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Ref. No. PorBor.025 / 2019

August 28, 2019

Subject: Entering into Transaction of Disposing of Subsidiary's Land and Buildings for the Debenture Debt repayment ([Additional information](#))

To: President  
The Stock Exchange of Thailand

Enclosure: Information Memorandum on the Asset Disposal, Schedule 1 of Rich Asia Corporation Public Company Limited

Reference to the Board of Directors' meeting of Rich Asia Corporation Public Company Limited ("the Company") No. 1/2019, held on 18 February 2019, has unanimously resolved for the Rich Asia Industry Company Limited ("Subsidiary Company") to dispose 1 plot of land title deed no. 131527 Kalong Sub-district, Muang Samut Sakhon District, Samut Sakhon, total land area of 93 rai 3 ngan 61 square wah (37,561 square wah), together with building as per construction permission No. 196/2537, total utilized area of 36,964 square meters at the price of Baht 550,000,000 (Five hundred fifty million) ("Land and Buildings of Subsidiary company"), which is in accordance with the resolution of Extraordinary General Shareholders' Meeting of Subsidiary Company No. 1/2019 held on 8 March 2019 for the debenture debt repayment to Chote Pittayachai 3 Co., Ltd.

In this regard, the Board of Directors meeting of Subsidiary Company No. 20/2562 held on 1 August 2019 was decided by an unanimous vote authorized Mr. Sontaya Noicharoen and/or Mr. Taradol Rungrojdsalagul to perform any actions related to the redemption and transferring of Land and Buildings to Chote Pittayachai 3 Co., Ltd. at the price of Baht 550,000,000 (Five hundred fifty million), including operation as follows : (A) negotiate, specify and amend details of the redemption and transferring of Land and Buildings which is approved by the Shareholders meeting which may necessary and appropriately to complete the transferring process. (B) Sign, approve and perform any documents or contracts that necessary and relate to the redemption and transferring process of Land and Buildings which is approved by the Shareholders meeting or negotiated, specified and amended details according (A). (C) Perform any tasks relevant to the redemption and transferring process of Land and Buildings, contact, enquiry, sign, submit and receive the document, including edit the document which will be submitted to the government agencies or the other relevant agencies. (D) Perform any other tasks that the

attorney view as necessary and appropriately to complete the transferring process. (E) Sub-Authorize any person to perform all above (A) to (D)

The Subsidiary Company has performed the legal transaction of disposing of Land and Buildings together with the transfer of ownership of Lands and Buildings registration to Chote Pittayachai 3 Co., Ltd. at the authorized Land Office on 23 August 2019

The transaction mentioned above is considered as disposal of assets in accordance with the Notification of the Capital Market Supervisory Board No. TorChor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Asset dated 31 August 2008 (as amended) 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 or Disposal of Asset BE 2547 (2004) dated 29 October 2004 (as amended) (the "Notification on Acquisition or Disposal of Assets"). The highest transaction value equals 40.27 percent based on the value of consideration basis. The highest transaction value is derived from this method of calculation, whereby the calculation is based on the Company's reviewed consolidated financial statements for the 6-month period as of 30 June 2018.

Therefore, the entering of this transaction that the Company's Board of Directors resolved to approve the disposal of Subsidiary's Land and Buildings which is in accordance with the resolution of Extraordinary General Shareholders' Meeting No. 1/2019, held on 8 March 2019 of Subsidiary Company, for Debenture Debt repayment to Chote Pittayachai 3 Co., Ltd., which have the total highest transaction value of 40.27 percent based on the value of consideration basis, being considered as Type 2 transaction under the Notification on Acquisition or Disposal of Assets. Therefore, the Company is required to immediately disclose the information memorandum on entering into such transaction to the Stock Exchange of Thailand (the "SET) and send a circulated letter to the shareholders of the Company within 21 days from the disclosure date on entering into such transaction to the SET

The details of such transaction appear in the enclosed Information Memorandum on the Asset Disposal, Schedule 1 of Rich Asia Corporation Public Company Limited.

Please be informed accordingly.

