



**Electronics Industry Public Company Limited**

**Information Memorandum  
on the Asset Acquisition Transaction (Schedule 2)**

**The Acquisition of  
Bake Cheese Tart (Thailand) Co., Ltd.**

**11 December 2018**

11 December 2018

Subject Information Memorandum on the Asset Acquisition Transaction (Schedule 2)  
To Shareholders of Electronics Industry Public Company Limited

As Electronics Industry Public Company Limited (the “**Company**”) convened the Board of Directors’ Meeting No. 10/2018 on 28 November 2018, the meeting has resolved to approve the Company to enter into an asset acquisition transaction as detailed below:

Food Holding Company Limited (“**Food Holding**”), which is a subsidiary of the Company (the Company holds 9,997 shares or 99.97 percent of the total number of sold shares of Food Holding, will purchase all of the ordinary shares of Bake Cheese Tart (Thailand) Co., Ltd. (“**Bake Cheese Tart**”), i.e. 1,000 shares at a par value of Baht 1,000 per share, equivalent to 100 percent of the total number of sold shares of Bake Cheese Tart from the existing shareholders of Bake Chees Tart, i.e. Mr. Nuttawut Phowborom, Mr. Ruengrit McIntosh and Aurora Polaries Assets Limited (collectively referred to as the “**Sellers**”) at the price of Baht 350,000 per share, amounting to the total purchase price of Baht 350,000,000.

The details are as follows:

1. Food Holding will purchase 490 ordinary shares at a par value of Baht 1,000 per share, equivalent to 49 percent of the total number of sold shares of Bake Cheese Tart from Mr. Nuttawut Phowborom at the price of Baht 350,000 per share, amounting to the total purchase price of Baht 171,500,000.
2. Food Holding will purchase 20 ordinary shares at a par value of Baht 1,000 per share, equivalent to 2 percent of the total number of sold shares of Bake Cheese Tart from Mr. Ruengrit McIntosh at the price of Baht 350,000 per share, amounting to the total purchase price of Baht 7,000,000.
3. Food Holding will purchase 490 ordinary shares at a par value of Baht 1,000 per share, equivalent to 49 percent of the total number of sold shares of Bake Cheese Tart from Aurora Polaries Assets Limited at the price of Baht 350,000 per share, amounting to the total purchase price of Baht 171,500,000.

The transaction mentioned above is deemed as a Class 2 acquisition of assets by a listed company’s subsidiary in accordance with 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 or Disposal of Asset B.E. 2547 (2004) and the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 (2008) Re: Rule on Entering into Material Transactions Deemed as Acquisition or Disposal of Asset (the “**Notification on Acquisition or Disposal of**

**Assets**”), with the highest transaction value of 45.53 percent based on the total value of consideration method, which is deemed as a transaction with the value of 15 percent or higher but lower than 50 percent based on the total value of consideration method. The highest transaction value is derived from this method of calculation, whereby the calculation is based on the Company’s consolidated financial statements which have been reviewed by a certified public accountant, ended 30 September 2018.

The Company and/or its subsidiaries have not entered into any asset acquisition transaction during the period of six months prior to the date on which agreement to enter into this transaction is made.

As the transaction value is equal to 15 percent or higher but lower than 50 percent, which is classified as a Class 2 acquisition of assets transaction according to the Notifications on Acquisition or Disposal of Assets, the Company as the parent company of Food Holding has a duty to disclose the information memorandum in relation to this transaction to the Stock Exchange of Thailand (the “SET”) in accordance with Schedule (1) annexed to the Notifications on Acquisition or Disposal of Assets and serve a written notice of its decision to enter into the transaction on its shareholders within 21 days from the date of disclosure of information to the SET. The written notice shall contain at least the information as specified in Schedule (2) 1, 2, 3, 5(3), 7 and 8 annexed hereto.

