

POST 018/2019

16 December 2019

Subject Notification of the resolutions of the Board of Directors Meeting No. 5/2019 regarding the acquisition and disposition of assets and connected transaction Bangkok Post Public Company Limited

To The President
The Stock Exchange of Thailand
93 Ratchadaphisek Road, Dindaeng, Dindaeng
Bangkok 10400

The Board of Directors Meeting No. 5/2019 of Bangkok Post Public Company Limited ("the Company"), convened on 13 December 2019, passed a resolution to approve the Company to enter into the disposition of assets and connected transaction of (1) Printing plant and Distribution Center (Bangna) consist of land and building, printing machine and equipment, and (2) Office building (Klong Toey) consist of land and building, and passed a resolution to approve the Company to enter into the acquisition of assets of (3) leaseback of office building (Klong Toey) with reasonable rental and service rates. The Company will propose such resolutions to seek approval from the Extraordinary General Meeting of Shareholders No. 1/2020, which is scheduled to be held on 25 February 2020, and seek approval for any person(s) assigned by the Board of Directors to have the authority to perform any acts necessary or related and beneficial to the Company and the shareholders.

Attached herewith is Information memorandum on the acquisition and disposition of assets and connected transactions (Attachment 1)

Please kindly be informed accordingly.

Yours faithfully,

Suthikiati Chirathivat

(Mr. Suthikiati Chirathivat)
Chairman of the Board of Directors and
Chairman of the Executive Committee



**Information Memorandum on
Acquisition and Disposition of Assets
and Connected Transactions
Of
Bangkok Post Public Company Limited**

The Board of Directors Meeting No. 5/2019 of Bangkok Post Public Company Limited (“the Company”), convened on 13 December 2019, passed a resolution to approve the Company to enter into the disposition of assets and connected transaction of (1) Printing plant and Distribution Center (Bangna) consist of land and building, printing machine and equipment, and (2) Office building (Klong Toey) consist of land and building, and passed a resolution to approve the Company to enter into the acquisition of assets (3) leaseback of office building (Klong Toey) with reasonable rental and service rates. The Company will propose such resolutions to seek approval from the Extraordinary General Meeting of Shareholders No. 1/2020, which is scheduled to be held on 25 February 2020, and seek approval for any person(s) assigned by the Board of Directors to have the authority to perform any acts necessary or related and beneficial to the Company and the shareholders.

In addition, the Board of Directors Meeting passed a resolution to approve ratification of loans to the Extraordinary General Meeting of Shareholders No. 1/2020 from loans occurred in May, June, August and September 2019, including additional loan during the Company proceeds with the disposition of assets. The Company is necessary to and requested total loans from the connected person, which is considered as entering into connected transactions.

Therefore, the Company would like to disclose the information memorandum of the above transactions as follows:

- 1. Transaction date** : The entry into the disposition of assets and connected transaction will occur after receiving approval from the Extraordinary General Meeting of Shareholders No. 1/2020, which is scheduled to be held on 25 February 2020.

The Company expects to be able to dispose of one or more assets within a 12-month period.

2. Transaction parties

- Seller** : Bangkok Post Public Company Limited
- Expected Buyer** : The Company may sell each asset to investor not connected to the Company and/or investors connected to the Company depends on the negotiation and benefits the Company will receive.

3. Details of connected party and relationship nature

- : Major shareholder of the Company holding 24.22 percent of total paid-up capital of the Company and is the Company's Chairman of the Board of Directors, namely Mr. Suthikiati Chirathivat.

- 4. General transaction description :**
- (1) Printing plant and Distribution Center (Bangna) consist of land and building, printing machine and equipment
As such assets are no longer in-use by the Company
- (2) Office building (Klong Toey) consist of land and building
As the Company does not need to use the said asset to generate revenue and it is only a place to run a business, which the Company can change to other locations. Also, the Company's main income-generating asset is personnel.

The Company is currently under negotiation with the buyer (2.) . The success of each asset disposal transaction is independent of one another, depends on the negotiation and benefits the Company will receive.

