

September 13, 2019

Subject : Selling of the ordinary shares of NYC – Thai BD Company Limited (a subsidiary) to a connected person

To : Director and Manager
The Stock Exchange of Thailand

The Board of Directors' Meeting of Thai Capital Corporation Public Company Limited ("the Company") No.5/2019 held on September 13, 2019 resolved to approve the Company to sell ordinary shares of NYC – Thai BD Company Limited ("NYC"), a subsidiary of the Company, to a connected person. The details of the transaction can be summarized as follows;

1. Transaction Date

The Company will enter into the transaction after obtaining the approval to sell ordinary shares of NYC, where NYC will end its status as a subsidiary of the Company, from the Board of Directors' Meeting No. 5/2019 held on September 13, 2019. The Company expects to complete this transaction within September 30, 2019.

2. Parties to the Agreement

Seller : Thai Capital Corporation Public Company Limited ("the Company")
Purchaser : You & I Group Company Limited. ("YOU&I" or "Purchaser")
Relationship : You&I is a connected person of the Company according to the Notification of Capital Market Supervisory Board No. Tor Jor 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governor of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning Connected Transactions B.E.2546 (as amended) (the "Related Party Transaction Rules") due to
- Miss Yupin Chaivikrai is a Vice Chairman of the Company and is a major shareholder of the Company by holding shares of 12.63%
- Miss Yupin Chaivikrai is a director of YOU&I and is a major shareholder of YOU&I by holding shares of 100%

3. Nature and Details of the Connected Transaction

Nature of the transaction : The Company will sell shares of NYC held by the Company of 6 million shares or 100% to YOU&I at the price 1.2521 Baht per share for fully paid up shares (10 Baht per share amount 2 million shares) and 0.6887 Baht for partial paid-up shares (5.50 Baht per share amount 4 million shares) totaling 5,259,000 Baht.

Details of assets disposed

Name of Business : NYC – Thai BD Company Limited ("NYC")
Type of Business : Import and distribute ice cream under the trademark "Emack and Bolio's"
Registered Capital : 60 Million Baht, divided into ordinary shares amount 6 million shares, par value 10 Baht
Paid-up Capital : 42 Million Baht, divided into ordinary shares amount 2 million shares, par value 10 Baht and ordinary shares 4 million shares, par value 5.50 Baht

Shareholder Structure	:	<u>Name</u>	<u>Shares</u>
		1) Thai Capital Corporation PLC.	5,999,996
		2) Mr. Kittisak Chaivikrai	1
		3) Miss Yupin Chaivikrai	1
		4) Mr. Kamphol Pattana-anukul	1
		5) Mr. Thannagon Hariwongsanupap	1
Board of Directors	:	1) Miss Yupin Chaivikrai	
		2) Mr. Kamphol Pattana-anukul	
		3) Miss Paninee Chaivikrai	
Shareholding	:	Before the transaction; 5,999,996 shares or 99.99% of issued and paid-up capital.	
		After the transaction; 0 share or 0% of issued and paid-up capital.	

Financial information of NYC :

	For the 8 month period ended	For the 6 month period ended	For the year period ended	For the year period ended	For the year period ended
Statement of Income	Aug. 31, 2019 ⁽³⁾	Jun. 30, 2019 ⁽²⁾	Dec. 31, 2018 ⁽¹⁾	Dec. 31, 2017 ⁽¹⁾	Dec. 31, 2016 ⁽¹⁾
Revenue	4,737,565	3,566,022	9,333,707	18,005,880	24,013,635
Cost of Sales	2,522,910	2,262,011	5,692,607	8,697,722	8,425,419
Gross profit	2,214,655	1,304,012	3,641,100	9,308,158	15,588,216
Selling & Administrative expenses	5,988,421	4,275,105	12,325,084	24,332,368	26,939,610
Loss before income tax	(3,773,765)	(2,971,093)	(8,683,985)	(15,024,210)	(11,351,394)
Tax expense	-	-	-	123,585	131,530
Net Loss	(3,773,765)	(2,971,093)	(8,683,985)	(15,147,795)	(11,482,924)

Remark:

1. The NYC's statement of income for the year period ended December 31, 2018, 2017 and 2016 as shown in the table above prepared in accordance with NYC's financial statements that have been audited by the Company's auditor.
2. The NYC's statement of income for the 6 month period ended June 30, 2019 prepared according to the information included in the consolidated financial statements of the Company for the 6 month period ended June 30, 2019 that have been reviewed by the Company's auditor.
3. The NYC's statement of income for the 8 month period ended August 31, 2019 that has not yet been reviewed or audited by the Company's auditor.

