

No. ED-MD19-013

- Translation -

July 11, 2019

Subject: Notification the disposition of investment in shares. (Revised)

To: Director and Manager
The Stock Exchange of Thailand

Eureka Design Public Company Limited (the “Company”) would like to inform the resolutions of the Board of Director’s meeting No. 5/2019 held on 22 July 2019 to disposition of investment as following detail;

1. Eureka Automation Company Limited , Design Production and Installation machine business.
2. Eureka Design International Pte.,Ltd. (Singapore) , Investment in overseas business.

This disposition is considered as the assets disposition transaction of listed company and/or subsidiary company pursuant to the Notification of Capital Market Supervisory Board Ref. No. TorJor. 20/2551 Subject : Rules for entering into Material Transaction Deemed as Acquisition or Disposal of Assets. From calculation the transaction found that size of transaction according to Net Tangible Assets Basis is highest equivalent to 19.88%, which the scope of transaction type 2. The Company does not have any asset disposition transaction from its operation in the past 6 months. The company is obliged to provide a report and disclose the information memorandum with respect to the entering into of such transection to the Stock Exchange of Thailand within 21 day. Subject : Information Disclosure and Execution of Listed Company due to Acquisition or Disposal of Assets B.E.2547 “Notification on information Disclosure and Execution due to Acquisition or Disposal of Assets”.

However, the Company had conducted due diligence of Eureka Automation Company Limited and Eureka Design International Pte.,Ltd. since last June 2019 and The Board of Directors of the Company No. 5/2019 held on July 22, 2019 to disposition invest of shares of such companies, has approved the disposition transaction. Which the company will sign the share purchase agreement on July 24, 2019. Details of such items appear in Attachment 1: Information Memorandum Concerning the Disposition of Assets

Please be informed accordingly.

Yours sincerely,

Mr.Lissapat Kraikuran

Director

Mrs.Thiyanan Deeprasitpanya

Company Secretary : thiyanan@eurekadesign.co.th

Tel : 02 192 3737 Ext 204

Information Memorandum Concerning the Disposition of Assets

Eureka Design Public Company Limited

1. Date / Month / Year of the Transaction

- June 2019 Process of conducting due diligence
- July 22, 2019 The Board of Directors has approved the disposition transaction
- July 24, 2019 The Company will sign the share purchase agreement and/or relevant agreements

2. Relevant Parties with the Company

2.1 Eureka Automation Company Limited

The share purchase agreement of Eureka Automation Company Limited	
1) Seller	Eureka Design Public Company Limited Mr.Narakorn Ratchapolsitte 0.00002% of paid-up capital shares. Mr.Wasan Amnuaywattanakul 0.00002% of paid-up capital shares. Eureka Design Public Company Limited 99.99996% of paid-up capital shares.
2) Buyer	Mr.Supapon Kittithanalak Both parties have no relationship and not related persons of the Company. Therefore, the transaction does not constitute transaction under the Notification of the Capital Market Supervisory Board no. TorChor. 21/2551 Re : Rules on Connected Transaction, dated 31 August 2008 (including any amendment thereto), 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 Connected Transaction B.E.2546 (2003), dated 19 November 2003 (including any amendment thereto)
3) Details of the assets disposal	Ordinary shares of 4,999,998 shares or 99.99996% of paid-up capital shares. Following this transaction, the Company has disposal a business which operate in design production and installation machine.
4) the selling price	Total amount of Baht 29.50 million

2.2 Eureka Design International Pte.,Ltd.

The share purchase agreement of Eureka Design International Pte.,Ltd.	
1) Seller	Eureka Design Public Company Limited Eureka Design Public Company Limited 100% of paid-up capital shares.
2) Buyer	Mr.Supapon Kittithanalak Both parties have no relationship and not related persons of the Company. Therefore, the transaction does not constitute transaction under the Notification of the Capital Market Supervisory Board no. TorChor. 21/2551 Re : Rules on Connected Transaction, dated 31 August 2008 (including any amendment thereto), 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 Connected Transaction B.E.2546 (2003), dated 19 November 2003 (including any amendment thereto)
3) Details of the assets disposal	Ordinary shares of 1,900,000 shares or 100% of paid-up capital shares. Following this transaction, the Company has disposal a business which operate in investment in overseas.
4) the selling price	Total amount of Baht 25.50 million

3. General characteristics of the transaction size and the transaction details of the assets.

3.1 Transaction Details

3.1.1 Eureka Automation Company Limited

The Company sell shares of the Eureka Automation Company Limited which is a company that operate in the operate in design production and installation machine in amount 4,999,9998 shares or 99.99996% of paid-up capital shares and paid consideration to the buyer in the total amount of Baht 29.50 million. The company does not have loans, guarantee obligations or other obligations with Eureka Automation Company Limited. The disposition of Eureka Automation Company Limited shares and will out of condition a subsidiary of the Company.