In this regard, on 28 November 2018 the Company disclosed the information memorandum to the Stock Exchange of Thailand as follows:

**1. Information memorandum disclosed to the Stock Exchange of Thailand under Schedule (1)**

**1.1 Day/month/year in which the transaction occurs**

After the Board of Directors’ Meeting of the Company No. 10/2018, held on 28 November 2018, has resolved to approve Food Holding to purchase all of the shares in Bake Cheese Tart, which is considered an acquisition of assets transaction, and the Extraordinary General Meeting of Shareholders No. 1/2018 to be held on 3 December 2018 has considered to approve the Company to increase its registered capital to fund the purchase of the entire shares in Bake Cheese Tart.

**1.2 Involved parties and relationships with the Company**

**Purchaser** Food Holding Company Limited

**Sellers**

1. Mr. Nuttawut Phowborom
2. Mr. Ruengrit McIntosh
3. Aurora Polaries Assets Limited

(all three Sellers are shareholders of Bake Cheese Tart as of 28 November 2018)

Aurora Polaries Assets Limited is a company registered in the Hong Kong Special Administrative Region of the People's Republic of China. The director and shareholder holding 100 percent of shares Aurora Polaries Assets Limited is Mr. Hisanori Koya, who is a businessman, investing in companies that provide construction and development services for animal farms, and business in solar power plant with the size of 5 megawatt in Japan in the proportion of 100 percent in such businesses. Moreover, Mr. Hisanori Koya is a director, executive and shareholder of a company operating a 21-megawatt solar power plant in Japan, and Mr. Hisanori Koya jointly invests in such company with a leading Japanese company operating food logistics business.

### **Relationships between the parties**

The Purchaser and Sellers do not have any relation to each other and the Sellers are not connected persons of the Company pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 (2008) Re: Rules on Connected Transactions 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 Connected Transactions B.E. 2546 (2003) (the “**Notifications on Connected Transactions**”).

## **1.3 Characteristics of the transaction**

### **1.3.1 General characteristics**

Food Holding Company Limited, which is a subsidiary of the Company (the Company holds 9,997 shares or 99.97 percent of the total number of sold shares of Food Holding, will purchase all of the ordinary shares of Bake Cheese Tart as detailed below:

<b>Purchaser</b>	Food Holding Company Limited
<b>Assets to be acquired</b>	All of the ordinary shares of Bake Cheese Tart, i.e. 1,000 shares at a par value of Baht 1,000 per share
<b>Sellers</b>	<ol style="list-style-type: none"> <li>1. Mr. Nuttawut Phowborom</li> <li>2. Mr. Ruengrit McIntosh</li> <li>3. Aurora Polaries Assets Limited</li> </ol> <p>(all three Sellers are shareholders of Bake Cheese Tart as of 28 November 2018)</p>
<b>Details of the purchase of shares from the</b>	Food Holding will purchase all of the ordinary shares of Bake Cheese Tart, i.e. 1,000 shares at a par value of Baht 1,000 per share, representing 100 percent of the total number of sold shares of Bake Cheese Tart from the Sellers as follows:

## **Sellers**

1. Food Holding will purchase 490 ordinary shares at a par value of Baht 1,000 per share, equivalent to 49 percent of the total number of sold shares of Bake Cheese Tart from Mr. Nuttawut Phowborom at the price of Baht 350,000 per share, amounting to the total purchase price of Baht 171,500,000.
2. Food Holding will purchase 20 ordinary shares at a par value of Baht 1,000 per share, equivalent to 2 percent of the total number of sold shares of Bake Cheese Tart from Mr. Ruengrit McIntosh at the price of Baht 350,000 per share, amounting to the total purchase price of Baht 7,000,000.
3. Food Holding will purchase 490 ordinary shares at a par value of Baht 1,000 per share, equivalent to 49 percent of the total number of sold shares of Bake Cheese Tart from Aurora Polaries Assets Limited at the price of Baht 350,000 per share, amounting to the total purchase price of Baht 171,500,000.

## **Value of assets acquired**

The value of the purchase of all 1,000 ordinary shares is Baht 350,000,000 (Baht 350,000 per share).