Yours sincerely

- SOMKIAT VONGSAROJANA -

Mr. Somkiat Vongsarajana  
Managing Director

## **Information Memorandum on the Asset Disposal, Schedule 1 of**

### **Rich Asia Corporation Public Company Limited**

The Board of Directors meeting of Rich Asia Corporation Public Company Limited (“the Company”) No. 1/2019, held on 18 February 2019, has unanimously resolved for the Rich Asia Industry Company Limited (“Subsidiary Company”) to dispose of the 1 plots of land title deed no. 131527 Kalong Sub-district, Muang Samut Sakhon District, Samut Sakhon, with the total land area of 93 rai 3 ngan 61 square wah (total land area of 37,561 square wah), together with building as per construction permission No. 196/2537 consisting of plant building, galvanizing plant, material warehouse, office building, canteen and restroom, total 8 buildings with utility space of 36,964 square meters at Baht 550,000,000 (Five hundred fifty million baht) (“Land and Buildings of Subsidiary company”), which is in accordance with the resolution of Extraordinary General Shareholders’ Meeting of Subsidiary Company No. 1/2019 held on 8 March 2019, for the Debenture Debt repayment to Chote Pittayachai 3 Co., Ltd.

The transaction mentioned above is considered as disposal of assets in accordance with the Notification of the Capital Market Supervisory Board No. TorChor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Asset dated 31 August 2008 (as amended) 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 or Disposal of Asset BE 2547 (2004) dated 29 October 2004 (as amended) (the “Notification on Acquisition or Disposal of Assets”). The highest transaction value equals 40.27 percent based on the value of consideration basis. The highest transaction value is derived from this method of calculation, whereby the calculation is based on the Company’s reviewed consolidated financial statements for the 6-month period as of 30 June 2018.

Therefore, the entering of this transaction, the Company’s Board of Directors has unanimously resolved approve for the Company to participate the vote of approval in the Extraordinary General Meeting of Shareholders No. 1/2019, held on 8 March 2019, in order to dispose Land and Buildings, by the total highest transaction value of 40.27 percent based on the value of consideration criteria. It is considered as a Class 2 transaction under the Notification on Acquisition or Disposal of Assets. As a result, the Company is required to immediately disclose the information memorandum on entering into such transaction to the Stock Exchange of Thailand (“SET”) and send a circular letter to the shareholders of the Company within 21 days from the date on which the information memorandum on entering into such transaction is disclosed to the SET. Therefore. the Company would like to disclose the details of the transaction as prescribed by the Notification on Acquisition or Disposal of Assets as follows