Shareholder name			
Before disposition		After disposition	
1. Eureka Design Public Company Limited.	4,999,998 shares (99.99996%)	1. Mr.Supapon Kittithanalak	399,990 shares (85.65%)
2. Mr.Narakorn Ratchapolsitte	1 share (0.00002%)	2.Miss Charunee Sombutwichathon	1 share (0.00002%)
3. Mr.Wasan Amnuaywattanakul	1 share (0.00002%)	3.Mrs.Areeya Bhovadhi	1 share (0.00002%)
Total share	5,000,000 shares (100.00%)	Total share	5,000,000 shares (100.00%)

Board of Director	
Before disposition	After disposition
1. Mr.Narakorn Ratchapolsitte	1. Mr.Wichet Muangchan
2. Mr.Wichet Muangchan	

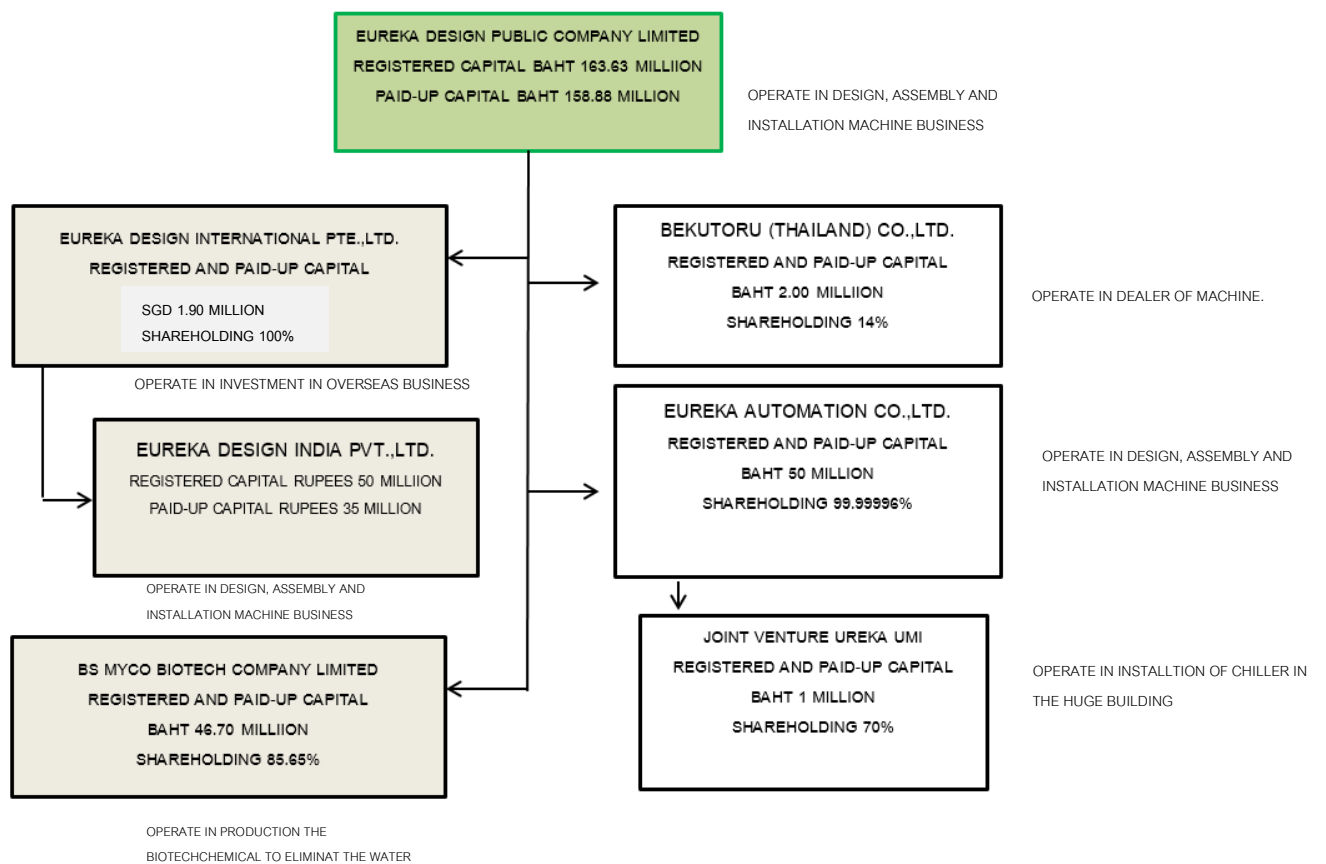
3.1.2 Eureka Design International Pte.,Ltd.

