

OM6411007

30 November 2021

Subject: Notification of the acquisition of assets of an indirect subsidiary (Additional)

To: Director and Manager
The Stock Exchange of Thailand

Enclosure: Information Memorandum of Acquisition of Sale Assets (Broker Seat and other Rights relevant thereto) of News Network Corporation Public Company Limited (Enclosure 1)

News Network Corporation Public Company Limited (the “Company”) would like to notify the resolutions of the Board of Directors Meeting No. 14/2021, held on 26 November 2021, which resolved to approve Liberator Company Limited (Indirect subsidiary) enter into the transaction of purchase and acceptance of transfer of assets of Broker Seat and other related rights from Merchant Partners Securities Public Company Limited, at the purchase price of Baht 120,000,000.

The transaction mentioned above is considered as an acquisition of assets by a subsidiary of a listed company (Type 2) in accordance with 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 B.E. 2547 (2004) and the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 (2008) Re: Rule on Entering into Material Transactions Deemed as Acquisition or Disposal of Asset (the “**Notification on Acquisition or Disposal of Assets**”). The highest transaction value equals 24.64% based on the value of consideration basis. The transaction is valued at 15% or higher but lower than 50% based on the total value of consideration basis, which is the highest transaction value from the reviewed financial statements as of 30 September 2021. In this regard, the Company has not entered into any transactions of acquiring assets by the company and/or subsidiary in the period of 6 months prior to the date on which the entering of transaction was decided.

However, the above-mentioned transaction is not a transaction between the Company and connected persons of the Company, and thus not considered a connected transaction under the Notification of the Capital Market Supervisory Board No. TorThor. 21/2551 Re: Rules on Entering into 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 BE 2546.

Please be informed accordingly.

Sincerely yours,

(Mr. Kritsada Pruitipat)
Chief Executive Officer

**Information Memorandum of Acquisition of Sale Assets (Broker Seat and other Rights relevant thereto)
of News Network Corporation Public Company Limited (Additional)**

The Board of Directors Meeting of News Network Corporation Public Company Limited (the “Company”) No. 14/2021, held on 26 November 2021 has resolved to approve Liberator Co., Ltd., being a subsidiary which an indirect subsidiary of the Company holds 99.99% of the total issued and sold shares (the “Indirect Subsidiary”), to enter into a purchase and acceptance of transfer of assets transaction, namely rights as a member of the Stock Exchange of Thailand (Member No. 21) (Broker Seat), rights as a member of the Thailand Future Exchange (TFEX), as well as any rights in connection with the memberships with the Stock Exchange of Thailand and the Thailand Future Exchange (TFEX), and other related rights in respect of memberships for operation of securities and futures businesses, which are transferable, including without limitation to rights relating to the membership with Thailand Clearing House Co., Ltd. (TCH) for the Stock Exchange of Thailand and the Thailand Future Exchange, and rights as a member of the fund for compensation of damages arising from the securities clearing and settlement system for the Stock Exchange of Thailand and the Thailand Future Exchange (Clearing Fund), Securities Investor Protection Fund (SIPF), and Derivatives Investor Protection Fund (DIPF) (the “Sale Assets”) from Merchant Partners Securities Public Company Limited, at the purchase price of Baht 120,000,000, whereby the entry into such transaction is not the acquisition of the ordinary shares in Merchant Partners Securities Public Company Limited (the “Sellers”).

The entry of such transaction is considered an acquisition of assets transaction according to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 (2008) Re: Rule on Entering into Material Transactions Deemed as Acquisition or Disposal of Asset (including the amendments thereof) 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 B.E. 2547 (2004) (including the amendments thereof) (the “Notifications on Acquisition or Disposal of Assets”). After calculating the size of such transaction based on the criteria under the Notifications on Acquisition or Disposal of Assets and based on the consolidated financial statements for a 9-month period ended as of 30 September 2021 of the Company reviewed by the certified public accountant, the highest transaction value equals 14.79% based on the Total Value of Consideration criterion, and when taking amount payable by the Company as required by laws to SIPF and DIPF and other fees and expenses payable to the competent authorities in an approximate amount of Baht 80,000,000 into consideration, the transaction value shall equal to 24.64%. Nevertheless, there is no other acquisition of assets transactions during the past six months before the date on which the Board of Directors of the Company resolved to approve the entry into this transaction.

This transaction is considered a Class 2 transaction according to Notifications on Acquisition or Disposal of Assets where the total value of the transaction is equivalent to 15% or more but less than 50%. Accordingly, the Company is required to disseminate the relevant information memorandum to the Stock Exchange of Thailand (“SET”) and deliver a notification to the shareholders of the Company within 21 days from the date on which the Company disseminates such information memorandum to the SET.

