

Ref. No. HARN 011/2019

14 November 2019

Subject: Notification about Related Parties Transaction

To: Director and Manager

The Stock Exchange of Thailand ("the SET")

The committee of Ham Engineering Solutions Public Company Limited ("The Company") in the meeting 6/2019 on Wednesday 13 November 2019 has approved the company to enter into lease agreement for office building, futsal field and parking lot with Jainnopsiri Company Limited (Held by Mrs. Sirima Iamsakulrat and Mr. Jain Chamnarong) period 10 years since June 1, 2020 or the date of possession of the area, whichever the date is latest total value 115,839,434 Baht. The details of the transaction are as follows:

1. Date, month, year of entering into the transaction (agreement date)

June 1, 2020 or the date of possession of the area, whichever is the least dates.

2. Related parties

Lessee : Ham Engineering Solutions Public Company Limited

Lessor (related persons) : Jainnopsiri Company Limited

The Company and Jainnopsiri Company Limited have 2 common directors and shareholders. Representing the share holding proportion in the company as follows:

Shareholder	Ham Engineering Solutions Public Company Limited		Jainnopsiri Company Limited	
	%	Committee*	%	Committee*
Ms. Sirima Iamsakulrat	12.43	/	50.00	/
Mr. Jain Chamnarong	12.66**	/	50.00	/

* Directors and Authorized signatories, major shareholders.

** Including parents.

3. General characteristics and details of Related Parties Transaction

3.1 The leased property is a 6-floor office building used as head office and located on Rama 9 Soi 13, Rama 9 Road, Bang Kapi, Huai Khwang District, Bangkok with an area of approximately 6,594.09 square meters, 1 futsal field with an area of approximately 1,182 square meters and parking lot with an area of approximately 6,577 square meters. The total usable area of approximately 14,353.09 square meters.

3.2 The leasing period is 10 years starting from June 1, 2020 or the date of possession of the area, whichever the date is latest, in which the company is responsible for maintaining the office building, futsal field, parking lot, and procurement of information systems including furniture and office furnishings.

3.3 The total value of the transaction

The rental rate is 130 baht per square meter per month. (Only the usable area of the building is 6,594.09 square meters.) or 10,286,780 baht in one year. The rental rate will increase not more than 10 percent every 3 years. The company has the right to sublease the area that has not been used. At the end of the lease agreement has the right to renew the lease. The transaction throughout 10 years is equal to 115,839,434 baht. In addition, the company has set a budget for procurement of information systems, furniture and office furnishings to total 30,050,000 baht (Excluding VAT).

3.4 Criteria used to determine compensation / appraised value

Both parties have agreed upon the rental rate which is 130 baht per square meter per month, as compared to the estimated rate by experts who estimate the suitable rental rate at 178.80 baht per square meter. The rental rate at the market rate is estimated by CPM Capital Company Limited according to the asset appraisal report No. A62GEN1136, dated September 25, 2019, which is a company that assess the value of assets in the capital market that has been approved by the Securities and Exchange Commission. According to the Notification of the Securities and Exchange Commission No. SorChor. 24/2555 regarding approval of asset valuation companies and major appraiser for capital market transactions.

4. Settlement

Monthly payment and 3 month deposit must be made in cash. The lessee has the right to extend this contract upon its expiry.

5. Size of Transactions

Entering into a commercial lease agreement is considered as an acquisition of an asset, according to the Notification of the Capital Market Supervisory Board No. ToRChor. 20/2551 regarding the rules on significant transactions as an acquisition or disposal of assets, which has the highest transaction size equal to 9.57 percent.

1.	10-year lease fees	115,839,434	baht
2.	Invested capital (Information Systems, furniture, and office decoration)	30,050,000	baht
	Total value of asset acquisition	145,889,434	baht
	Total value of asset on 30 September 2019 (According to recent financial statement that has been reviewed by an auditor)	1,524,207,650	baht
	Transaction size per Total Assets	9.57%	

Transaction size of asset acquisition

$$\text{Value of benefit} = \frac{\text{Amount paid} \times 100}{\text{Total assets of company}}$$

$$\text{Transaction size} = \frac{(145.89 \text{ million baht} \times 100)}{1,524.20 \text{ million baht}} \\ 9.57\% \text{ of total assets of company}$$

If the calculation above includes other assets acquired over the past 6 months and is equal to 0.45% (other assets 6,878,882*100 / total assets 1,524,207,650 baht), it will result in the total transaction size equal to 10.02% which is still lower than 15 percent.

Transaction size: The transaction size of asset acquisition above is less than 15 percent. The Board of Directors is authorized to approve the operation and do not have to disclose information to the Stock Exchange or organize a shareholders' meeting to request approval according to the announcement of the marketing committee of The Stock Exchange of Thailand regarding disclosure of information and operations of registered companies in acquisition or disposal of assets 2004 ("Announcement of Acquisition or Disposal of Assets")

However, entering into a commercial lease agreement is considered as a transaction related to the Notification of the Capital Market Supervisory Board No. ToRChor. 21/2551 regarding rules on connected transactions, Category 2, which is related to normal business support with general trading conditions. The Board of Directors is authorized to approve the principles by develop a framework for the management to proceed and do not have to consider the transaction size to disclose the information to the Stock Exchange or organize a shareholder meeting to request approval. According to the announcement of the Stock Exchange of Thailand regarding the disclosure of information and the operations of registered companies in the related parties' transaction in 2003.

However, the transaction size per total net tangible assets of the company is shown as the following.

1.	10 year lease fees	115,839,434	baht
2.	Connected transaction over the past 6 months with Jainnopsiri Co., Ltd.	0	baht
	Value of connected transaction	115,839,434	baht
	Total net tangible assets on 30 September 2019 (according to latest financial statement reviewed by an auditor)	859,672,104	baht
	Transaction size per net tangible assets (Net Tangible Assets) NTA	13.47%	

Calculation of connected transaction size

$$\begin{aligned} &= \frac{\text{Value of transaction} \times 100}{\text{Net tangible assets of company}} \\ \text{Transaction size} &= (115.83 \text{ million baht} \times 100) / 859.67 \text{ million baht} \\ &13.47 \% \text{ of Net tangible assets of company} \end{aligned}$$

6. Reasonableness and benefits of the transaction to the company

As this commercial lease agreement expires in June 2020, the company will have to find a new office in a location that can provide convenience of travelling, not too far from the former office location so as not to affect the employees commuting to work and contact persons, helping develop internal management and save costs on the impacts.

7. Attending and voting in the meeting of interested directors

Mrs. Sirima Iamsakulrat and Mr. Jain Chamnarong, interested director, they did not attend the meeting and vote in consideration of the such agenda.

8. The opinion of the Board of Directors

The Board of Directors in the meeting no. 6/2019 on November 13, 2019, it was considered that the such related parties transaction was reasonable and benefit for the company regarding the rental price, benefits in using the space and conditions under the lease agreement compared to transitions with other lessors in the adjacent area based on reference asset reference asset appraisal report.

9. The opinions of the audit committee and/or director of the company which are different from the opinions of the board of directors.

- None -

Please be informed accordingly.

Yours sincerely,

(Mr. Wirat Sukchai)
Chief Executive Officer
Authorized Signatory of Information Memorandum

Company Secretary
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