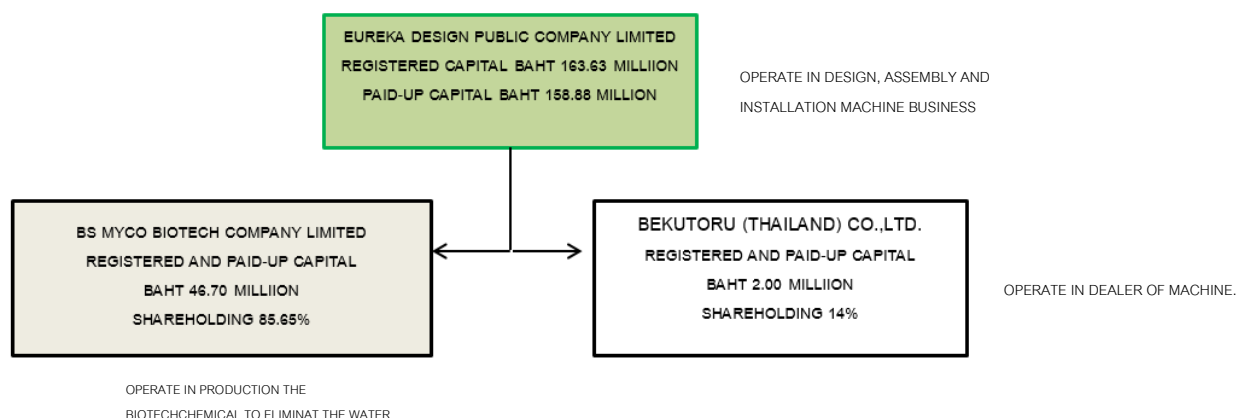
The Company sell shares of the Eureka Design International Pte.,Ltd. which is a company that operate in the investment in overseas in amount 1,900,000 shares or 100% of paid-up capital shares and paid consideration to the seller in the total amount of Baht 25.50 million. The company does not have loans, guarantee obligations or other obligations with Eureka Design International Pte.,Ltd. The disposition of Eureka Design International Pte.,Ltd. shares and will out of condition a subsidiary of the Company.

Shareholder name			
Before disposition		After disposition	
1. Eureka Design Public Company Limited.	1,900,000 shares (100%)	1. Mr.Supapon Kittithanalak	1,900,000 shares (100%)

Board of Director	
Before disposition	After disposition
1. Mr.Narakorn Ratchapolsitte	1. Mr.Supapon Kittithanalak
2. Mr.Ngiam soon Hui	2. Mr.Ngiam soon Hui

Group Company Structure (before transaction)





3.2 Calculation of the Transaction Size

3.2.1 Eureka Automation Company Limited

The details calculations of the transaction size according to the based on the review report and interim consolidated financial statements of Eureka Design Public Company Limited for the three months period ended March 31, 2019. And The Audited financial statement of Eureka Automation Company Limited for year ended December 31,2018.

The calculation of transaction size

(1) Book Value of net tangible assets method (NTA)

$$\begin{aligned} \text{Transaction size} &= \frac{\text{NTA of investment in the Company} \times \text{The disposition proportion} \times 100}{\text{NTA of the Company}} \\ &= \frac{(14.96 \times 99.99996\%) \times 100}{191.61} \\ &= 7.81\% \end{aligned}$$

(2) Net Profit from Core Business after tax

$$\begin{aligned} \text{Transaction size} &= \frac{\text{Net Profit from the disposition assets} \times 100}{\text{Total net profit of the Company}} \\ &= \frac{(0.73^{(1)} \times 99.99996\%) \times 100}{-10.02^{(2)}} \\ &= -7.29\% \end{aligned}$$

⁽¹⁾ Net profit from the operation of Eureka Automation Company Limited, excluding tax revenue of 6.79 million Baht.

⁽²⁾ Net loss from the operation of Eureka Design Public Company Limited, excluding income tax income of 20.83 million Baht.