## 1. Day/month/year in which the transaction occurs

23 August 2019

## 2. Involved parties and relationships between the parties

Land and Buildings Sale and Purchase																																								
Seller	Rich Asia Industry Company Limited (“Subsidiary Company”)																																							
Purchaser	<p>Chote Pittayachai 3 Co., Ltd. which is not a related person of the Company pursuant to the Notification of the Capital Market Supervisory Board No. TorChor 21/2551 (2008) Re: Rules on Connected Transactions dated 31 August 2008 (as amended) 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, dated 19 November 2003 (as amended) (collectively, the "Notifications on Connected Transactions")</p> <p>Chote Pittayachai 3 Co., Ltd.*, shareholding structure information as of 18 July 2019</p> <table border="1"> <thead> <tr> <th>Shareholders</th> <th>No of shares</th> <th>Shareholding percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Chote Pittayachai 5 Co., Ltd.</td> <td>9,569</td> <td>95.69</td> </tr> <tr> <td>Other shareholders (14 debenture creditors)</td> <td>431</td> <td>4.31</td> </tr> <tr> <td><b>Total</b></td> <td><b>10,000</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <p><u>Note</u> * The founder is the Attorney of the debenture creditors, who has objective to receive the transferring assets for using as debt payments.</p> <p>Chote Pittayachai 5 Co., Ltd., shareholding structure information as of 17 May 2019</p> <table border="1"> <thead> <tr> <th>Shareholders</th> <th>No of shares</th> <th>Shareholding percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Kudun and Partners PS Limited*</td> <td>8,569</td> <td>85.69</td> </tr> <tr> <td>Other shareholders (12 debenture creditors)</td> <td>1,431</td> <td>4.31</td> </tr> <tr> <td><b>Total</b></td> <td><b>10,000</b></td> <td><b>100.00</b></td> </tr> </tbody> </table> <p><u>Note</u> * Attorney of debenture creditor more than 400 persons, who is an agent for the reconciliation of debentures.</p> <p>Kudun and Partners PS Limited, Shareholding structure information as of 20 August 2019</p> <table border="1"> <thead> <tr> <th>Shareholders</th> <th>No of shares</th> <th>Shareholding percentage (%)</th> </tr> </thead> <tbody> <tr> <td>Kudun and Partners Limited</td> <td>19,998</td> <td>99.990</td> </tr> <tr> <td>Mr.Kudun Sukhumananda</td> <td>1</td> <td>0.005</td> </tr> <tr> <td>Mr.Ekachai Chotipitayusunon</td> <td>1</td> <td>0.005</td> </tr> <tr> <td><b>Total</b></td> <td><b>20,000</b></td> <td><b>100.00</b></td> </tr> </tbody> </table>	Shareholders	No of shares	Shareholding percentage (%)	Chote Pittayachai 5 Co., Ltd.	9,569	95.69	Other shareholders (14 debenture creditors)	431	4.31	<b>Total</b>	<b>10,000</b>	<b>100.00</b>	Shareholders	No of shares	Shareholding percentage (%)	Kudun and Partners PS Limited*	8,569	85.69	Other shareholders (12 debenture creditors)	1,431	4.31	<b>Total</b>	<b>10,000</b>	<b>100.00</b>	Shareholders	No of shares	Shareholding percentage (%)	Kudun and Partners Limited	19,998	99.990	Mr.Kudun Sukhumananda	1	0.005	Mr.Ekachai Chotipitayusunon	1	0.005	<b>Total</b>	<b>20,000</b>	<b>100.00</b>
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Land and Buildings Sale and Purchase		
	Kudun and Partners Limited, Shareholding structure information as of 9 September 2019	
	<b>Shareholders</b>	<b>No of shares</b>
	<b>Shareholding percentage (%)</b>	
	Mr.Kudun Sukhumananda	35,750
	Mr.Sarawut Krailartsiri	35,000
	Mr.Ekachai Chotipitayasunon	19,500
	Mr.Konggot Yongsawatdigul	9,750
	<b>Total</b>	<b>100,000</b>
<b>Detail of the asset disposal</b>	<b>Land</b>	1 plot
	Land title deed no	131527 Land No. 107 survey page 313 position no. 5035IV2092-00
	Located at	88 Moo 2, Rama 2 Road (highway35) kilometer No. 45, Kalong Sub-district, Muang Samut Sakhon District, Samut Sakhon Province
	Land area	93 rai 3 ngan 61 square wah (or 37,561.0 square wah)
	<b>Buildings</b>	As per construction permission No. 196/2537 consisting of plant building, galvanizing plant, material warehouse, office building, canteen and restroom, total 8 buildings with utility space of 36,964 square meters
<b>Selling price</b>	Baht 550,000,000 in aggregate (Five hundred fifty million baht)	
<b>The transfer of ownership</b>	Subsidiary Company had transferred and registered the ownership of Land and Buildings to the Purchaser at the Samut Sakhon Province Land Office on 23 August 2019	

### 3. General characteristics of the transaction and transaction value and details of the asset disposal

#### 3.1 General Characteristics

The Company disposed 1 plots of land title deed no. 131527 parcel number 107 tambon number 313 sheet number 5035IV2092-00, located at 88 Moo 2, Rama 2 Road (highway35) kilometer No. 45, Kalong Sub-district, Muang Samut Sakhon District, Samut Sakhon Province, total land area of 93 rai 3 ngan 61 square wah (or 37,561.0 square wah) , together with buildings as per construction permission no. 196/2537 consisting of plant building, galvanizing plant, material warehouse, office building, canteen and restroom, total 8 building with utility space of 36,964 square meters at Baht 550,000,000 (Five hundred fifty million baht), for partial debt repayment to the Company's debenture creditor.

### 3.2 Calculation of transaction value

The calculation under the Notification on Acquisition or Disposal of Assets based on the reviewed consolidated financial statements of the Company for the 6-month period as of 30 June 2018 has the details as follows.

#### (1) Net Tangible Asset Criteria

Cannot be calculated due to this is the transaction of the disposal of land and buildings

#### (2) Net Profits from Normal Operation Criteria

Cannot be calculated due to this is the transaction of the disposal of land and buildings

#### (3) Total Value of Consideration Criteria

$$\begin{aligned} \text{Total Value of Consideration} &= \frac{(\text{Paid or received transaction value} \times 100)}{\text{Total asset of the listed company}} \\ \text{Paid or Received Transaction Value} &= \text{The highest value between purchasing price or book value} \\ &= \text{The highest value between 550,000,000 and 242,215,769.95} \\ &= 550,000,000 \\ \text{Total Value of Consideration} &= \frac{550,000,000 \times 100}{1,365,897,746} \\ &= 40.27\% \end{aligned}$$

#### (4) Value of Securities Issued as Consideration for the Acquisition of the Asset Criteria

Cannot be calculated due to this is the transaction of the disposal of land and buildings

Thus, there's no transaction of assets disposal within 6 months backward.

