



Ref: NEP016/2022

March 17, 2022

Subject: Notification to cancel the resolution of Board of Directors' meeting and the Disposal of plastic sack printing machines

To: The President  
The Stock Exchange of Thailand

Ref: Information memorandum of NEP and Industry Public Company Limited  
No. NEP 052/2021, Subject: Notification of the Machine renting and plastic sack printing services of the connected person dated December 24<sup>th</sup>, 2021, and Information memorandum on the connected transaction

The Board of Directors of NEP Realty and Industry Public Company Limited (“the Company”) meeting No.12/2021 held on December 24<sup>th</sup>, 2021 resolved to approve the entering into the connected transactions with VAVA Pack Company Limited (“VAVA Pack”) with transactions as follows:

1. To provide 18 rental plastic sack printing machines with an average usage time of 9 years 6 months to VAVA Pack for a period of 1 year starting from January 1<sup>st</sup>, 2022 until December 31<sup>st</sup>, 2022 at the rental rate of 300,000 Baht per month in a total of 3,600,000 Baht for the whole rental period.
2. To provide a plastic sack printing service to VAVA Pack for a period of 1 year starting from January 1<sup>st</sup>, 2022 until December 31<sup>st</sup>, 2022 at the rate of not less than 1,325,000 Baht per month (exclusive of VAT), no more than 15,900,000 Baht (exclusive of VAT) for the whole agreement period.

In this case, the Company provided both machine renting and plastic sack printing service because the Company has a continuous operating loss from plastic sack printing production and service. This is primarily caused by the production which do not reach the breakeven point, so the Board of Directors' resolution is to dismiss the production of plastic sack and plastic sack printing machine renting with plastic sack printing service. These are profitable to the Company in terms of operating loss reduction and actual primary profit increasing.

However, due to the Company's location which is far from VAVA Pack, it is inconvenient for the employees to provide the service according to the service agreement, and they no longer wish to continue working with the Company. Therefore, the Company would like to arrange an early retirement project and provide compensation to the employees working in the field of plastic sack

production. According to the Board of Directors' policy to dismiss plastic production, there is currently no employee in the field of plastic sack production.

Referring to the Board of Directors' meeting No. 3/2022 held on March 17<sup>th</sup>, 2022, there is a unanimous resolution to cancel the resolution of the Board of Directors' meetings No. 12/2021, by which there is a report of agreement cancellation on machine renting and plastic sack printing service with VAVA Pack. In addition, another unanimous resolution is to trade all plastic sack printing machines as there is no employee in this field. As a consequence, the Company will obtain revenues after all machines were traded, which could be Company's turnover. Therefore, the Company will no longer be impacted by the cancellation of agreement as according to renting and service agreement, the Company can cancel the agreement before an expiration of renting. In addition, the Company is still able to trade plastic sacks to the customers without any impact on revenue structure. To manipulate the capital, the Company will no longer produce but hire instead. Because the Company always remains good relationship with the customers and is well-connected to the sack producers for such a long period. Moreover, the sale teams and marketing database are compatible.

Therefore, in terms of future direction, the Company's goal is to increase production and trading of Flexible Packaging, in which the revenue proportion of Flexible Packaging and plastic sacks will be responsible for approximately 55 : 45 increased from 45 : 55. This enhances the Company to grow its profits since Flexible Packaging is more profitable than plastic sacks. In addition, once the plastic sack productions are hired, the capital manipulation will be more productive than self-productions.

This trading of plastic sack printings is to sell out 14 machines with announcing method from March 17<sup>th</sup>, 2022 to March 23<sup>rd</sup>, 2022 at the machine appraisals cost (appraised by Pornsiam Consultant and Service Co., Ltd. on February 21<sup>st</sup>, 2022) or at book value of each machine. This depends on which price is higher, in which the total profit is approximately 15.10 million baht. Bidders are required to pay by cash within 30 days after the contract had been made but within April 30<sup>th</sup>, 2022.

The such transaction size is equal to 1.92% according the criteria of total value of consideration basis based on consolidated financial statements ended December 31<sup>st</sup>, 2021. The Company had not acquired and traded any assets in 6 months before an approval date of the Board of Director for this transaction. The following transaction is less than 15%, Therefore, the said transaction is not considered an asset acquisition transaction that would require the Company to disclose the information memorandum in relation to the transaction according to the Notification of the Capital Market Supervisory Board No. Tor.Jor. 20/2551 Re: Rules on Entering into Material Transaction deemed as Acquisition or Disposition of Assets (including amendments) and Notification of the Board Governors Re: Disclosure of Information and Other Acts of Listed Companies Concerning

the Acquisition or Disposition of Assets B.E. 2547 (including amendments). Nevertheless, as long as it lately appears with the following machine acquiring-trading transaction is completed with a connected person with the Company according to the Notification of the Capital Market Supervisory Board No. Tor.Jor. 21/2551 Re: Rules for Connected Transactions (including amendments), and the announcement of the Stock Exchange of Thailand Re: Disclosure of information and the operations of listed companies in the connected transaction on B.E. 2546 (including amendments). The Company will comply with the terms of the announcement regarding entering into such connected transactions and disclose information to investors and the Stock Exchange of Thailand  
Please be informed accordingly.

Yours sincerely,

Mr. Weerachart Lohsiri  
Managing Director