The Company has entered into the memorandum of understanding, dated 15 August 2018, regarding the purchase of the shares in Bake Cheese Tart with Mr. Nuttawut Phowborom, who is the shareholder of Bake Cheese Tart and the memorandum of understanding regarding the purchase of ordinary shares in Bake Cheese Tart (Thailand) Co., Ltd. (amendment), dated 28 September 2018 (the “**MOU**”). Under the MOU the Company has placed a security deposit to guarantee the entering into the share purchase agreement for Bake Cheese Tart’s shares (the “**Share Purchase Agreement**”) with Mr. Nuttawut Phowborom at Baht 55,000,000 (“**Security Deposit**”), and the Company has entered into the Share Purchase Agreement dated 28 November 2018, the details of which appear in *Summary of material contracts relating to the acquisition of ordinary shares in Bake Cheese Tart transaction*.

On the signing date of the Share Purchase Agreement, the Company and the Sellers agree that Food Holding, a subsidiary of the Company, will be an acquirer of all ordinary shares in Bake Cheese Tart. The Company and Mr. Nuttawut Phowborom will sign an agreement to return the Security Deposit that the Company has placed as collateral for the entering of Share

Purchase Agreement of Bake Cheese Tart in the amount of Baht 55,000,000 according to the MOU. Mr. Nuttawut Phowborom will also return the Security Deposit by means of transferring the rights to receive consideration for shares purchase or by any other means that the Company and Mr. Nuttawut Phowborom will further agree upon.

In this case that Mr. Nuttawut Phowborom has to return the Securities Deposit, he cannot set off the Securities Deposit with the purchase price. This is because the Company is the party that put down the deposit but the purchaser party is Food Holding, the Company's subsidiary. Therefore, such Security Deposit cannot be set off with the purchase price of shares that Food Holding will pay to Mr. Nuttawut Phowborom. In this regard, the Company shall pay Mr. Nuttawut Phowborom the total amount of purchase price, and Mr. Nuttawut Phowborom will use that money to return Security Deposit to the Company. In this regard, Mr. Nuttawut Phowborom will transfer to the Company the rights to receive the payment for shares in the amount equal to Security Deposit or take any other actions that make the Company have Security Deposit back according to the approach as agreed between the Company and Mr. Nuttawut Phowborom. The return of the Security Deposit by means of transferring the rights to receive consideration for shares purchase will not cause any disadvantage to the Company since the purchaser is Food Holding, the Company's subsidiary, of which its financial statement will be consolidated to the Company's financial statement and the Company will get the full amount of Security Deposit back at the end of the Transaction.

**Closing date for the purchase of shares** After approval from the Board of Directors' Meeting No. 10/2018 of the Company held on 28 November 2018 has been obtained and the condition precedents specified in the Share Purchase Agreement have been fulfilled.

The entering into such transaction is considered a Class 2 acquisition of assets transaction pursuant to the Notification on Acquisition or Disposal of Assets, with the highest transaction value of 45.53 percent based on the total value of consideration method, which is deemed as a transaction with the value of 15 percent or higher but lower than 50 percent based on the total value of consideration method. The highest transaction value is derived from this method of calculation, whereby the calculation is based on the Company's consolidated financial statements which have been reviewed by a certified public accountant, ended 30 September 2018.

The Company and/or its subsidiaries have not entered into any asset acquisition transaction during the period of six months prior to the date on which agreement to enter into this transaction is made.

As the transaction value is equal to 15 percent or higher but lower than 50 percent, which is classified as a Class 2 acquisition of assets transaction according to the Notifications on Acquisition or Disposal of Assets, the Company as the parent company of Food Holding has a duty to disclose the information memorandum in relation to this transaction to the SET and serve a written notice of its decision to enter into the transaction on its shareholders within 21 days from the date of disclosure of information to the SET.

Nevertheless, the entering into such transaction is not deemed as the entering into a transaction by a listed company or its subsidiary with a connected person of the listed company, and therefore it does not constitute a connected transaction as defined in the Notifications on Connected Transactions.