Furthermore, the entering into such transaction is not a transaction between the Company and its connected person. Therefore, it is not considered connected transactions pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 (2008) Re: Rules on Connected Transactions (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 B.E. 2546 (2003) (as amended) (the “Notifications on Connection Transaction”).

The Company would therefore like to inform the details of the transaction as follows:

(1) Transaction Date

The Board of Directors Meeting of the Company, held on 26 November 2021 has resolved to approve the entry into the purchase of the Sale Assets transaction, subject to conditions precedent as set out in Item 3.1.

(2) The Parties Involved and Their Relationships with the Listed Company

Purchaser : Liberator Co., Ltd.

Sellers : Merchant Partners Securities Public Company Limited

Relationship between the parties : Each Seller is not a connected person of the Company according to the Notifications on Connected Transactions.

In this regard, the Seller's major shareholder is Merchant Partners Company Limited, holding the 566,000,860 shares equivalent to 99.99% of all share in the Company, where Merchant Partners Company Limited's top 10 shareholders ranked by shareholding proportion are as follows:

No	Shareholders	Number of Shares (shares)	Shareholding Proportion (percent)
1.	Mr. Kasemsit Pathomsak	9,400,000	20.0000
2.	Mr. Thanomphong Pathomsak	5,169,530	10.9990
3.	Miss Jarinthip Pathomsak	4,659,580	9.9140
4.	Miss Pornphimol Pathomsak	4,606,000	9.8000
5.	Mr. Jirayu Assanuwong	3,356,270	7.1410
6.	Mr. Thiraphong Chansiri	2,685,580	5.7140
7.	Mr. Kraisor Chansiri	2,014,420	4.2860
8.	Mr. Techanithi Liptawat	1,862,139	3.9620
9.	Mr. Chokchai Sethiwan	1,790,700	3.8100
	Mr. Phongchai Sethiwan	1,790,700	3.8100
	Mrs. Sriwan Sethiwan	1,790,700	3.8100
10.	Mr. Ditsapol Chansiri	1,566,510	3.3330
	Mr. Detpon Chansiri	1,566,510	3.3330

In this respect, Merchant Partners Securities Public Company Limited, Merchant Partners Company Limited as well as their shareholders is not a connected person of the Company according to the Notifications on Connected Transactions.

(3) General features, Types and Size of the Transaction**3.1 General Features of the Transaction**

The Indirect Subsidiary will enter into the purchase and acceptance of transfer of assets transaction, namely rights as a member of the Stock Exchange of Thailand (Member No. 21), member of the Thailand Future Exchange (TFEX), as well as the related rights in connection with the memberships with the Stock Exchange of Thailand and the Thailand Future Exchange (TFEX), and other related rights of memberships for operation of securities and futures businesses, which are transferable, including without limitation to rights relating to the membership with Thailand Clearing House Co., Ltd. (TCH) for the Stock Exchange of Thailand and the Thailand Future Exchange, and rights as a member of the fund for compensation of damages arising from the securities clearing and settlement system for the Stock Exchange of Thailand and the Thailand Future Exchange (Clearing Fund), Securities Investor Protection Fund (SIPF), and Derivatives Investor Protection Fund (DIPF) (the "Sale Assets") from the Sellers, at the purchase price of Baht 120,000,000, subject to the satisfaction of the following significant conditions precedents:

1. due diligence result of the Sale Assets is in line with the objectives for business operation of the Purchaser; and
2. the transfer of the Sale Assets is approved by the SET, TFEX, and competent authority.

The Sale Assets are material assets for operating securities and derivative businesses of the Indirect Subsidiary. The acquisition of the Sale Assets will enable the Indirect Subsidiary to connect with the trading system of the SET and the TFEX directly and can accommodate the high trading volume in absence of the reliance of connection of the trading system with other securities company being the member of the SET and the TFEX in the form of sub-broker, which is in accordance with the business plan of the Indirect Subsidiary, enabling the agility of business operation of the Indirect Subsidiary.

