 3. Mr. Apichart Kasemkulsiri 1% 4. Mrs. Ornruedi Na-Ranong 1%
Source of Funding:	Cash flow from business operation of the Company
Profit of Investment:	Dividend

The above is not within the scope of the Notification of the Capital Market Supervisory Board Tor Chor 21/2551 Re: Rules of Connected Transaction. Moreover, after calculating the size of the acquisition of assets, it is not required to disclose the information in accordance with the Notification of the Capital Market Supervisory Board Tor Chor 20/2551. However, the Company has set up a joint venture with another company with the investment proportion of more than 10% of the paid-up capital of the joint-stock company. The Company, as a listed company, therefore, is obliged to disclose the information to the Stock Exchange of Thailand in accordance with the Regulations of the Stock Exchange of Thailand on Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company B.E.2560.

At the moment, the joint venture agreement and establishment of a company are being prepared. The Company would inform the Stock Exchange of Thailand on the progress in due course.

Please kindly be informed accordingly.

Sincerely yours,

Mr. Opas Sripayak  
Chief Executive Officer and Managing Director

**Information on the Establishment of a Joint-Stock Company  
of L.P.N. Development Public Co., Ltd.**

The Board of Directors' Meeting Ref. 1/2019 of L.P.N. Development Public Co., Ltd. ("LPN") held on 14<sup>th</sup> February 2019 has resolved to sign the joint venture agreement and establish a joint-stock company. The details are as follows:

**1. Background of the Transaction**

LPN and Nye Estate Co., Ltd. ("Nye") are real estate developers. It is agreed that a plot of land on Rama 4 road is the potential location for the development of an office and commercial building for rent. Both companies have thus decided to establish a joint-stock company to develop an office and commercial building project on a rented plot of land on Rama 4 road which is owned by Treekacha Co., Ltd.

**2. Date of the Transaction**

Within Q1/2019

**3. Related Parties and Relationship with the Listed Company**

**3.1 Transaction 1: Joint Venture Agreement and Establishment of a Joint-Stock Company**

Name of the Company: Dolsiri Development Co., Ltd. (considered as a subsidiary company of LPN)

Registered Capital: 1,000,000 THB (One Million Baht Only)

Number of Share: 10,000 ordinary shares

Share Value: 100 THB per share

Shareholding Structure:

No.	Shareholder	No. of Share	Proportion (%)
1	L.P.N. Development Public Company Limited	4,999	49
2	Nye Estate Co., Ltd.	4,999	49
3	Mr. Apichart Kasemkulsiri	1	1
4	Mrs. Omruedi Na-Ranong	1	1
<b>Total</b>		<b>10,000</b>	<b>100</b>

Board of Directors:

1. 3 representatives from L.P.N. Development Public Co., Ltd.

2. 3 representatives from Nye Estate Co., Ltd.

Source of Funding: Cash flow from business operation of the company

Profit of Investment: Dividend

**Relationship between the Listed Company (LPN) and Nye**

Shareholders and directors of Nye are not related persons of the Company. Therefore, it is not within the scope of either the Notification of the Capital Market Supervisory Board Tor Chor 21/2551 Re: Rules of Connected Transaction or the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546.

Note: The followings are the information of Nye Estate Co., Ltd. (“Nye”) from Department of Business Development as of 6 February 2019.

Name of the Company: Nye Estate Co., Ltd.  
 Business Type: Real estate development  
 Address: 21/14 and 21/16 Thai Wa Tower, South Sathorn Road, Tungmahamek sub-district, Sathorn, Bangkok  
 Registered Capital: 2,500,000,000 THB (Two Billion and Five Hundred Million Baht Only)  
 Number of Share: 25,000,000 ordinary shares  
 Share Value: 100 THB per share  
 Shareholders:

No.	Shareholder	No. of Share	Proportion (%)
1	Hua Kee Paper Co., Ltd.	14,549,948	58.2
2	Mrs. Omruedi Na-Ranong	450,000	1.8
3	Mrs. Patchara Nitiwasin	51	0.0
4	Mr. Choochart Phetampai	10,000,001	40
<b>Total</b>		<b>25,000,000</b>	<b>100</b>

Board of Directors:

1. Mrs. Pachara Nithivasin
2. Mrs. Omruedi Na-Ranong
3. Mr. Pichet Nithivasin
4. Mr. Sarit Chokchainirand
5. Mr. Chuchat Petaumpai
6. Mr. Parithad Petumpai

**3.2 Transaction 2: Long-Term Land Lease Agreement**

Landowner: Treekacha Co., Ltd.

Tenant: Dolsiri Development Co., Ltd. (being established and registered)

**Relationship between the Listed Company (LPN) and Treekacha Co., Ltd.**

Shareholders and directors of Treekacha Co.,Ltd. are not related persons of the Company. Therefore, it is not within the scope of either the Notification of the Capital Market Supervisory Board Tor Chor 21/2551 Re: Rules of Connected Transaction or the Notification of the Stock Exchange of Thailand on Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546.

Note: The followings are the information of Treekacha Co., Ltd. from Department of Business Development as of 6 February 2019.

