

16 July 2021

Subject: Notification of Board of Directors' Resolution Regarding Entry into Acquisition of Assets from S.W. & Sons Company Limited

To: President of the Stock Exchange of Thailand

Enclosure: Information Memorandum Regarding Entry into Connected Transaction by P.C.S. Machine Group Holding Public Company Limited

The Board of Directors Meeting No. 3/2021 of P.C.S. Machine Group Holding Public Company Limited (the "**Company**"), convened on 16 July 2021, resolved to approve entry into an acquisition of assets, machinery type, from S.W. & Sons Company Limited ("**SWS**") with a total value of approximately THB 17,550,544 (included VAT) to use in its business operations and to increase the efficiency of the Company's production. The Company will gradually purchase the aforementioned assets with SWS from July 2021 onwards.

The entry into the acquisition of assets from SWS constitutes an acquisition of assets transaction pursuant to the Notifications on Acquisition or Disposal¹, having the highest transaction value calculated under the total value of consideration basis of 0.30, as calculated from the consolidated financial statements of the Company for the accounting period ending 31 December 2020 (the Company has not entered into any asset acquisition transactions during the past six months), which is less than 15 percent. Therefore, the Company is not obliged to prepare the information memorandum in respect of the details of the entry into the acquisition of assets transaction, in accordance with the criteria set out in the Notifications on Acquisition or Disposal.

In this regard, the entry into the acquisition of assets from SWS above constitutes a transaction with a connected person of the Company, with the transaction relating to assets or services pursuant to the Connected Transaction Notifications², as the Company and SWS have the same major shareholders (namely Mr. Siriphong Rungrotkitiyot and Mr. Angkrit Rungrotkitiyot), with the value of the transaction being equal to 0.37 percent of the Net Tangible Assets (NTA) of the Company, as calculated from the consolidated financial statements of the Company for the accounting period ending 31 December 2020 (the Company has not entered into any transactions with other connected persons of the Company during the past six months), which is a transaction value exceeding 0.03 percent but lower than 3 percent of NTA of the Company. Therefore, the Company is obliged to seek approval from the Board of Directors meeting and to disclose the information in respect of the entry into the transaction to the Stock Exchange of Thailand (the "**SET**"), pursuant to rules under the Connected Transaction Notifications, prior to entry into the said transaction.

Please be informed accordingly.

Yours sincerely,



(Mr. Angkrit Rungrotkitiyot)
Chief Executive Officer

¹ Notification of the Capital Market Supervisory Board No. Tor Chor. 20/2551 Re: Rules on Entering Into Material Transactions Deemed as Acquisition or Disposal of Assets (including any amendment thereto) 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 and Disposition of Assets B.E. 2547 (2004) (including any amendment thereto) (collectively, the "**Notifications on Acquisition or Disposal**")

² Notification of the Capital Market Supervisory Board No. Tor Chor. 21/2551 Re: Rules on Connected Transactions (including any amendment thereto) 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 Connected Transactions B.E. 2546 (2003) (including any amendment thereto) (collectively, the "**Connected Transaction Notifications**")

**Information Memorandum Regarding Entry into Acquisition of Assets by
P.C.S. Machine Group Holding Public Company Limited**

Board of Directors Meeting No. 3/2021 of P.C.S. Machine Group Holding Public Company Limited (the “**Company**”), convened on 16 July 2021, resolved to approve the entry into an acquisition of assets, machinery type, from S.W. & Sons Company Limited (“**SWS**”) with a total value of approximately THB 17,550,544 (included VAT) to use in its business operations and to increase the efficiency of the Company's production. The Company will purchase the aforementioned assets with SWS from July 2021 onwards.

The entry into the acquisition of assets from SWS constitutes an acquisition of assets transaction pursuant to the Notifications on Acquisition or Disposal¹, having the highest transaction value calculated under the total value of consideration basis of 0.30, as calculated from the consolidated financial statements of the Company for the accounting period ending 31 December 2020 (the Company has not entered into any asset acquisition transactions during the past six months), which is less than 15 percent. Therefore, the Company is not obliged to prepare the information memorandum in respect of the details of the entry into the acquisition of assets transaction, in accordance with the criteria set out in the Notifications on Acquisition or Disposal.