#### 1.3.2 Calculation of transaction value for comparison

Calculation bases:

Calculation Bases		Calculation Formula	
1. Net tangible assets (NTA)	=	(Sum of percentage of shares to be acquired x Net asset value of the selling company) x 100 /	Net asset value of the purchasing company
2. Net after-tax profit from the normal course of business operation	=	(Sum of percentage of shares to be acquired x Net after-tax profit of the selling company) x 100 /	Net after-tax profit of the purchasing company
3. Total value of consideration	=	(Value of ordinary shares to be paid / Net asset value of the purchasing company) x 100	
4. Value of securities issued by the listed company as consideration for the assets to be acquired	=	No. of shares issued in consideration of the assets x 100 / No. of issued and paid-up shares of the purchasing company	

By applying each basis, the calculations of the transaction value are as follows:

Calculation Bases	Calculation Formula	Transaction Value
1. Net tangible assets (NTA)	$(100\% \times 12,679,413) \times 100 / 508,111,000$	2.50%
2. Net after-tax profit from the normal course of business operation	$(100\% \times 6,809,087) \times 100 / -128,786,558$	Noncalculable
3. Total value of consideration	$(350,000,000 / 768,737,000) \times 100$	45.53%
4. Value of securities issued by the listed company as consideration for the assets to be acquired	-	No issuance of new shares
<b>Highest Calculation Base</b>	<b>Total value of consideration</b>	<b>45.53%</b>

- Remarks :
1. In calculating the transaction value above, the Company used the figures based on the reviewed consolidated financial statements ended 30 September 2018 of the Company.
  2. The total value of the acquired assets is the purchase price for the entire ordinary shares of Bake Cheese Tart, i.e. Baht 350,000,000.

## 1.4 Details of the assets to be acquired or disposed of

### 1.4.1 Details of assets

<b>Company name</b>	Bake Cheese Tart (Thailand) Co., Ltd.
<b>Business operation</b>	Operating baked goods business and owning kiosk stores under the trademarks 'Bake Cheese Tart', 'ZakuZaku' and 'Ringo' to which an exclusive concession has been granted by the founder in Japan
<b>Date of incorporation</b>	2 April 2015
<b>Corporate registration no.</b>	0105558058918
<b>Acquired assets</b>	All of the ordinary shares in Bake Cheese Tart, i.e.



1,000 shares at a par value of Baht 1,000 per share

**Registered capital** Baht 1,000,000

**Paid-up capital** Baht 1,000,000

**Directors**

1. Mr. Ponlaphat Chanwimuang
2. Mr. Ruengrit McIntosh
3. Ms. Kanoknan Sathananon
4. Mr. Kridsada Pruttiaphat

**Authorized signatories** Ms. Kanoknan Sathananon signs with another director together with the company's seal affixed

Summary of the significant financial information of Bake Cheese Tart ended 31 December 2015, 2016 and 2017

Unit : Million Baht

<b>Statement of financial position</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Assets</b>			
Cash and cash equivalent	5.85	5.59	2.31
Trade receivable and other receivables	11.66	12.28	5.76
Inventories	4.33	19.99	27.85
Short-term loans from related parties	-	-	0.50
Other current assets	0.18	0.32	3.78
<b>Total current assets</b>	<b>22.03</b>	<b>38.17</b>	<b>40.20</b>
Equipment	4.67	10.90	14.35
Intangible assets	2.72	3.15	4.52
Other non-current assets	0.07	2.60	7.97
<b>Total non-current assets</b>	<b>7.46</b>	<b>16.65</b>	<b>26.84</b>
<b>Total assets</b>	<b>29.49</b>	<b>54.82</b>	<b>67.05</b>
<b>Liabilities</b>			
Trade payable and other payables	6.41	25.17	17.76
Current portion of liabilities under	0.13	0.23	0.20