From the calculation of the transaction value above, the highest transaction value equals 40.27 percent based on the value of consideration basis. The highest transaction value is derived from this method of calculation, whereby the calculation is based on the Company's reviewed consolidated financial statements for the 6-month period as of 30 June 2018. Therefore, the entering of this transaction have the total highest transaction value of 40.27 percent based on the value of consideration basis, being considered as a Class 2 transaction under the Notification on Acquisition or Disposal of Assets. As a result, the Company is required to immediately disclose the information memorandum on entering into such transaction to the Stock Exchange of Thailand (the "SET") and send a circulated letter to the shareholders of the Company within 21 days from the disclosure date on which the information memorandum on entering into such transaction to the SET.

### 3.3 Rational and background of the transaction

Rich Asia Corporation Public Company Limited (“the Company”) has the debtor which is Rich Asia Industry Company Limited, subsidiary of the company. As the debenture creditor expedite the Company to pay the debt, So the Company has mortgage the subsidiary’s machine as collateral for repayment in the amount of 100 million baht, as well as the subsidiary’s land and buildings as additional collateral for repayment in the amount of 400 million baht, until the Company can repay the debt. Subsequently, the mortgagee (debenture creditor) has claim and prosecute the subsidiary to enforcement of mortgage, therefore the Company has negotiate with the debenture creditor and be offered to dispose land and buildings to the mortgagee, for repayment debt in the amount equal to Baht 550,000,000 (Five hundred fifty million baht). Hence, the Company consider to dispose the subsidiary’s land and buildings for partial debt repayment [at Baht 550,000,000](#) to the debenture creditor and in accordance with debenture holders’ meeting No.1/2019 held on 20 February 2019.

3.4 The subsidiary company was sued as [the defendant in black case no. Por 1430/2561 to Samut Sakhon Province Court for breach of contract and oblige for the mortgage of land and buildings of the Subsidiary Company which has mortgaged as collateral for the payment of Company's debentures](#), and the Company was called as a co-defendant. Later, on 27 May 2019, entered into a compromise agreement [to the court that the Subsidiary Company agreed to transfer the ownership of the mentioned Land and Buildings to settle disputes in this case](#). The court has ordered according to the aforementioned compromise agreement, as the red case no. Por. 682/2562. Therefore, the disposing of land and buildings is in accordance with the aforementioned [compromise](#) agreement.

#### 4. Description of the asset to be disposed of

Details of Land and Buildings are as follows

Characteristics of asset	<u>Land</u>	1 plot
	Land title deed no	131527 parcel number 107 tambon number 313 sheet number 5035IV2092-00
	Land area	93 rai 3 ngan 61 square wah (or 37,561.0 square wah)
	<u>And Buildings</u>	As per construction permission no. 196/2537 consisting of plant building, galvanizing plant, material warehouse, office building, canteen and restroom, total 8 building with utility space of 36,964 square meters

Location	88 Moo 2, Rama 2 Road (highway35) kilometer No. 45, Kalong Sub-district, Muang Samut Sakhon District, Samut Sakhon Province
Document of right	Land title deed no. 131527 Construction permission no. 196/2537
Legal rights	Absolute ownership
Liability	Mortgage with group of debenture creditor 39 members
The use prior to the disposal	Manufacture and trader for steel pipe and structural steel products

#### 5. Total value of consideration

The Subsidiary Company has disposed the Land and Buildings at Baht 550,000,000 (Five hundred fifty million baht) to the Purchaser.

#### 6. Criteria to determine the total value of consideration

The sales of Land and Buildings at Baht 550,000,000 to the Purchaser are the prices and terms negotiated between the Subsidiary Company and the Purchaser, together with the valuation of Land and Buildings by an appraiser approved by the Securities and Exchange Commission (the "SEC").

The value of the consideration is derived from the price negotiated with the Purchaser, compared with the market value of Land and Buildings that are appraised by Rich Appraisal Co., Ltd., which is an appraiser approved by the SEC, [which is an assessment for public purposes](#). The value of the consideration is higher than the market value as the following details:

Details	Sales and Purchase Value	The market value
Land and Buildings of Rich Asia Industry Co., Ltd.	Baht 550.00 million	Baht 502.90 million

#### 7. Expected benefits to the Company from the asset disposal

7.1 This asset disposal could reduce the debt of the Company, enabling the Company for partial debt repayment to the debenture creditor and enable to continuously business operation. Thus, the Company has the outstanding debts with the debenture creditor amount of 1,230 million baht.