In this regard, the entry into the acquisition of assets from SWS above constitutes a transaction with a connected person of the Company, with the transaction relating to assets or services pursuant to the Connected Transaction Notifications², as the Company and SWS have the same major shareholders (namely Mr. Siriphong Rungrotkitiyot and Mr. Angkrit Rungrotkitiyot), with the value of the transaction being equal to 0.37 percent of the Net Tangible Assets (NTA) of the Company, as calculated from the consolidated financial statements of the Company for the accounting period ending 31 December 2020 (the Company has not entered into any transactions with other connected persons of the Company during the past six months), which is a transaction value exceeding 0.03 percent but lower than 3 percent of NTA of the Company. Therefore, the Company is obliged to seek approval from the Board of Directors meeting and to disclose the information in respect of the entry into the transaction to the Stock Exchange of Thailand (the “**SET**”), pursuant to rules under the Connected Transaction Notifications, prior to entry into the said transaction.

The details of the information memorandum concerning the entry into the connected transaction are set out below.

1. Transaction Date

The Company expects to purchase assets with SWS from July 2021 onwards.

2. Parties Involved and Their Relationship with the Company

Purchaser	:	P.C.S. Machine Group Holding Public Company Limited
Seller	:	S.W. & Sons Co., Ltd.

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Relationship with the Company : The Company³ and SWS⁴ have the same major shareholders, namely, Mr. Siriphong Rungrotkitiyot and Mr. Angkrit Rungrotkitiyot.

3. General Characteristics of the Transaction, Transaction Size, and Details of the Connected Transaction

3.1. General Characteristics of the Transaction

The Company will acquire assets in the form of machines from SWS, with the details as follows:

Transaction Details	The Company will acquire assets in the form of machines from SWS.
Transaction Date	The Company expects to purchase assets with SWS from July 2021 onwards.
Purpose of Transaction	To acquire machines to be used in the business operations of the Company.
Value of Transaction	A total value of approximately THB 17,550,544. (included VAT)
Payment Method	The Company will pay the purchased assets in cash, by TTB cheque, Nakorn Rajsimma branch, within 3 months.
Other Conditions	None

3.2. Transaction Size

The Company has calculated the transaction size based on the audited consolidated financial statements of the Company for the period ended 31 December 2020, the details of which are as follows:

$$\begin{aligned} &= (\text{Assets Purchase Values} \times 100) / \text{Net Tangible Assets (NTA)} \\ &= (17,550,544 \times 100) / 4,720,526,424 \\ &= 0.37 \text{ Percent} \end{aligned}$$

In this regard, the Company has not entered into any transactions with connected persons of other companies during the past six months. The size of the transaction is more than 0.03 percent but less than 3 percent of NTA of the Company. Therefore, the Company is required to seek approval from the Board of Directors and disclose information regarding the transaction to the Stock Exchange of Thailand prior to entering into the transaction.

³ As of 21 April 2021, Mr. Siriphong Rungrotkitiyot and Mr. Angkrit Rungrotkitiyot hold 230,200,000 shares and 230,000,000 shares in the Company, respectively, representing 15.10 percent and 15.08 percent of total voting rights correspondingly.

⁴ As of 10 June 2020, Mr. Siriphong Rungrotkitiyot and Mr. Angkrit Rungrotkitiyot hold 5,000,000 shares and 2,000,000 shares in SWS, respectively, representing 25 percent and 10 percent of total voting rights correspondingly.