<b>Statement of financial position</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
finance lease agreements			
Income tax payable	-	2.22	1.13
Other current liabilities	0.64	1.95	0.32
<b>Total current liabilities</b>	<b>7.18</b>	<b>29.59</b>	<b>19.41</b>
Liabilities under finance lease agreements - net of current portion	0.33	0.47	0.32
Long-term loans from directors and related parties	22.75	18.70	34.44
<b>Total non-current liabilities</b>	<b>23.08</b>	<b>19.17</b>	<b>34.76</b>
<b>Total liabilities</b>	<b>30.26</b>	<b>48.76</b>	<b>54.17</b>
<b>Equity</b>			
Issued and paid-up share capital	1.00	1.00	1.00
Unallocated retained earnings (losses)	(1.77)	5.07	11.88
<b>Total Equity</b>	<b>(0.77)</b>	<b>6.07</b>	<b>12.88</b>
<b>Total liabilities and equity</b>	<b>29.49</b>	<b>54.82</b>	<b>67.05</b>

Remark : The above information is based on the audited financial statements ended 31 December 2015, 2016 and 2017 of Bake Cheese Tart.

<b>Income statement</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Operating results</b>			
Revenue from sales	11.02	167.99	164.24
Other revenue	0.00	0.35	0.56
<b>Total revenue</b>	<b>11.02</b>	<b>168.34</b>	<b>164.79</b>
Cost of goods sold	7.97	97.64	79.98
Selling expenses	3.36	49.08	57.39
Administrative expenses	1.46	10.32	16.39
<b>Total expenses</b>	<b>12.79</b>	<b>157.04</b>	<b>153.76</b>
Earnings before financial expenses and corporate income tax	(1.77)	11.30	11.03

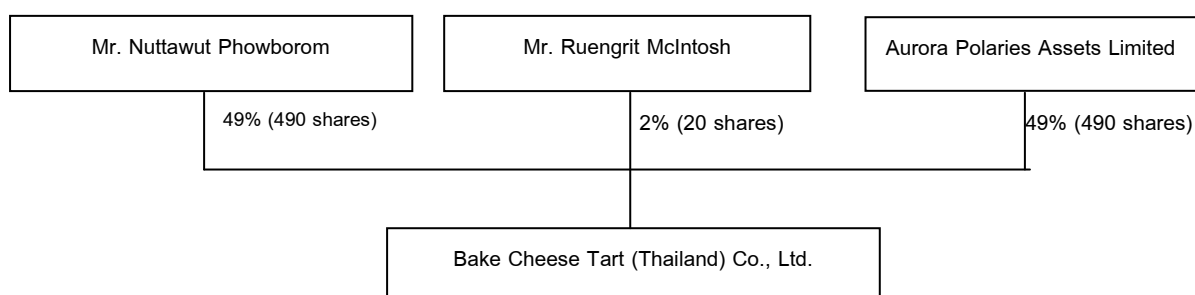
<b>Income statement</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
Financial expenses	-	1.85	1.78
<b>Earnings before corporate income tax</b>			
<b>income tax</b>	<b>(1.77)</b>	<b>9.45</b>	<b>9.25</b>
Corporate income tax	-	2.61	2.44
<b>Net profits for the year</b>	<b>(1.77)</b>	<b>6.84</b>	<b>6.81</b>
<b>Profits (losses) per share</b>	<b>(0.002)</b>	<b>0.007</b>	<b>0.007</b>

Remark : The above information is based on the audited financial statements ended 31 December 2015, 2016 and 2017 of Bake Cheese Tart.

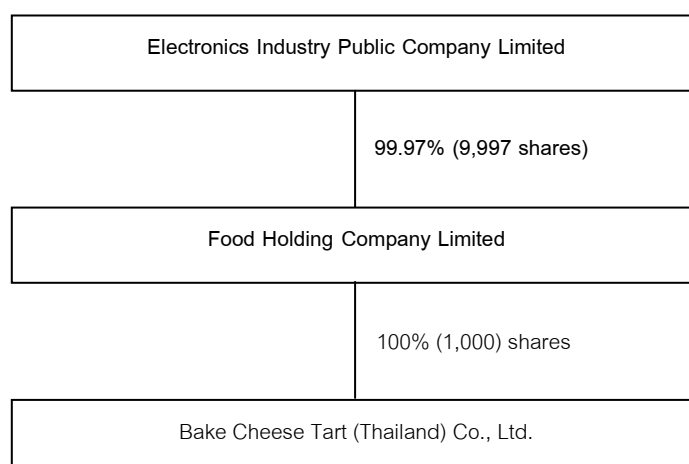
Bake Cheese Tart has 7 branches under its management, namely EmQuartier branch, Don Mueang Airport branch, Central World branch, Siam Center branch, Suvarnabhumi Airport branch, Singha Complex branch and ICONSIAM branch, and ZakuZaku has 2 branches under its management, namely Siam Center branch and ICONSIAM branch.

