

**Information Memorandum on the Listing of Forth Smart Service Company Limited,  
a subsidiary of Forth Corporation Public Company Limited, on the Market for Alternative Investment  
and the Shareholding Reduction in Forth Smart Service Company Limited**

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Forth Smart Service Company Limited (FSS), a subsidiary of Forth Corporation Public Company Limited (“the Company” or “FORTH”), wishes to be listed on the Market for Alternative Market (MAI) and to increase its capital through an offering of its new shares to the public (IPO) at the same time as the offering of its new shares to the existing holders of the Company's ordinary to reduce the effect on the Company's shareholders. Meanwhile, the Company expects to reduce its stake in FSS by disposing of its existing shares in FSS to the public at the same time as the IPO. This transaction is considered as a disposal of assets by a listed company in accordance with the Notification of the Capital Market Supervisory Board No. Thor Chor 20/2551 Re: Rules for entering into a substantial transaction classified as an acquisition or disposal of assets, dated August 31, 2008, as amended, and the Notification of the Stock Exchange of Thailand Board Re: Disclosure of information and required practice for listed companies relating to the acquisition or disposal of assets, dated October 22, 1999 (collectively called the Notifications on the Acquisition or Disposal of Assets). The value of this transaction is 4.19 percent. (calculated by using the net profit method) so the company is not required to report and disclose the transaction and does not require approval of the shareholders.

In addition, the offering shares to the public the Company's existing holders of ordinary shares will affect the proportion of the shareholders of the Company in the FSS from the 61.00 percentage of the FSS's capital share. The FSS's existing share capital at present is Baht 300.00 million (divided into ordinary shares of 3,000,000 shares at par value of baht 100.00 per share, which after adjustment of the par value of the existing baht 100.00 per share. to Baht 0.50 per share will be equal to the number of ordinary 600,000,000 shares) to 400.00 million (divided into 800,000,000 shares, par value Baht 0.50 per share) to 400.00 million (divided into ordinary shares of 800,000,000 shares at par value of Baht 0.50 per share) by the issuing 200,000,000 new shares will be offered to the public (IPO) of 104,000,000 shares and offered to shareholders of the Company in proportion to their shareholding in the company (Pre-emptive Right) of 96,000,000 shares by the results will impact to the shareholders of the company is the Company's stake in FSS will be reduced from 61.00 percent of the registered capital to 45.75 percent (calculated from the number of the IPO shares of FSS).

The Company also expects to report on the MAI listing, the IPO and the rights issue of FSS to the Company's shareholders at their next meeting for further consideration and approval.

Details of the transaction are set out as follows:

### **1. Transaction date**

FSS will apply to be listed on the MAI by conducting the IPO and the rights issue to the Company's ordinary shareholders based on their pre-emptive rights. Meanwhile, the Company expects to dispose of its shares currently held in FSS immediately after the Office of the Securities and Exchange Commission (SEC) approves the relevant share offering of FSS and to be listed on the MAI. The transaction is expected to be completed within the first quarter of 2014.

### **2. Related parties**

Seller : The Company and Forth Smart Service Company Limited, a subsidiary of the Company.

Purchaser : General public and the Company's shareholders based on their pre-emptive rights.

### **3. Nature of the transaction**

#### **MAI listing of FSS**

FSS will apply to be listed on the MAI in order to raise funds by offering its shares to the public. FSS intends to increase its capital from Baht 300,000,000 (divided into ordinary shares of 3,000,000 shares at par value of Baht 100.00 per share, which after adjustment

of the par value of the existing Baht 100.00 per share. to Baht 0.50 per share will be equal to the number of ordinary 600,000,000 shares) to Baht 400,000,000 having the new shares amount 200,000,000 shares at the par value of Baht 0.5 each by offering 104,000,000 new shares to the public and 96,000,000 new shares to the Company's shareholders based on their pre-emptive rights. After the relevant share offering, the Company's shareholding in FSS will be reduced from 61.00 percent of the registered capital of FSS to 45.75 percent. (calculated from the number of shares to be offered in the IPO and the rights issue).