3.2 Type and Size of the Transaction

The calculation of the size of transaction based on the criteria under the Notifications on Acquisition or Disposal of Assets and based on the consolidated financial statements for a 9-month period ended as of 30 September 2021 of the Company reviewed by the certified public accountant, the highest transaction value equals 14.79% based on the Total Value of Consideration criterion, and when taking amount payable by the Company as required by laws to SIPF and DIPF and the other fees and expenses payable to the competent authorities in an approximate amount of Baht 80,000,000 into consideration, the transaction value shall equal to 24.64%. The details of which are as follows:

Transaction Size Calculation Criteria	Calculation Formula
1. Net Tangible Assets Basis (NTA)	= (Sum of percentage of shares to be acquired x Net asset value of the company to be acquired) x 100 / Net asset value of the purchasing company
	= Not available due to this transaction is not an acquisition of shares in a company.
2. Net after-tax profit from the normal course of business operation	= (Sum of percentage of shares to be acquired x Net after-tax profit of the company to be acquired) x 100 / Net after-tax profit of the purchasing company
	= Not available due to this transaction is not an acquisition of shares in a company.
3. Total Value of Consideration	= (Value of amount to be paid (Million Baht) / Net asset value of the purchasing company (Million Baht)) x 100
	= (120.00+80.00) / 811.63 x 100
	= 24.64%
4. Value of securities issued by the listed company in consideration of the assets to be acquired	= No. of shares issued in consideration of the assets x 100 / No. of issued and paid-up shares of the purchasing company
	= Not available due to there is no issuance of shares as consideration by the Company.

Remarks:

- 1/ Reference is made to the reviewed consolidated financial statements for a 9-month period ended as of 30 September 2021 of the Company.

Nevertheless, there are no other asset acquisition transactions that the Company has entered into in the six months prior to the date on which the Board of Directors of the Company resolved to approve to enter into this transaction.

This transaction is considered a Class 2 transaction according to Notifications on Acquisition or Disposal of Assets where the total value of the transaction is equivalent to 15% or more but less than 50%. Accordingly, the Company is required to disseminate the relevant information memorandum to the SET and deliver a notification to the shareholders of the Company within 21 days from the date on which the Company disseminates such information memorandum to the SET.

(4) Total Value of Consideration, Value of the Sale Asset, Criteria for Stipulation of the Total Value of Consideration, Payment and Condition of Payment

The Indirect Subsidiary shall make payment of Baht 120,000,000 where such purchase price is from the negotiation between the Purchaser and the Sellers. Such purchase price has been considered by the Company in comparison to the fee payable to the SEC in the event that the Indirect Subsidiary newly subscribe as a member itself, where the payable fee to the SEC is higher and renders that the Company is not able to control the incurred cost from the payable fee since the fee is monthly payable calculating from trading volume.

The parties has agreed to the following payment conditions:

1. Instalment 1: Baht 50,000,000 within 30 November 2021. The Company has placed a deposit in the amount of Baht 20,000,000 to the Sellers on 29 October 2021 whereby such deposit shall be treated as part of payment in this instalment in accordance with procedures agreed among the parties; and
2. Instalment 2: Baht 70,000,000 within 5 days from the date on which the approval for the transfer of the Sale Assets is granted by the SET, the TFEX, and competent authority, subject to the fulfilment of the condition precedents.

In addition, to acquire the Sale Assets in accordance with the relevant rules, notifications and regulations of SET and TFEX legitimately, the Indirect Subsidiary shall pay other relevant fees and expenses the competent authorities in an approximate amount of Baht 80 million including the transferring fee, entrance fee, contribution, and security deposit as detailed below:

1. Fees for transfer of rights as a member of the SET in the amount of Baht 12 million;
2. Contribution to the Fund for Compensation of Damages arising from the Securities Clearing and Settlement System in the amount of at least Baht 18 million;
3. Fees and Contribution to Securities Investor Protection Fund (SIPF) in the amount of at least 2 million;
4. Fees for transfer of rights as a member of or entrance fee of Thailand Future Exchange in the amount of at least Baht 12 million;
5. Contribution to the Fund for Compensation of Damages arising from the Derivatives Clearing and Settlement System in the amount of at least Baht 6 million;
6. Security Deposit for the Fund for Compensation of Damages arising from the Derivatives Clearing and Settlement System in the amount of at least Baht 5 million.

Remarks:

1/ Certain fees, expenses and contribution is not able to be shown in the fixed amount since they are variable, having specific calculation pursuant to the rules, regulations and notifications of the relevant authorities.

2/ Further, there might be certain fees, expenses and contribution as collected by the SET and the TFEX pursuant to the rules, regulations and notifications of the such authorities.