Statement of Financial Position	As at				
	Aug. 31, 2019 ⁽³⁾	Jun. 30, 2019 ⁽²⁾	Dec. 31, 2018 ⁽¹⁾	Dec. 31, 2017 ⁽¹⁾	Dec. 31, 2016 ⁽¹⁾
Assets					
Current assets	3,208,261	3,040,953	5,055,270	9,906,922	9,673,876
Non-current assets	2,764,628	3,692,436	4,827,034	9,703,122	14,337,147
Total assets	5,972,889	6,733,390	9,882,304	19,610,044	24,011,023
Liabilities and shareholders' equity					
Current liabilities	468,387	381,833	586,625	1,455,280	13,137,665
Non-current liabilities	245,588	289,971	263,000	438,100	8,900
Total liabilities	713,975	671,804	849,625	1,893,380	13,146,565
Share capital	60,000,000	60,000,000	60,000,000	60,000,000	20,000,000
Issued and paid-up share capital	42,000,000	42,000,000	42,000,000	42,000,000	20,000,000
Deficit earnings	(36,741,086)	(35,938,414)	(32,967,321)	(24,283,336)	(9,135,542)
Total shareholders' equity	5,258,914	6,061,586	9,032,679	17,716,664	10,864,458
Total liabilities and shareholders' equity	5,972,889	6,733,390	9,882,304	19,610,044	24,011,023

Remark:

1. The NYC's statement of financial position as at 31 December 2018, 2017 and 2016 as shown in the table above prepared in accordance with NYC's financial statements that have been audited by the Company's auditor.
2. The NYC's statement of financial position as at 30 June, 2019 prepared according to the information included in the consolidated financial statements of the Company that have been reviewed by the Company's auditor.
3. The NYC's statement of financial position as at 31 August, 2019 that has not yet been reviewed or audited by the Company's auditor.

4. Purpose of the Transaction

To reduce losses and risks from NYC's operations

5. Total Value and Criteria for the Determination of Transaction Value

Selling price per share	:	1.2521 Baht per share for fully paid up shares; 10 Baht per share and 0.6887 Baht for some paid-up shares; 5.50 Baht.
Total of Selling Criteria in Determining Prices	:	5,259,000 Baht The price is determined by reference the book value of NYC as at 31 August, 2019 which has value of 5,258,914 Baht including consideration of the past performance of NYC and future business trends.
Total Value of Consideration And Method of Payment	:	The Company will be received the payment of NYC's shares at 1.2521 Baht per share for fully paid up shares (10 Baht per share amount 2 million shares) and 0.6887 Baht for some paid-up shares (5.50 Baht per share amount 4 million shares) totaling 5,259,000 Baht. Payment will be made on the contract date which will take place within September 30, 2019.

6. The calculation of the transaction size

The asset disposition transaction

The sales of shares is considered an asset disposition transaction according to the Capital Market Supervisory Board Announcement No. Tor. Jor.20/2551 on Rules for Entering into Substantial Transactions within the Definition of an Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand regarding Disclosure and Compliance by Listed Companies relating to Acquisition or Disposition of Assets B.E.2547 and its amendments (“Acquisition or Disposition Notification”). According to such criteria, the company has to calculate the value of the transaction to consider the duties that the Company has to perform according to such criteria. The calculation of the transaction size is presented below.

Financial Information	NYC	the Company
	as at	as at
	Aug. 31, 2019 ⁽²⁾	Jun. 30, 2019 ⁽¹⁾
Total Asset	5,972,889	961,582,002
Deduct: Intangible Asset	197,913	6,702,433
Deduct: Total liabilities	713,975	172,700,078
Net Tangible Asset	5,061,001	782,179,491

Remark:

1. Prepared according to the consolidated financial statements of the Company as at 30 June, 2019 that have been audited by the Company's auditor.
2. Prepared according to the financial statements of NYC as at 31 August, 2019 that has not yet been reviewed or audited by the Company's auditor.

Criteria	Calculation	Transaction size (Percentage)
1.Net Tangible Asset Criteria	$\frac{(\text{NTA of the company} \times \text{Acquisition/Disposal percentage in the company}) \times 100}{\text{NTA of the listed company}}$ $= \frac{(5,061,001 \times 99.99\%) \times 100}{782,179,491}$	0.65
2.Net Profit Criteria	$\frac{(\text{Net profit of the company} \times \text{Acquisition/Disposal percentage in the company}) \times 100}{\text{Net profit of the listed company}}$	Unable to calculate because NYC has operating loss
3.Total Value of Consideration Criteria	$\frac{(\text{Value Paid or Receipt}) \times 100}{\text{Total assets of the listed company}}$ $= \frac{5,259,000 \times 100}{961,582,002}$	0.55
4.Share Value Criteria	$\frac{(\text{Number of shares issued in consideration for the securities}) \times 100}{\text{Total number of issued shares of the listed company}}$	Unable to calculate due to no issuance of shares as consideration for asset

The Company has not entered into any previous related party transaction during for the 6 month period prior to this disposition. Therefore, when considering the transaction size by the calculation

method according to the Acquisition or Disposition Notification which considering based on the consolidated financial statements ended on June 30, 2019 the highest calculated transaction size equals to 0.65% which has less than 15%, therefore that transaction size is not considered to be in compliance with the Notifications on Acquisition or Disposal.