7.2 As the business has low liquidity, this disposing of land and buildings could accelerate debt repayment to the debenture creditor.



#### 8. Plans for utilizing the proceeds from the asset disposal

This disposal of subsidiary's Land and Buildings to the creditor (the purchaser), the subsidiary will subrogate the right from the existing debenture creditor, as explained in 3.3.

For the area of business operation after the subsidiary has disposed assets to pay debts to creditor (the purchaser) in accordance with the compromise agreement as explained in 3.4, the creditor (the purchaser) agrees with the subsidiary to rent such asset for further business operation. The subsidiary has considered the rental conditions, the rental price including the ability to control various costs and expenses, and found that it was worthwhile to rent the mentioned area. In order that the subsidiary would proceed to build the new factory, they require a large amount of investment fund, which the subsidiary still not ready to invest. Therefore, the opinion is that the rental of mentioned area is appropriate for continuing the business operation. For the period that the creditor (the purchaser) let the subsidiary to rent is 2 years and 1 month starting from 23 August 2019 onwards. However, not less than 6 months before the end of the rental period, the creditor (the purchaser) and the subsidiary agree to negotiate about the rental renewals. In case of there is no negotiation, it is considered that the subsidiary does not desire to continue such rental assets. Currently, the Subsidiary Company has not yet acknowledged that the transferee (the purchaser) would dispose the land in near future, and this disposal does not have an agreement or contract for the right to buy back. For the subsidiary's minimum production capacity is 5% per month (maximum production capacity of 40,000 tons per month). The production is around 2,000 tons per month on average, representing an income of Baht 40,000,000 per month. At the beginning of next year, there will be more construction due to the economy stimulation by government sector, with expect that demand for steel will increase, the subsidiary should increase the production capacity by 50% per month, or around 20,000 tons, equivalent to income of Baht 400 million per month. In addition, the conglomerate has a new business plan that is the 100% battery electric vehicles, which the subsidiary will be the manufacturer of 100% battery electric vehicle, and the subsidiary require production space for assembling the mentioned electric vehicle. Currently, the operation is in the process of investment promotion consideration by the Board of Investment of Thailand (BOI) and need production space within the beginning of next year. Therefore, the Company will receive a worthwhile from business rehabilitation when compared to the rental cost. In addition, the Company has own another plot of Land, located at 91 Village No. 1, Na Khok Subdistrict, Mueang Samut Sakhon District Samut Sakhon Province, which can be utilizable and currently is in improvement process. In case of the subsidiary has necessity to move out of rental space, this plot of Land can be substituted for the business operation. The Company also has another factory, located at 141 / 3-4 Village No. 3, Bang Prong Subdistrict, Mueang Samut Prakan District Samut Prakarn Province, which can still benefit the Company.

For the Company's business operation, since steel business at present could not earned much profit due to tax competition which is the obstacle for raw material import, therefore the import materials would be high price, the Company is in feasibility study for new good trend business.

**9. Conditions for the entering into the transaction**

This entering into the transaction is considered as disposal of listed company's assets under type 2 of the Notification on Acquisition or Disposal of Assets. The Subsidiary Company has performed the legal transaction of disposing of Land and Buildings together with the transferring Lands and Buildings ownership registration to Chote Pittayachai 3 Co., Ltd. at the Samut Sakhon Land Office on 23 August 2019, the Company is required to immediately disclose the information memorandum on entering into such transaction to the SET, and send the circulated letter containing the minimum information as required by the Notification on Acquisition or Disposal of Assets to the shareholders of the Company within 21 days from the disclosure date on entering into such transaction to the SET.

**10. Opinion of the Board of Directors on the entering into the transaction**

The resolution of the Board of Directors' Meeting No. 1/2019, held on 18 February 2019, has carefully considered this transaction, by considering the conditions of the transaction, the appropriateness of the sale value. The Meeting considered that the disposal of Land and Buildings could reduce the debt burden of the Company.

**11. Opinion of the Audit Committee and/or opinion of the director which is different from the opinion of the Board under Clause 10**

All directors of the Company have the same opinions as specified in the Board of Directors' resolution above (unanimity) and no audit committee member has an opinion different from such Board's resolution.

The Board of Directors certifies that all information contained in this Information Memorandum is true, complete and accurate in all respects.

Please be informed accordingly.

Yours sincerely

- SOMKIAT VONGSAROJANA -

Mr. Somkiat Vongsarajana

Managing Director