After entering into the disposition of assets, the Company will still have the same business nature as usual having no significant changes in business characteristics or policies.

The Company can hire outsourcing companies to produce newspapers or other publications. In the event that the Company is able to complete all assets disposal transactions, the Company will have more cash flow as if were a cash company, but that money will mainly be used to repay debts and the rest will be used as working capital.

- 5. Purpose of transaction** : The Company has negative cash flow from having losses from operation for several consecutive years. Causes are from change in media consumption behavior from print media to online media and overall economic slowdown, which result in a decline in ad spending on print media. However, the Company has adjusted strategic and business model to cope with such effects.

After completion of such transactions, the Company will proceed with strategies and policies by controlling and reducing unnecessary operating expenses coupled with developing digital and online platform, monetizing brand and focusing more on consumers.

In addition, entering into such transactions will help reduce risk of capital structure management as the Company will have additional working capital to use to reduce debts and accommodate the needs of cash flow in a timely manner.

6. Details of disposition of assets

- Type of assets** : (1) Printing plant and Distribution Center (Bangna) consist of Land located at 999 Moo 9 separate from Thepparat Road (highway number 34) at kilometer of 19+700 (inbound) head south around 70 meter in Kwang Ban Chalong, Khet Bang Pli, Samutprakan with area according to title deed of 19 rai, 1 ngan, and 40 square meter. Currently is the Printing plant and Distribution Center of the Company.

Building construction such as Printing plant, Warehouse, Distribution office, Chemical store, and Small power plant with average usable life of 13 years. Other constructions are concrete road, barbed and concrete pole with fence, and reinforced concrete bridge.

There are 6 machinery and equipment for newspaper production totaling 23 sets/ machine. Most of machines have been used since 2007 with an average usable lifetime of 2-12 years; most are manufactured and imported from Germany, and some from

United States of American, Japan, and Thailand. The Company ceased printing operation since 31 August 2019 and outsource printing from 1 September 2019.

(2) Office building (Klong Toey) consist of land and building Land located at 136 Na Ranong Road Klong, Kwang Klong Toey, Khet Klong Toey, Bangkok with area according to title deed of 7 rai, 64.0 square wah. Currently is the Company's head office.

Building construction such as office building, service building, press building, and parking building with average usable life of 26 years with total usable area of 35,483 square meter. Other construction are security guard house, concrete road, and barbed and concrete pole with fence.

Liabilities : (1) Printing plant and Distribution Center (Bangna) – mortgaged to the bank
(2) Office building (Klong Toey) – none

Total Assets Value : (1) Printing plant and Distribution Center (Bangna) totaling value of 424.3 – 509.5 million baht consist of
Land value of 261.2 million baht
Construction building and others value of 107.3 million baht
Machinery and equipment value of 55.8 million baht (orderly liquidation value - piecemeal) or 140.1 million baht (market value for the existing value)
(2) Office Building (Klong Toey) totaling value of 1,175.0 million baht consist of
Land value of 859.2 million baht
Construction building and others value of 315.8 million baht

Total value for disposition of assets will be 1,599.3 – 1,684.5 million baht according to the appraisal value.

However, the Company set criteria for negotiation with person expects to be a buyer. Total transaction value will be no less

than 90 percent of the appraisal value, depends on the negotiation and benefits the Company will receive.

Criteria for Determination of

Consideration Value : Value of consideration is determined from appraisal value of an appraisal company Knight Frank Chartered (Thailand) Company Limited, which is a company that has been approved by the Securities and Exchange Commission of Thailand according to Notification of the Office of the Securities and Exchange Commission No. Sor Shor. 24/2555, according to the report dated 6 December 2019.

Term of payment : Person(s) assigned by the Board of Directors will be the person(s) who enter into a relevant contract and stipulate conditions after receiving approval from the Extraordinary General Meeting of Shareholders. At present, the Company is in process of negotiating with a person who is expected to be a buyer and no contract has been made.