However, due to the fact that, the Company has acquired or disposed of investment in other companies, which resulted in that other company having the status or ceasing to be a subsidiary of a listed company or its subsidiary, the Company has a duty to disclose information to the Stock Exchange of Thailand in accordance with the regulations; rules conditions and procedures regarding disclosure of information and any operations of listed companies B.E. 2560.

In addition, such sale of shares is a related party transaction according to the Capital Market Supervisory Board Announcement No. Tor. Jor. 21/2551 on Rules for Connected Party Transaction, type of Asset or Service which has the transaction size more than 1 Million Baht but not more than 20 Million Baht or more than 0.03% but not more than 3% of the total net tangible assets (NTA) of the Company, the basis that yields a highest value shall be applied. Therefore as at 30 June, 2019 amount 0.03% of NTA of the listed company is 234,654 Baht and amount 3% of NTA of the listed company is 23,465,385 Baht. So the transaction size must to requiring approval from the Board of Director's Meeting and disclose information to the Stock Exchange of Thailand without requiring approval from the Shareholders' Meeting. Therefore during for the 6 month period prior to this disposition, The Company has not entered into any previous related party transaction.

7. Benefits Expected to be obtained by the Company from the Transaction and the Plan of Using Proceeds Received from the Sale of Shares

The purpose of this transaction is to reduce the impact of NYC's operations which is not as expected because NYC suffered losses since 2016 until now and has no tendency to make a profit in the near future which affects the overall operating results of the Company and may increase the burden on the Company in having to increase the capital of NYC in order to continue operating the business. So the sale of such shares in NYC will help decrease the loss NYC's performance which has effect to consolidate financial statement of the Company and such transaction is not the main business of the Company, enabling the Company to focus on the core business of the Company, and also having more funds to utilize the business development of the Company including increasing working capital to be used in the business operations of the Company.

8. Plan for using money received from the sale of NYC's ordinary shares.

The Company will use the proceeds received from the sale of NYC's shares to be used as working capital.

9. Director Having Conflict of Interest and/or Director Being Connected Person

Miss Yupin Chaivikrai is a director having the conflict of interest, which did not attend the meeting and cast their votes for this agenda item.

10. Opinion of the Board of Directors

The Board of Directors' Meeting No.5/2019 held on September 13, 2019 resolved to approve the Company to enter into the Disposal of Asset by taking into account the opinion of the Audit Committee and viewed that transaction is reasonable and beneficial to the Company, will make the Company's financial results Improved because can reduce the burden of the Company from the NYC's loss performance, reduced liquidity of NYC and various risks which increased due to NYC not being able to achieve its goals.

The Board of Directors' Meeting viewed that to entering the transaction with the purchaser who is a related person has advantages due to the speed in negotiation and operation. In the past, the Company proposed to sell NYC's ordinary shares to outsiders who expressed their initial interest but without success.

In considering the appropriateness of the value of the disposed assets and the value of consideration, the Board of Directors' Meeting viewed that the fair valuation of NYC's ordinary shares based on the book value as of 31 August, 2019 is the most appropriate method when compared with other method such as

- Discounted Cash Flow Approach; it is an assessment of the company's ability to make a profit but NYC has been operating loss and cash flow has always been negative. So the Company is therefore unable to evaluate the value of NYC's ordinary shares by this method due to the value of the business is negative, which cannot be used as a reference to the fair value of the said ordinary shares.
- Market Value Approach; it is a valuation based on the assumption that the market price is the price that reflects the demand - supply of the company's securities but NYC's shares are not traded on the stock market and could not find similar transactions for reference. Therefore, there is not information about the market price for reference and unable to evaluate the share value by the said method.

From various reasons abovementioned, the Board of Directors' Meeting No.5/2019 held on September 13, 2019 resolved to approve to sale of ordinary shares of NYC amount 6,000,000 shares or 100% to YOU&I at the price 1.2521 Baht per share for fully paid up shares (10 Baht per share amount 2 million shares) and 0.6887 Baht for some paid-up shares (5.50 Baht per share amount 4 million shares) totaling 5,259,000 Baht.

11. Opinion of Audit Committee and/or Board of Directors Different from the Opinion of Board of Directors

The Audit Committee has not different opinions from the Board of Directors' opinions.

Please be informed accordingly.

Yours faithfully,

(Mr. Kamphol Patana-anukul)
Chief Financial Officer