#### Calculation Bases

<b>1. Net asset</b>	=	Net asset value of FSS proportionally disposed of / Net asset value of the Company
	=	15.25 percent. x Baht 316,362,000 / Baht 1,531,511,000
	=	3.15 percent.
<b>2. Net profit</b>	=	Net profit of FSS proportionally disposed of / Net profit of the Company
	=	15.25 percent. x Baht 61,625,000 / Baht 224,371,000
	=	4.19 percent. (1)
<b>3. Total value of consideration</b>	=	Total value of consideration(2) / Total assets of the Company
	=	0.5310. x 200,000,000 shares / Baht 4,884,624,000
	=	2.17 percent.
<b>4. Value of securities</b>	=	None

**Note :** (1) This is calculated from the net profit of the financial statements of the Company and the financial statements of the FSS is reviewed by the auditors approved by the SEC of four quarters from July 1, 2012 - June 30, 2013.

(2) The total value of consideration consists of the following:

Offering price is calculated from the book value per share of the FSS in the financial statements as June 30, 2013 at Baht 106.20 per share (calculated from the number of the registered capital 300,000,000 shares at Baht 100.00 per share) which after adjustment of the par value of the existing Baht 100.00 per share to Baht 0.50 per share will be equal to the number of ordinary 600,000,000 shares so the book value after adjusting is Baht 0.53 per share then multiplied by the number of shares of FSS to offer to the public and the shareholders of the Company of 104,000,000 shares at par value Baht 0.50 per share.

*From the above table, the net asset basis shows the highest result, that is, the transaction size is equal to 4.19 percent, which is classified as Category 3, meaning that the value of the transaction is less than 15.00 percent. The company has a duty to disclose the information memorandum follow boujo/po 11-00 the Stock Exchange of Thailand's regulation about the rules, conditions and procedures to disclosure the information memorandum and any the listed's practice on items 3 (12), the company has reduced its stake from 10.00 percent of the paid up capital of the investment company.*

#### **Indicative details relating to the disposed assets**

Details relating to the share offering of FSS

Type of the offered securities : New ordinary shares of FSS

Number of the offered shares : 200,000,000 shares divided into:

- (1) 104,000,000 shares, equal to 52.00 percent of the total number of the new ordinary shares of FSS, which are to be allocated to the public and;
- (2) 96,000,000 shares, equal to 48.00 percent of the total number of the new ordinary shares of FSS, which are to be allocated to the Company's shareholders based on their pre-emptive rights.

- Par value : Baht 0.50 each
- Offering price : The IPO offering price has not yet been fixed. But the offering price of the shares allotted to the shareholders of the Company is the same price offered shares to the public.
- Offering period : After the Office of the Securities and Exchange Commission (SEC) approves the relevant share offering of FSS.

#### Details relating to FSS

Name	:	Forth Smart Service Company Limited
Head Office	:	No. 1031/3-4 Phaholyothin Road, Samsainnai, Phayathai, Bangkok 10400.
Nature of business	:	service covers topping up for mobile phones and online game, facility billing payment, telephone postpaid billing payment under trademark of “Boonterm”
Capital structure	:	<p><u>Present</u> : the registered and fully paid-up capital shares are Baht 300.00 million (divided into ordinary shares of 3,000,000 shares at par value of Baht 100.00 per share)</p> <p><u>After adjustment</u> : the registered and fully paid-up capital shares are Baht 300.00 million (divided into ordinary shares of 600,000,000 shares at par value of Baht 0.50 per share)</p> <p><u>After increase the capital</u> : the registered and fully paid-up capital shares are Baht 400.00 million (divided into ordinary shares of 800,000,000 shares at par value of Baht 0.50 per share)</p>
Shareholders structure	:	<p><u>Pre-IPO</u> : Forth invest in 61.00 percent of the FSS’s capital share</p> <p><u>Post-IPO</u> : Forth invest in 45.75 percent of the FSS’s capital share</p>

#### FSS’s shareholders structure (as of July 30, 2013)

Name	Number of shares after adjustment of the par value to Baht 0.50 per share	Percentage (Pre-IPO)	Percentage (Post-IPO)
1) Forth Corporation Public Company Limited	365,999,400	61.00%	45.75%
2) Mrs.Monthip Withayakon / <sup>1</sup>	41,433,400	6.91%	5.18%
3) Mr. Sivapan Rattanawirojwong / <sup>2</sup>	34,000,000	5.67%	4.25%
4) Mr. Somchai Auckadejsakul / <sup>3</sup>	27,000,000	4.50%	3.38%
5) Mr. Pichit Nimkul / <sup>4</sup>	20,000,000	3.33%	2.50%
6) Mr.Thanin Sajjabariboon	12,000,000	2.00%	1.50%
7) Miss Arthidaya Kiatchokwiwat	10,000,000	1.67%	1.25%
8) Mr.Sopon Audsawasriworanan	10,000,000	1.67%	1.25%
9) Mrs. Boonyong Ninnemnon	8,000,000	1.33%	1.00%
10) Mr. Weeajj Permpiboon	8,000,000	1.33%	1.00%
11) Other shareholders (27 shareholders)	63,567,200	10.59%	7.95%
<b>Total before IPO</b>	<b>600,000,000</b>	<b>100.00%</b>	<b>75.00%</b>
<b>Total IPO offering</b>	<b>104,000,000</b>		<b>13.00%</b>
<b>Total pre-emptive right</b>	<b>96,000,000</b>		<b>12.00%</b>
<b>Total</b>	<b>800,000,000</b>		<b>100.00%</b>