(3) Value of Consideration

$$\begin{aligned} \text{Transaction size} &= \frac{\text{Total investment cost} \times 100\%}{\text{Total assets of the Company}} \\ &= \frac{(29.50 \times 100)}{455.64} \\ &= 6.47\% \end{aligned}$$

(4) Value of securities a listed company issues to pay for asset disposition

$$\text{Transaction size} = \frac{\text{Number of shares issued by the Company to pay for the assets} \times 100\%}{\text{Number of issued and paid-up shares of the Company}}$$

Cannot be calculated because the Company does not issue new shares.

3.2.2 Eureka Design International Pte.,Ltd.

The details calculations of the transaction size according to the based on the review report and interim consolidated financial statements of Eureka Design Public Company Limited for the three months period ended March 31, 2019. And The Audited financial statement of Eureka Automation Company Limited for year ended December 31,2018.

(Reference exchange rate as of 30 June 2562 = 1 SGD = 22.395 Baht)

The calculation of transaction size (Currency : Baht)

(1) Book Value of net tangible assets method (NTA)

$$\begin{aligned} \text{Transaction size} &= \frac{\text{NTA of investment in the Company} \times \text{The disposition proportion} \times 100}{\text{NTA of the Company}} \\ &= \frac{(23.13 \times 100\%) \times 100}{191.61} \\ &= 12.07\% \end{aligned}$$

(2) Net Profit from Core Business after tax

$$\begin{aligned} \text{Transaction size} &= \frac{\text{Net Profit from the disposition assets} \times 100}{\text{Total net profit of the Company}} \\ &= \frac{(-0.042 \times 99.99996\%) \times 100}{\dots} \end{aligned}$$

$$= \frac{-10.02}{455.64} = -0.42\%$$

(3) Value of Consideration

$$\begin{aligned} \text{Transaction size} &= \frac{\text{Total investment cost} \times 100\%}{\text{Total assets of the Company}} \\ &= \frac{(25.50 \times 100)}{455.64} \\ &= 5.60\% \end{aligned}$$

(4) Value of securities a listed company issues to pay for asset disposition

$$\begin{aligned} \text{Transaction size} &= \frac{\text{Number of shares issued by the Company to pay for the assets} \times 100\%}{\text{Number of issued and paid-up shares of the Company}} \end{aligned}$$

Cannot be calculated because the Company does not issue new shares.

From the above calculation, the maximum transaction is 19.88%, calculated by the net tangible assets method, according to the based on the review report and interim consolidated financial statements for the three months period ended March 31, 2019. The Company did not enter into any disposition transaction during the past six months. which the scope of transaction type 2. Therefore, the Company must disclosure to the Stock Exchange of Thailand within 21 day. Subject : Information Disclosure and Execution of Listed Company due to Acquisition or Disposal of Assets B.E.2547 “Notification on information Disclosure and Execution due to Acquisition or Disposal of Assets”.

3.3 The reason of the acquisition

Due to the overall of automotive group business has rapid change and continuing decrease the growth and slow down. Although the company has tried to expand the channels to the new market and variety of industries. The company also has subsidiaries in the group that have relatively high operating costs. And there are the problem of liquidity of working capital. And still have a lot of accumulated losses in the past. Therefore, when the company is able to sell the investment in such subsidiary at a reasonable price. And this is an opportunity for the company to reduce the expenses of the subsidiaries. And also the company receive cash back to use in working capital and can also be used to repayment the loan from the bank.

4. Details of acquired assets

4.1 General information

4.1.1 Eureka Automation Company Limited

Established Date	December 8,2014
Company Name	Eureka Automation Company Limited
Company registration no.	0135557021131
Type of business	Operate in design assembly product and installation machine.
Head Office	19 Moo 11 Tambon Ladsawai , Amphor Lamlooka Phathumtani.
Registered capital	Baht 50,000,000
Paid-up capital	Baht 50,000,000
Number of ordinary shares	5,000,000 shares
Number of preferred shares	-None-
Par value per share	Baht 10 per share

4.1.2 Eureka Design Internation Company Limited

Established Date	August 30,2013
Company Name	Eureka Design International Company Limited
Company registration no.	201323520W
Type of business	Operate in investment in overseas business.
Head Office	51 Goldhill Plaza, #07-10/11, Singapore 308900
Registered capital	SGD 1,900,000
Paid-up capital	SGD 1,900,000
Number of ordinary shares	1,900,000 shares
Number of preferred shares	-None-
Par value per share	SGD 1 per share

