



บริษัท เอ็นอีที อสังหาริมทรัพย์และอุตสาหกรรม จำกัด (มหาชน)
NEP REALTY AND INDUSTRY PUBLIC COMPANY LIMITED
Public Company Registration No. 0107537000831



Ref: NEP018/2022

March 28, 2022

Subject: The Sales of Plastic sack printing Machines to the Connected Person
To: The President
The Stock Exchange of Thailand
Attachment: Information memorandum on the connected transaction

The Board of Directors of NEP Realty and Industry Public Company Limited (“the Company”) meeting No.4/2022 held on March 28, 2022 resolved to approve the sales of the plastic sack printing machines in the total of 8 items with the total value of 12,678,960 Baht (excluding VAT) to Vava Pack Company Limited (“VAVA Pack”), the connected person. VAVA Pack is the major shareholders of the Company holding 19.78% of paid-up capital. Mr. Weerachart Lohsiri is the shareholder of the Company holding 1.39% of the paid-up capital and Mrs.Thicomporn Chai-iam, Mr. Weerachart’s spouse, is the shareholder of the Company holding 1.16% of the paid-up capital. Therefore, Mr. Weerachart Lohsiri is the direct and indirect shareholder, holding 22.33% of the paid-up capital. In addition, Mr. Weerachart Lohsiri and Mrs. Thicomporn Chai-iam are the directors of the Company.

The aforementioned transaction is the connected transaction in the type of transaction relating to assets or services. The transaction size is 2.50% of the net tangible assets according to the audited financial statements as of December 31, 2021. Moreover, the Company has the connected transaction in the type of supporting normal business without general trading conditions in the past six months with VAVA Pack. The Company rent out the plastic sack printing machines and provided the plastic sack printing services to VAVA Pack with a total value of 3,864,700 Baht or 0.58% of the net tangible assets as mentioned financial statements. When combining these 2 transactions, the total value is 16,543,750 Baht (excluding VAT) and the total transaction size is 2.50%.

Such transaction size exceeds 1 million Baht but not more than 20 million Baht which is the medium size transaction 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). Therefore, the Company must obtain the Board of Directors’ approval and disclose information regarding entering into such transaction to the Stack Exchange of Thailand before entering into the transaction.

Please be informed accordingly.

Yours sincerely,

Pol.Gen.

(Somchai Vanichsenee)

Chairman of the Board of Directors

Information memorandum on the connected transaction

1) Date of transaction:

After the Board of Directors' approval of NEP Real Estate and Industry Public Company Limited

2) Related Parties:

Name of the seller: NEP Realty and Industry Public Company Limited ("the Company")

Name of the buyer: Vava Pack Company Limited ("VAVA Pack")

3) Type of transaction:

The Company sells the plastic sack printing machines in the total of 8 items such as cutting machines, printers, sewing machines, rollers, and color trays etc. with average usage time of 9 years 9 months, to VAVA Pack in the total value of 12,678,960 Baht (excluding VAT), by receiving payment within 30 days from the purchase contract but not later than April 30, 2022. The Company determines the selling price of each machine according to the appraised price (appraised by Pornsiam Consultant and Service Co., Ltd. on February 21, 2022) or at book value of each machine. This depends on which price is higher.

The Company selling such machines because the Company has a continuous loss from the production and distribution of plastic sacks. This was mainly due to the fact that the production volume did not reach the break-even point. Therefore, the Board of Directors resolved to stop production. Plastic sack products and plastic sack printing machinery rental service available to print plastic sacks. 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. The Company arranged an early retirement project and provided compensation to the employees working in the plastic sack production department. There is currently no employee in the plastic sack production department. Subsequently, the Board of Directors Meeting No. 3/2022, held on March 17, 2022, resolved to cancel the machine rental contract and cancel the contract to provide plastic sack printing services to VAVA Pack because the Company no longer has staff in the plastic sack production department. It also reduces the risk from the price reduction of long-life machines and there are more new machines with good quality and efficiency available in the market. This will allow the Company to receive money from the sale of such machines to be used as working capital.

The Company still selling plastic sacks to customers as before but switch from own production to outsourcing in order to control costs to be more efficient. The Company will focus on increasing the production and sale of Flexible Packaging which has a larger market size than plastic sacks. The revenue proportion of Flexible Packaging and plastic sacks will be responsible for approximately 55 : 45 increased from 45 : 55. This will enhance the Company having higher gross profit margin due to the Flexible Packaging has higher gross profit margin than plastic sacks. It also eliminates the conflicts of interest between the Company and VAVA Pack.

4) Total value and size of transaction

Total value of consideration of the sale of machines to VAVA Pack and total value of machinery rental and plastic sack printing services in the past six months, is 16,543,750 baht (excluding VAT) or 2.50% of the net tangible assets according to the audited financial statements as of December 31, 2021. Such transaction size exceeds 1 million Baht but not more than 20 million Baht which is the medium size transaction 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).

5) Details of the connected persons

At the present (on the book closing date as of March 11, 2022), VAVA Pack is the major shareholder holding 19.78% of the paid-up shares by Mr. Weerachat Lohsiri (major shareholder of VAVA Pack) holding 1.39% of the Company's paid-up shares, and Mrs. Thicomporn Chai-iam, the spouse of Mr. Weerachat Lohsiri (major shareholder of VAVA Pack), a shareholder of the Company holding 1.16% of the Company's paid-up shares. Therefore, Mr. Weerachat Lohsiri is a shareholder both directly and indirectly of 22.33% of the Company's paid-up shares.

Moreover, Mr. Weerachat Lohsiri is a director/authorized director of the Company, and Mrs. Thicomporn Chai-iam is a director of the Company as the following details:

Connected person	Details of the shares / position in the Company	Share at the present (on the book closing date as of March 11, 2022)	Percentage of the Company's paid share
Vava Pack Co., Ltd. - Mr. Weerachat Lohsiri Major shareholder - Mrs. Thicomporn Chai-iam Major shareholder/ director/authorized director	Major shareholder	460,000,000 shares	19.78
Mr. Weerachat Lohsiri	Shareholder/director/authorized director	32,330,200 shares	1.39
Mrs. Thicomporn Chai-iam	Spouse of Mr. Weerachat Lohsiri/ shareholder/director	27,045,000 shares	1.16
Total			22.33

6) Reason and necessity of the transaction

The Company is a manufacturer and distributor of plastic sacks and Flexible Packaging. In the past, the Company can generate the gross profit from Flexible Packaging but loss in the plastic sacks due to the production capacity being lower than the break-even point. It would take a very long time and high working capital to increase the sales revenue and production capacity of the plastic sacks beyond the break-even point. If the Company still continues to produce plastic sacks products, it will never reduce the loss within a short period of time. Therefore,

it is necessary for the Company to stop producing plastic sacks and focus on increasing the production and sale volume of Flexible Packaging which is already gaining profit in order to further increase the profit.

7) Opinion of the Board of Directors

The Board of Directors considered that the Company has continuedly suffered the loss from the production and the sales of plastic sacks products. If the Company stops producing plastic sacks and sells the plastic sack printing machines, the Company would benefit from reducing loss, increasing liquidity, while increasing the production capacity of Flexible Packaging that the Company is already gaining gross profit, to make more gross profit.

Mr. Weerachart Lohsiri and Mrs. Thicomporn Chai-iam, the connected persons/ directors did not attend the meeting considering this agenda item and had no right to vote.

8) Opinion of the Audit Committee and/or any Directors differ from the Board of Directors' opinion

-None-