#### 1.4.2 Expected company group structure after the transaction

##### Current Shareholding Structure



##### Shareholding Structure After the Transaction



## 1.5 Total value of consideration and payment term

Food Holding will purchase all of the ordinary shares of Bake Cheese Tart from the Sellers as follows:

- 1) Food Holding will purchase 490 ordinary shares at a par value of Baht 1,000 per share from Mr. Nuttawut Phowborom at the price of Baht 350,000, totaling Baht 171,500,000.
- 2) Food Holding will purchase 20 ordinary shares at a par value of Baht 1,000 per share from Mr. Ruengrit McIntosh at the price of Baht 350,000, totaling Baht 7,000,000.
- 3) Food Holding will purchase 490 ordinary shares at a par value of Baht 1,000 per share from Aurora Polaries Assets Limited at the price of Baht 350,000, totaling Baht 171,500,000.

Total value is Baht 350,000,000. On the signing date of the Share Purchase Agreement, the Company and the Sellers agree that Food Holding, a subsidiary of the Company, will be an acquirer of all ordinary shares in Bake Cheese Tart. The Company and Mr. Nuttawut Phowborom will sign an agreement to return the Security Deposit that the Company has placed as collateral for the entering of the Share Purchase Agreement in the amount of Baht 55,000,000. Mr. Nuttawut Phowborom will return the Security Deposit to the Company by means of transferring the rights to receive consideration for the shares purchase or any other means that the Company and Mr. Nuttawut Phowborom will further agree upon.

In the case that Mr. Nuttawut Phowborom has to return the Securities Deposit, he cannot set off the Securities Deposit with the purchase price. other words, since This is because the Company is the party that put down the deposit but the purchaser party is Food Holding, the Company's subsidiary. Therefore, such Security Deposit cannot be set off with the purchase price of shares that Food Holding will pay to Mr. Nuttawut Phowborom. In this regard, the Company shall pay Mr. Nuttawut Phowborom the total amount of purchase price will receive the payment for shares in full, and Mr. Nuttawut Phowborom will use that money to return Security Deposit to the Company. In this regard, Mr. Nuttawut Phowborom will transfer to the Company the rights to receive the payment for shares in the amount equal to Security Deposit or take any other actions that make the Company have Security Deposit back according to the approach as agreed between the Company and Mr. Nuttawut Phowborom.

The total value of the purchase of all 1,000 ordinary shares in Bake Cheese Tart is Baht 350,000,000. Food Holding will purchase the shares at Baht 350,000 per share which is the price agreed upon between the parties under the Share Purchase Agreement. The purchase price agreed by the contractual parties is derived from the negotiation and agreement between the Company and

the Sellers, taking into account several methods of business evaluation to determine a fair value of the company, namely a discounted cash flow approach combined with market comparable approach with reference to the assumptions from management interviews and due diligence conducted by the Company's advisors as well as the business plan conducted by the food industry specialist of the Company. The fair value derived from such calculation ranges from Baht 358,403,990 - 396,507,660. In the purchase of such ordinary shares, Food Holding, which is the Company's subsidiary, will acquire assets and 7 store branches under 'Bake Cheese Tart' trademark and 2 store branch under 'ZakuZaku' trademark and the rights to operate dessert shops under 'Ringo' trademark.