4.2 Financial information (3 Years)

4.2.1 Eureka Automation Company Limited

	Audited Financial Statement		
	2016	2017	2018
Assets			
Current assets			
Cash and cash equivalents	1,426,552	1,322,005	10,771,134
Trade accounts receivable	89,880	54,806,594	94,905,150
Unbilled contract work in progress	-	20,206,075	13,723,380
Other receivables	589,266	3,501,872	4,067,767
Short-term loans to related party	-	7,200,000	1,200,000
Inventories	437,142	28,180,204	32,865,571
Total current assets	2,542,840	115,216,750	157,533,002
Non-current assets			
Investments in subsidiary	-	-	-
Investment in jointly-controlled entity	700,000	700,000	700,000
Equipment	1,021,248	13,237,562	15,280,393
Intangible assets	-	16,510	469,457
Deferred tax assets	-	246,605	7,033,281
Other non-current assets	-	2,495,158	8,997,822
Total non-current assets	1,721,248	16,695,835	32,480,953
Total assets	4,264,088	131,912,585	190,013,955
Liabilities and equity			
Trade accounts payable	27,770	24,700,650	36,575,723
Other payables	100,569	8,382,144	11,390,031
Excess of progress billings over contract work in progress	-	34,286,667	47,218,931
Short-term loans from related parties	2,300,000	45,800,000	67,000,000
Guarantee provisions	152,724	1,790,922	2,574,638

	Audited Financial Statement		
	2016	2017	2018
Total current liabilities	2,708,260	114,960,383	164,759,323
Non-current liabilities			
Provision for employee benefits	-	2,002,469	2,788,960
Deferred tax liabilities	52,634	-	-
Total non-current liabilities	52,634	2,002,469	2,788,960
Total liabilities	2,760,894	116,962,852	167,548,283
Equity			
Share capital			
Authorised share capital	50,000,000	50,000,000	50,000,000
Issued and paid-up share capital	27,500,000	50,000,000	50,000,000
Deficit	(25,996,806)	(35,050,267)	(27,534,328)
Total equity	1,503,194	14,949,733	22,465,672
Total liabilities and equity	4,264,088	131,912,585	190,013,955
Statement of income			
Revenue from sale of goods and services	1,590,900	111,964,608	241,529,407
Investment income	3,763	448,516	406,295
Other income	1,304,748	8,553,588	4,335,189
Net foreign exchange gain	-	6,219	-
Expenses			
Cost of sales and services	3,436,845	87,238,076	201,165,891
Selling expenses	14,880	934,181	2,469,354
Administrative expenses	19,894,925	40,087,363	38,857,317
Net foreign exchange loss	-	-	32,502
Total expenses	23,346,650	128,259,620	242,525,064
Profit (loss) before finance costs and income tax	(20,447,239)	(7,286,689)	3,745,827
Finance costs	(794,423)	(2,066,011)	(3,016,564)
Profit (loss) before income tax	(21,241,662)	(9,352,700)	729,263

	Audited Financial Statement		
	2016	2017	2018
Tax income	(194,206)	299,239	6,786,676
Profit (loss) for the year	(21,435,868)	(9,053,461)	7,515,939

4.2.2 Eureka Design International Pte.,Ltd. (Currency : Baht)

	Audited Financial Statement		
	2016	2017	2018
Assets			
Current assets			
Cash and bank balances	5,494,233	787,610	769,089
Other receivables	83,197	4,562,175	4,562,175
Total current assets	5,577,430	5,349,785	5,331,264
Non-current asset			
Investment in subsidiaries	25,830,930	17,679,150	17,679,150
Total assets	31,408,360	23,028,935	23,010,415
Liabilities and equity			
Accrued expenses	197,703	221,688	197,703
Total liabilities	197,703	221,688	197,703
Equity			
Share capital	42,550,500	42,550,500	42,550,500
Accumulated losses	(11,339,843)	(19,719,268)	(19,761,774)
Net equity	31,210,657	22,831,232	22,788,726
Total liabilities and equity	31,408,360	23,028,935	23,010,415
Statement of income			
Interest income from holding company	-	129,846	331,446
Impairment loss on investment in subsidiaries	9,764,220	8,151,780	-
Administrative expenses	302,579	357,491	373,592

	Audited Financial Statement		
	2016	2017	2018
Loss before income tax	(10,066,799)	(8,379,425)	(42,506)
Income tax	-	-	-
Loss for the year	(10,066,799)	(8,379,425)	(42,506)

5. Value of Consideration

5.1 Total value of Consideration

5.1.1 Eureka Automation Company Limited

The total consideration value for the disposition of 4,999,998 fully paid ordinary shares in Eureka Automation Company Limited from the buyer is at Baht 29.50 million after this transaction will out of condition a subsidiary of the Company.