7. Disposition of assets

Type of transaction : Calculation of transaction size was done according to the announcement regarding the acquisition or disposition of assets by referring to the information from the audited financial statements for the period ended 30 September 2019 as follows:

- (1) **Calculation based on the value of net tangible assets (NTA)**
Not applicable as NTA resulted in a negative value.

Net tangible assets (NTA) = total assets – intangible assets – deferred tax assets – total liabilities – non-controlling interests (if any)

$$\begin{aligned} \text{NTA} &= 1,992.2 - 94.9 - 55.6 - 1,932.4 - 36.7 \\ &= (127.4) \text{ million baht} \end{aligned}$$

(2) Calculation based on net operating profits

Not applicable as the Company incurred a loss.

(3) Calculation based on total value of consideration paid or received

$$\begin{aligned} \text{Transaction size} &= \frac{\text{Value of transaction received} \times 100}{\text{Total assets of listed company}} \\ &= \frac{1,684.5 \times 100}{1,922.2} \\ &= 87.6 \text{ percent} \end{aligned}$$

(4) Calculation based on value of equity shares issued for the payment of assets

Not applicable as the Company issues no securities as a consideration for disposition of assets.

The Company has not entered any acquisition or disposition of assets during the past 6 months before the Board of Directors Meeting passed a resolution to approve the Company to enter into such transactions. The maximum transaction size based on total value of consideration paid or received equal to 87.6 percent, which is considered as type 3 according to criteria of acquisition or disposition of assets. For that reason, it requires approval from the shareholders meeting with votes of not less than three-fourth of total number of the shareholders attending the meeting and having voting rights, excluding the votes of shareholders having an interest in the matter. The Company is also required to appoint the Independent Financial Advisor (IFA) to express views on the disposition of assets. The IFA will express views on, for example, the rationality of transaction and benefits to the Company, fair pricing and conditions.

If the Company considers to sell each or every assets to investors connected to the Company, value used in the calculation of connected transaction size equal to 1,684.5 million baht at maximum (due to the Company has negative net tangible assets,

therefore it cannot be calculated as a percentage). Transaction size is larger than 20 million baht and is considered as connected transaction of the listed companies as specified in The Notification of The Capital Market Supervisory Board No. Tor Chor. 21/2551, regarding rules on connected transactions provided as transactions relating to assets and services, and the Notification of The Board of Governors of The Stock Exchange of Thailand regarding disclosure of information and other acts of listed companies relating to connected transactions B.E. 2546 (2003). The Company requires approval from the shareholders meeting with votes of not less than three-fourth of total number of the shareholders attending the meeting and having voting rights, excluding the votes of shareholders having an interest in the matter. The Company will submit the Notice of Shareholders' Meeting together with the report of opinion of the Independent Financial Advisor to the shareholders at least 14 days prior to the shareholders' meeting date.

**8. Acquisition of asset
and connected transaction**

Type of transaction	:	Leaseback of office building (Klong Toey)
Transaction value	:	If the Company is able to enter into an asset disposal transaction, which is office building (Klong Toey), the Company may need to leaseback such asset from the person expected to be a buyer, depends on the negotiation and benefits that the Company will receive.

Total usable area of the office building (Klong Toey) is 35,483 square meter consist of office building area 9,000 square meter, service area 3,075 square meter, publishing area 11,696 square meter, and parking area 11,712 square meter. Presently, the total usable area exceeds the needs of the Company, the Board of Directors then considers to reduce to only usable area as needed, and is considering the area to leaseback not more than 50 percent of the total area and will not pay the rent not more than the specified rate. Reasonable rental and service rates is

350-400 baht/ square meter/ month, determined by an appraisal company Knight Frank Chartered (Thailand) Company Limited. If considering a 1-year lease contract, the maximum transaction size will be as follows:

$$\begin{aligned}
 &= \text{Total usable area} \times \text{price/ square meter} \\
 &= 35,483/ 2 \times 400 \text{ baht/ month} \\
 &= 7.1 \text{ million baht/ month or } 85.2 \text{ million baht/ year}
 \end{aligned}$$

Calculation of transaction size was done according to the announcement regarding the acquisition or disposition of assets by referring to the information from the audited financial statements for the period ended 30 September 2019.