Note :  $f^1$  = start to invest in FSS in 2013 and now invest in FSS in 0.41 percent (as of August 21, 2013) without participating in the management of FSS in any way.

$f^2$  = start to invest at the FSS established in 2008 and now be a FSS's advisor.

$f^3$  = start to invest at the FSS established in 2008 and now be a FSS's director.

### Board of directors

- Pre-IPO

- 1) Mr. Pongchai Amatanont
- 2) Mrs.Rangsri Lertripinyo

- Post-IPO (exclude audit committee and independent director)

Name	Position in FSS	Position in FORTH
1) Mrs.Rangsri Lertripinyo	Director	Director /Senior Executive Vice President
2) Mr.Somchai Soongsawang	Director / Managing Director	None
3) Mr. Pichit Nimkul	Director	None

### FSS's financial high light

(unit : million)	2010	2011	2012	6 Month 2013
	As Dec 31,2010	As Dec 31,2011	As Dec 31,2012	As June 30,2013
Current assets	147.66	219.63	350.43	310.02
Intangible assets	2.69	2.41	2.16	2.25
<b>Total assets</b>	<b>447.42</b>	<b>697.87</b>	<b>913.96</b>	<b>954.75</b>
Current liabilities	398.90	708.86	660.83	486.51
<b>Total liabilities</b>	<b>448.80</b>	<b>724.24</b>	<b>661.74</b>	<b>636.14</b>
Issued and fully paid-up	15.00	15.00	300.00	300.00
<b>Total revenue</b>	<b>143.04</b>	<b>346.16</b>	<b>576.20</b>	<b>366.81</b>
Cost of goods sold	122.80	324.17	502.35	268.17
<b>Gross profit</b>	<b>20.24</b>	<b>21.99</b>	<b>73.85</b>	<b>98.64</b>
Retained earnings	-16.37	-41.36	-21.56	18.62
<b>Total shareholders' equity</b>	<b>-1.37</b>	<b>-26.36</b>	<b>252.22</b>	<b>318.62</b>
<b>Total revenue</b>	<b>143.04</b>	<b>346.16</b>	<b>576.20</b>	<b>366.81</b>
<b>Total expense</b>	<b>147.15</b>	<b>363.01</b>	<b>552.10</b>	<b>308.59</b>
Finance cost	2.56	8.15	8.84	7.89
<b>Profit for the year</b>	<b>-6.69</b>	<b>-24.99</b>	<b>15.26</b>	<b>40.17</b>
<b>Profit attributable to equity holders of the Company (Baht)</b>	<b>-44.60</b>	<b>-166.61</b>	<b>5.09</b>	<b>13.82</b>
<b>Book value per share (Baht)</b>	<b>-9.13</b>	<b>-175.73</b>	<b>84.07</b>	<b>106.20</b>

#### 4. Total value of consideration

FSS will offer its shares to the Company's shareholders at the same price and time as the IPO. Currently, the IPO offering price has not yet been fixed.

#### 5. Value of disposed assets

According to the financial statements as at 30 June 2013, the book value of FSS's shares is Baht 0.53 each (calculated on adjusted the par value of Baht 100.00 per share to Baht 0.50 per share) compared with the number of shares of FSS to be offered to the public and the shareholders of the Company total 200,000,000 shares at par value Baht 0.50 per share. Book value of the disposed assets to low value is computed by Baht 106.21 million.