Name of the Company: Treekacha Co., Ltd.  
 Business Type: Real estate rental  
 Address: 37 Soi Farm Wattana, Prakhonong sub-district, Khlongtoei, Bangkok  
 Registered Capital: 100,000 THB (One Hundred Thousand Baht Only)  
 Number of Share: 1,000 ordinary shares  
 Share Value: 100 THB per share  
 Shareholders:

No.	Shareholders	No. of Shares	Proportion (%)
1	Lieutenant General Erawat Kunjara Na Ayudhya	980	98
2	Mr. Changton Kunjara Na Ayudhya	10	1
3	Mr. Changnoi Kunjara Na Ayudhya	10	1
<b>Total</b>		<b>1,000</b>	<b>100</b>

Board of Director:

1. Lieutenant General Erawat Kunjara Na Ayudhya

**4. Details of Acquired Assets**

Treekacha Co., Ltd. has agreed to rent out a plot of land with the size of 3 rai and 7.5 sq.wa located on Rama 4 road, Prakhonong sub-district, Klongtoei, Bangkok for the period of 55 years to Dolsiri Development Co., Ltd which is being established and is a subsidiary company of LPN. It is expected that the company establishment process will be completed by Q1/2019. The company will develop a real estate project on a plot of land on Rama 4 road which is rented out from Treekacha Co., Ltd.

**Project Type:** Office and commercial building for rent. The size of the construction site is 40,000 sq.m. which consists of the useful space of 22,600 sq.m. i.e. 21,000 sq.m. of office space and 1,600 sq.m. of shops.

**Location:** Rama 4 road, Prakhonong sub-district, Klongtoei, Bangkok. There are the total of 4 title deeds i.e. title deed number 5664, 60423, 46967 and 46968 with the combined size of 3 rai and 7.5 sq.wa.

**Investment Amount:** 3,791 million THB (Three Billion Seven Hundred and Ninety One Million Baht Only) for the development of office and commercial building, comprising the followings:

1. Investment in the long-term land lease agreement of 55 years of 2,339 million THB.
2. Investment in project development of 1,452 million THB.

The investment amount will be from LPN, Nye and project loan.

**Proportion of Investment:** In accordance with the shareholding proportion in Dolsiri Development Co., Ltd. (50%)

**Expected Profit:** Rental fee, management fee

## 5. Financial Position and Performance of LPN

Below is the summary of financial position and significant performance of LPN from 2016 to 2018. The financial statements of 2018 are as of 31 December 2018.

Unit: THB

	2016	2017	2018
<b>Consolidated Statement of Financial Position</b>			
Total assets	18,557,916,933.71	21,006,726,517.35	21,250,206,590.89
Total liabilities	6,147,282,272.03	8,592,917,793.40	8,315,569,100.36
Shareholders' equity	12,410,634,661.68	12,413,808,723.95	12,934,637,490.53
<b>Consolidated Profit/Loss Statements</b>			
Income and sales and service	14,650,635,398.82	9,655,138,906.97	11,304,025,068.65
Gross profit	4,609,606,432.95	2,819,690,854.52	3,530,637,375.76
Earnings before interest and taxes	2,742,600,267.26	1,361,849,666.19	1,745,368,307.52
Net profit	2,176,226,055.70	1,062,318,346.76	1,367,270,011.49

## 6. Calculation of Transaction Size According to Calculation by Investment Proportion

The objective is to assess the impact of the transaction on the financial position and performance of the Company in 4 aspects in accordance with the Notification of the Capital Market Supervisory Board Tor Chor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets 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 Acquisition and Disposition of Assets B.E. 2547. The assessment is based on the financial statements in 2018 as of 31 December 2018.

6.1 Asset value	=	-None-
6.2 Net profit	=	-None-
6.3 Total value of consideration	=	8.92%
6.4 Value of share capital issued for payment	=	-None-

The transaction size based on the above calculation is lower than 15%, therefore, the Company is not required to disclose the information to the Stock Exchange of Thailand. Furthermore, there is no acquisition or disposition of assets during the past 6 months.

However, the Company has set up a joint venture with another company with the investment proportion of more than 10% of the paid-up capital of the joint-stock company. LPN, as a listed company, therefore, is obliged to disclose the information to the Stock Exchange of Thailand in accordance with the Regulations of the Stock Exchange of Thailand on Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company B.E.2560.

**7. Expected Profit**

The investment LPN made in the above real estate development project and the establishment of a joint-stock company is to bring about long-term business growth. It will generate more income for LPN as it is expected that Dolsiri Development, the joint-stock company, would be profitable and LPN will earn a profit from the dividend received from the project.

**8. Source of Funding**

The source of funding will be the cash flow from the business operation of the Company and loan. The loan conditions will not affect the dividend payment to shareholders of LPN.

**9. Connected Persons**

-None-

**10. Opinion of the Board of Directors on the Transaction**

The Board of Directors of the Company opines that such transaction is appropriate and beneficial for the Company and resolves to approve the transaction.

**11. Opinion of the Audit Committee and/or Directors that is Different from that of the Board of Directors of the Company**

-None-

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