(5) Expected Benefits to the Company

- 5.1 Expansion of the Company's investment to the new business activities, i.e. securities and derivative business. The Company is of the view that the growth opportunities that is in line with the economic climate of Thailand and this is a diversification of risks from the existing business operation of the Company.
- 5.2 Although **the Indirect Subsidiary** can subscribe the SET and TFEX membership including funds and other agencies by itself. However, the purchase and receipt of the transfer of Sale Asset will benefit the Indirect Subsidiary more due to the following reasons:
- (a) Accepting the transfer of Sale Asset take shorter period of time for commencing the operation of securities and derivative businesses and realizing the earning of the Indirect Subsidiary because it is a transfer of rights from the Seller, which is a securities and derivative business operator, having the trading system already connected with the SET and TFEX. Thus, it is expected to take a shorter preparation time. In addition, in practice, the Clearing House for derivatives does not always open for new memberships but will open for application as it deems appropriate, causing uncertainty and affecting the timeframe and operation plan in operating the business of the Indirect Subsidiary. This is different from receiving the transfer of membership of the Clearing House for derivatives, which can be legally implemented without having to wait for the Clearing house to accept a membership in the next round.
 - (b) According to the forecast of the Indirect Subsidiary's future performance, receiving of trading assets incurs costs and/or fees, payable to the SET and TFEX, and relevant agencies in the less amount, especially the entrance fee for subscribing membership of the SET. In addition to the new subscribers being required to pay a fixed fee of Baht 10,000,000 to the SET, the new subscriber is also required to pay a variable fee of 0.025% of the securities trading volume monthly during the first 3 years, counting from the date on which the purchasing or selling of securities in the SET take place. During the period of the first 3 years, the Company predicts that there will be a high volume of securities trading, increasing this particular fee, as a result. In contrast, such fees are not charged for receiving of the transfer of rights except the transfer fee of 10 per cent of the value of the transfer of rights payable to the SET, i.e. Baht 12 million. Aside from being the exact amount and beneficial to the cost estimation of the Indirect Subsidiary, the amount is less compared to the payable fee for subscription of membership by the Company itself.
- 5.3 The purchase and acceptance of transfer of the Sale Assets is considered having lower risk than purchasing the ordinary shares in the Sellers as the Company will be free from existing liabilities and encumbrance over the Sellers.

(6) Source of Funds

The company shall use its source of funds for payment of the purchase price for the first instalment. For the second instalment as well as other fees payable in 2022, the Company shall apply the proceeds from its capital increase by means of issuance of newly issued shares in the amount of 30 million shares in the manner of private placement, which the payment thereof is due in the first quarter of 2022 as the Company has previously disclosed the information memorandum to the SET, and as shall be proposed to the Extraordinary General Meeting of Shareholders No. 1/2021 of the Company on 14 December 2021 for its respective approval.

(7) Conditions of the Transaction.

Since this transaction is considered a Class 2 transaction according to Notifications on Acquisition or Disposal of Asset, the Company is required to disseminate the relevant information memorandum to the SET and deliver a notification to the shareholders of the Company within 21 days from the date on which the Company disseminates such information memorandum to the SET.

In addition, the transfer of the Sale Assets is subject to the approval from the SET, the TFEX, and competent authority and the obtain of securities business and derivative business license from the Securities and Exchange Commission (the “SEC”). The management of the Indirect Subsidiary has contacted and coordinated with the relevant authorities and has commenced the preparation of application process in several aspects including capital, personnel, management, trading system as well as the test thereof to be in line with the relevant rules, regulations and notification of the relevant authorities. It is expected by the Indirect Subsidiary that the relevant licenses shall be granted by the SEC and the approval to transfer the Sale Assets shall be granted by the second quarter of 2022, subject to the duration for considering the application of relevant authorities.

In the event where the transfer of Sale Assets cannot be proceeded, the Indirect Subsidiary shall be returned the purchase price from the Seller pursuant to the conditions as specified under the Sale and Purchase Agreement, and the Indirect Subsidiary shall consider contacting the new potential seller or apply for the membership itself, as it deems appropriate.

(8) Opinion of the Board of Directors regarding the Transaction

The Board of Directors Meeting No. 14/2021 of the Company, held on 26 November 2021 has resolved to approve the entry into this transaction and is of the opinion that this transaction shall be beneficial to the Company as it is the expansion of the Company’s investment to the new business activities, i.e. securities business by purchasing the reasonable assets in terms of purchase price when taking in comparison the expenses and fees for the case where the Company applies for the relevant membership by itself.

(9) Opinion of the Audit Committee and/or the Directors of the Company which is different from the Opinion of the Board of Directors as specified in Item (8)

The Board of Directors Meeting of the Company has unanimously resolved to approve this transaction; and the Audit Committee’s opinion does not differ from that of the Board of Directors. In such meeting, all member of the Audit Committee and the Board of Directors present.

The Board of Directors of the Company hereby certify that information contained in this Information Memorandum is true, complete, and accurate and is neither misleading nor does it omit material information that should be stated.

Please be informed accordingly.

Yours sincerely,

(Mr. Kritsada Pruittipat)
Chief Executive Officer