#### 6. Expected benefits or impact from the transaction

Benefits of the transaction Spin-off.		
Beneficial to the shareholders of the Company.	Beneficial to the Company.	Beneficial to the FSS.
<ol style="list-style-type: none"> <li>1. FORTH's enterprise value is likely higher.</li> <li>2. The right of pre-emptive right</li> <li>3. Increase the alternative to invest in FORTH or FSS. According to the shareholder's investment policy.</li> </ol>	<ol style="list-style-type: none"> <li>1. Reduce the burden of financial support because after listed in the Market for Alternative Investment, the FSS will be able to raise capital from the IPO and funding by itself with other financial instruments.</li> <li>2. FORTH's share price will reflect the value more real. Because of the FSS' shares price have the reference price.</li> <li>3. The investment in FSS will reflect the market value, which is likely to increase the value higher than book value.</li> </ol>	<ol style="list-style-type: none"> <li>1. Increase the alternative to funding.</li> <li>2. FSS has sufficient funding in order to expand the business and be the working capital. This will increase their ability to compete in the future.</li> <li>3. Increase the value and liquidity of FSS's common stock.</li> <li>4. The FSS's image will be well known.</li> </ol>

#### 7. Effects of the share offering on the Company and its shareholders

##### (1) Effects on the profit sharing and voting rights (Control Dilution)

In the case of FSS intends to increase its capital and offering shares to the public (IPO) and the shareholders of the Company in total 200,000,000 shares would result in a profit sharing and voting rights of the company in FSS decreased from 61.00 percent to 45.75 percent of the share capital of the FSS or decreased 15.25 percent. And the impact on the reduction of profit share (EPS Dilution) and voting rights (Control Dilution) will result in the FSS's status change from the Company's subsidiaries become an associate of the Company. Therefore, the Company plans to allocate shares of 96,000,000 new ordinary shares to the existing shareholders of the Company in proportion to their shareholding in the company (Pre-emptive Right) to reduce the effects.

##### (2) Effects on the market price of the Company's ordinary shares (Price Dilution)

The offered shares are to be issued by FSS. It is expected that there will be no effects on the market price of the Company's ordinary shares. However, the reduction in the Company's stake in FSS will cause the Company's recognized revenue from FSS to be decreased.

## **8. The reliance/dependency on Forth Corporation Public Company Limited**

FSS has taken many important steps to decrease the dependency on the FORTH Company before going public in the MAI stock market. Those steps are summarized as follows :

- 1) Dependency on the production of Top-up machine from FORTH Company: The Company has prepared the purchasing agreement. The essence is trading with fair price which less than a purchaser (FSS) can supply form the market and features and quality that is comparable.
- 2) Release the financial guarantee from FORTH (The parent company) : Currently one of the leading financial institutions announced the decision to release the parent company guarantees. The other one is now under consideration and FSS will repay the loan from the parent company completed before filing of the offering statement (Form 69-1) to the SEC.
- 3) Using a common resource or asset with FORTH Company: The Company has already transferred back the employees in the research and development department related with the FORTH Company.

## **9. Plan to use the proceeds from the IPO and the share sale by the Company**

FSS will raise funds by offering its new shares to the public and the existing shareholders of the Company. Details as follows :

- 9.1 Use the funds to expand the number of Boonterm nationwide.
- 9.2 Use the funds is the working capital of the business.

## **10. Conditions precedent for the transaction**

- 10.1 The Extraordinary General Meeting of Shareholders of the Company approves the MAI listing of FSS and its capital increase through the IPO and the rights issue to the Company's ordinary shareholders based on their pre-emptive rights.
- 10.2 The Extraordinary General Meeting of Shareholders of FSS approves the IPO and the rights issue to the Company's shareholders based on their pre-emptive rights.
- 10.3 FSS registered the capital increase to the Department of Business Development
- 10.4 The SEC approves the IPO proposed by FSS.
- 10.5 The MAI agrees to list securities issued by FSS.

## **11. Opinion of the Company's Board of Directors and Audit Committee**

The Board of Directors and the 3-member Audit Committee took the view that this transaction is reasonable because the transaction will enhance the stability of FSS and enable FSS to raise funds through the capital market on its own for the expansion of its credit business. Furthermore, the value of the Company's investments in FSS will be appreciated.

## **12. Opinion of the Company's Audit Committee and/or Board of Directors is different from the opinion of the Board of Directors under 11.**

-None-

The Company certifies that all information contained in this Information Memorandum is true and accurate and has carefully been prepared, mainly taking into account the benefits to the shareholders. This Information Memorandum has been prepared for information disclosure only, not to persuade or to be an offer for the acquisition or subscription for any securities.

Forth Corporation Public Company Limited

Yours faithfully,

A handwritten signature in black ink, appearing to be 'Pongchai Amatanont', with a period at the end.

(Mr.Pongchai Amatanont)

Chief Executive Officer