(1) Calculation based on the value of net tangible assets

Not applicable as NTA resulted in a negative value.

(2) Calculation based on net operating profits

Not applicable as the Company incurred a loss.

(3) Calculation based on total value of consideration paid or received

$$\begin{aligned}
 \text{Transaction size} &= \frac{\text{Value of transaction paid} \times 100}{\text{Total assets of listed company}} \\
 &= \frac{85.2 \times 100}{1,922.2} \\
 &= 4.4 \text{ percent}
 \end{aligned}$$

(4) Calculation based on value of equity shares issued for the payment of assets

Not applicable as the Company issues no securities as a consideration for acquisition of asset.

The maximum transaction size based on total value of consideration paid or received equal to 4.4 percent, which is considered as type 2 according to criteria of acquisition or

disposition of assets. For that reason, The Company is required to submit the circular notice to shareholders within 21 days from the day the company has notified SET with required minimum information.

9. General description of connected transaction

- Type of transaction** : Financial assistance from the major shareholder
- Transaction value** : Calculation of transaction size was done in accordance with the announcement regarding connected transactions by referring to the information from the audited financial statements for the period ended 30 September 2019 as follows:

Total amount requested for financial assistance is 120 million baht consist of 25 million baht in May 2019, 25 million baht in June 2019, 35 million baht in August 2019, and 35 million baht in September 2019.

During the process of disposition of assets, the Company is necessary to request additional financial assistance from the major shareholder, which is expected to be a maximum of 200 million baht.

Transaction has the highest value not greater than 10,500,000 baht calculating from 200,000,000 x 5.25 percent by using hypothesis of 1-year loan from the date of signing the first contract.

- Description of transaction** : A call loan without collateral with a fixed interest of 5.25 percent/ annum based on minimum loan rate (MLR) of Bangkok Bank Public Company Limited by entering into loan agreement based on loan installment. Currently, the Company has 4 loan agreement.

Transaction size is considered as connected transaction of the listed companies as specified in The Notification of The Capital Market Supervisory Board No. Tor Chor. 21/2551, regarding rules on connected transactions provided as transactions relating to

assets and services, and the Notification of The Board of Governors of The Stock Exchange of Thailand regarding disclosure of information and other acts of listed companies relating to connected transactions B.E. 2546 (2003). Due to the counterparty to the transaction is the Company's major shareholder and the Company has negative net tangible assets, to comply with good practice and according to the recommendations of the Audit Committee, the Company requires approval from the shareholders meeting in matters of rationality, fair pricing and conditions with votes of not less than three-fourth of total number of the shareholders attending the meeting and having voting rights, excluding the votes of shareholders having an interest in the matter. The Company will submit the Notice of Shareholders' Meeting together with the report of opinion of the Independent Financial Advisor to the shareholders at least 14 days prior to the shareholders' meeting date.

10. The connected persons and/or the shareholders having interests in the matter and not eligible to vote

Entering into such transactions required to be approved with votes of not less than three-fourth of total number of the shareholders attending and having voting rights, excluding the votes of shareholders having interests in the matter and not eligible to vote, is as follows:

Name of shareholders having interests in the matter and not eligible to vote	No. of shares in the Company		Relationship with the counterparties of the transaction
	No. of shares	%	
Mr. Suthikiati Chirathivat	121,096,150	24.22	Counterparty to a connected transaction could be a counterparty to assets disposal transaction and/or acquisition of assets and connected transaction, which is leaseback of office building

11. Opinion by the Board of Directors

The Board of Directors, which excluded the directors having interests in the matter agreed that the Company should enter into the disposition of assets according to the transactions above in order to utilize as working capital and repay debts.

12. Opinions by the Audit Committee and/or director significantly different from those by the Board of Directors

– None –