5.1.2 Eureka Design International Pte.Ltd.

The total consideration value for the disposition of 1,900,000 fully paid ordinary shares in Eureka Design International Pte.,Ltd. from the buyer is at Baht 25.50 million after this transaction will out of condition a subsidiary of the Company.

5.2 Payment

The buyer will paid the total of Baht 29.50 million for buying share of Eureka Automation Company Limited. And total of Baht 25.50 million for buying share of Eureka Design International Pte.,Ltd. within July 2019.

6. Value of Acquired Assets

Eureka Automation Company Limited total of Baht 29.50 million.

Eureka Design International Pte.,Ltd of Baht 25.50 million.

7. Basis for determination of value of reward

According to the share price agreed between the Company (“Seller”) and the Buyer, by sell to shares of the Eureka Automation Company Limited total 4,999,998 shares at the price of 29.50 million and Eureka Design International Pte.,Ltd. Total 1,900,000 shares at the price of 25.50 million. The price and terms of negotiation between the

Company and the buyer will consider with the value of the return on investment in with this method of estimating the income and profit and loss of the project in the future including evaluating business risks. However, based on the opinion of financial advisor, Absolutted Advisory Company Limited chose the discount cash flow approach (DCF) method. The valuation can be as the follows.

1. Eureka Automation Company Limited has a value Baht 24.84-44.33 million.
2. Eureka Design International Pte.,Ltd. Has a value Baht 27.28-31.95 million.

8. The benefits of the transaction

The company has reduced the high expensed in the subsidiaries that have a lot of accumulated losses. And the company will receive cash to use for working capital.

9. Plan to use the cash from transaction

The company will receive the cash form the disposition investment of shares of 2 subsidiaries to use for working capital.

10. Opinion of the Board of Directors Regarding the Transaction

The Board of Directors has considered the transaction is reasonable as the following detail;

1. Eureka Automation Company Limited.

1.1. The direction of the automotive business tends to slow down and decrease.

1.2. Sales order of the subsidiaries are unevenly fluctuated due to the dependence on the automotive industry.

1.3. Expenditure on staff Various welfare And other expenses are high even though the subsidiaries Will consider the manpower reduction in the past 2016, which, if reducing the number of people Will affect the efficiency of the operation

1.4. The subsidiary has another accumulated loss of Baht 27.53 million according to the data from the 2018 annual financial statements.

1.5. The subsidiary company has the liquidity problems with a D/E ratio as high as 7.46 times. According to the financial statements of the year 2018, it is not possible to request loans from any financial institution. In the past period.

1.6. The company will receive cash back for use in circulation in the amount of Baht 29.50 million to be able to be used to circulate in the company. And can also be used to invest in other sub-businesses such as BSMYCO Biotech Co., Ltd., which the company had invested in June 2019, which is expected to generate good returns to the company.

More

1.7. The Board of Directors considers it appropriate that The price agreed to sell the investment in the value of Baht 29.50 million is within the scope of the valuation of the business from the financial advisor evaluation And is reasonable in entering into such transaction.

2. Eureka Design International Pte.,Ltd.

2.1 The subsidiary has another accumulated loss of Baht 19.76 million, according to the data from the 2018 annual financial statements.

2.2 Trends in investment in foreign businesses of this subsidiary still no sign of better direction.

2.3 The company will receive cash back for use in the business in the amount of 25.50 million baht to be able to be used to circulate in the company. And can also be used to invest in other sub-businesses such as BS MYCO Biotech Co., Ltd., which the company has invested in June 2019, which is expected to generate good returns to the company.

2.4 The Board of Directors has considered and agreed that The price agreed to sell the investment in the value of Baht 25.50 million, even lower than the valuation price of the business from the financial advisory assessment report. But the investment in the said subsidiary There is a business risk by being a juristic person established in a foreign country. With high operating expenses And there is still uncertainty regarding future revenue recognition

11. Opinion of the Audit Committee and/or the Directors which are different from the opinion of the Board according to item 10

Audit Committee and/or the all Directors have agreed with the opinion from the Board of Directors and there is no viewed different in opinion as set out in item 10, and there is no different opinion from the Board of Directors.