4. Details of Acquired Assets

No.	Machines Name	Unit	Sale Price	Vat 7%	Total
1	BANDSAW MACHINE	13	462,228.00	32,355.96	494,583.96
2	BLASTING MACHINE	2	110,000.00	7,700.00	117,700.00
3	BROACHING MACHINE	3	94,321.00	6,602.47	100,923.47
4	BRUSHING & GRINDING MOTOR	7	82,294.00	5,760.58	88,054.58
5	CABURIZING FURNACE	5	1,261,261.00	88,288.27	1,349,549.27
6	NITRIDING FURNACE	1	861,261.00	60,288.27	921,549.27
7	TEMPERING FURNACE	2	100,000.00	7,000.00	107,000.00
8	CLEANING FURNACE	2	160,000.00	11,200.00	171,200.00
9	CHAMFERING MACHINE	6	104,378.00	7,306.46	111,684.46
10	CLEANING MACHINE	2	8,000.00	560.00	8,560.00
11	DBURRING MACHINE	6	24,000.00	1,680.00	25,680.00
12	DRILLING MACHINE	8	101,800.00	7,126.00	108,926.00
13	GEAR HOBBIING MACHINE	2	883,205.00	61,824.35	945,029.35
14	GEAR SHAPING MACHINE	4	360,606.00	25,242.42	385,848.42
15	GEAR SHAVING MACHINE	4	1,931,237.00	135,186.59	2,066,423.59
16	GRINDING MACHINE	7	855,961.00	59,917.27	915,878.27
17	LATH MACHINE	18	6,251,131.00	437,579.17	6,688,710.17
18	LEAK TEST MACHINE	1	31,176.00	2,182.32	33,358.32
19	MACHINING CENTER MACHINE	3	2,666,518.00	186,656.26	2,853,174.26
20	PRESS MACHINE	1	6,000.00	420.00	6,420.00
21	PROFILE AND TREAD ROLLING MACHINE	1	42,000.00	2,940.00	44,940.00
22	WELDING MACHINE	3	5,000.00	350.00	5,350.00
	Total	101	16,402,377.00	1,148,166.39	17,550,543.39

5. Total Value of Transaction and Settlement

The machines that the Company will purchase from SWS, in accordance with the list specified in Clause 4, have a total value of approximately THB 17,550,544, which the payment of the purchased assets will be in cash, by TTB cheque, Nakorn Rajsima branch, within 3 months.

6. Criteria Used for Determination of Total Value of Consideration

The determination of the total value of the machines that the Company will purchase at this time is in accordance with the pricing policy for transactions with related persons or businesses, which

the transaction price will be calculated based on the actual cost plus not more than 15 percent. The Company calculates the price by using the book value of each machine plus 3 percent margin as of 1 March 2021.

7. Characteristics and Scope of Interests of Connected Persons

The Company will purchase machines from SWS, which has the same major shareholders as the Company, namely Mr. Siriphong Rungrotkitiyot and Mr. Angkrit Rungrotkitiyot. Thus, SWS is considered a connected person of the Company, and this is considered as entering into a transaction with a connected person of the Company according to the Connected Transaction Notifications.

8. Sources of Funds for Acquisition of Assets

The Company will use its operating cash flow as the source of funds to pay the settlement amount for all of the machinery, in accordance with the payment conditions as specified in Clause 3.1. The payment for such assets will not affect the liquidity and working capital of the Company.

9. Directors who have Interests in the Transaction

In considering the acquisition of machinery assets from SWS, as some of the Company's directors hold positions as directors and shareholders in SWS, the Company, therefore, proceeded to prevent some Company's directors from attending the meeting and voting on approval of the transaction. The Company's directors who have interests in the transaction are as follows:

1. Mr. Siriphong Rungrotkitiyot
2. Mr. Angkrit Rungrotkitiyot
3. Mrs. Wanna Raomanachai
4. Mr. Phon-ek Rungrotkitiyot

10. Conditions for Entering into the Transaction

The aforementioned asset acquisition from SWS constitutes the entering into of a transaction with a connected person of the Company in the category of asset or service transaction in compliance with the Connected Transaction Notifications. The transaction value equals 0.37 percent of NTA of the Company. The size of the transaction is more than 0.03 percent but less than 3 percent of NTA of the Company. Therefore, the Company has to seek approval from the Board of Directors meeting and disclose information on the entering into of the transaction to the Stock Exchange of Thailand, in accordance with the Connected Transaction Notifications, prior to entering into the transaction.

11. Opinion of Board of Directors on Entry into Transaction

The Board of Directors Meeting No. 3/ 2021 (excluding the interested directors), considered and opined that this acquisition of machinery assets from SWS is beneficial to the Company's business operations due to the Company's ability to utilize the machines to increase the efficiency of its production. This will increase the opportunity to generate more revenues from the business of the Company, and the total value of such assets is reasonable and does not create a burden on the capital of the Company.

12. Opinion of Audit Committee and/or Company Directors Differing from Opinion of Board of Directors

None