Food Holding will pay the share price to the Sellers at the total amount of Baht 350,000,000 as per details given below:

1) Food Holding will acquire 850 shares at a price of Baht 350,000 per share, totalling Baht 297,500,000 from the Sellers in proportion of their shareholdings within 31 January 2019.

2) Food Holding will acquire 150 shares at a price of Baht 350,000 per share, totalling Baht 52,500,000 from the Sellers in proportion of their shareholdings within 30 June 2019.

In this regard, the payment terms are derived from negotiation between the Company and the Sellers, in which the Company determined the payment schedule to be suited with the Company's cash flow projection. Whenever the Company makes a payment, the Company will proportionally receive shares in Bake Cheese Tart.

The details of the payment for shares are shown in No.7 Summary of material contracts relating to the acquisition of ordinary shares of Bake Cheese Tart transaction.

Food Holding will use the source of fund from the registered capital increase of the Company. In this regard, the Company will propose the Extraordinary General Meeting of Shareholders No. 1/2018, to be held on 3 December 2018 considers and approves the registered capital increase and the allocation of the newly issued ordinary shares to the existing shareholders in proportion to their shareholding (Right Offering). It is expected that the Company would receive the proceeds from the capital increase of approximately not exceeding Baht 317,000,000, which will be entirely given to Food Holding for purchasing the shares of Bake Cheese Tart. If the shareholders do not subscribe to the newly issued shares in full and/or the Company does not receive the proceeds from the capital increase sufficiently for the investment, the Company will obtain the shortfall through borrowing and/or the Company's cash flow.

## **1.6 Value of acquired assets**

Food Holding, which is a subsidiary of the Company, will acquire all of the ordinary shares of Bake Cheese Tart, i.e. 1,000 shares at a par value of Baht 1,000 per share at the price of Baht

350,000 per share, totaling Baht 350,000,000. After Food Holding has acquired all ordinary shares of Bake Cheese Tart, Food Holding will hold 100 percent of the total number of sold shares in Bake Cheese Tart.

The entering into such transaction having the value of the purchase of the shares at Baht 350,000,000 is considered a Class 2 acquisition of assets transaction pursuant to the Notification on Acquisition or Disposal of Assets, with the highest transaction value of 45.53 percent based on the total value of consideration method, which is considered a transaction with the value of 15 percent or higher but lower than 50 percent based on the total value of consideration method. The highest transaction value is derived from this method of calculation, whereby the calculation is based on the Company's consolidated financial statements which have been reviewed by a certified public accountant, ended 30 September 2018.

The Company and/or its subsidiaries have not entered into any asset acquisition transaction during the period of six months prior to the date on which agreement to enter into this transaction is made.

As the transaction value is equal to 15 percent or higher but lower than 50 percent, which is classified as a Class 2 acquisition of assets transaction according to the Notifications on Acquisition or Disposal of Assets, the Company as the parent company of Food Holding has a duty to disclose the information memorandum in relation to this transaction to the SET and serve a written notice of its decision to enter into the transaction on its shareholders within 21 days from the date of disclosure of information to the SET.

Nevertheless, the entering into such transaction is not deemed as the entering into a transaction by a listed company or its subsidiary with a connected person of the listed company, and therefore it does not constitute a connected transaction as defined in the Notifications on Connected Transactions.

#### **1.7 Criteria to determine total value of consideration**

Regarding the criteria to determine the value of consideration, the Company hired Orion Advisory Company Limited to be the financial advisor to conduct valuation of the business of Bake Cheese Tart. The Company used the result from such valuation to negotiate and agree the purchase price with the Sellers, which will be in line with the Share Purchase Agreement. The valuation methods that the financial advisors consist of two methods, namely a discounted cash flow approach combined with market comparable approach with reference to the assumptions from management interviews and due diligence conducted by the Company's advisors as well as the business plan conducted by the food industry specialist of the Company as per details below.

The financial advisor has evaluated the Company's revenue projection by providing assumption from the actual turnover and sale projection from food service specialist and has considered the expansion of branches to various areas according to the business plan of the food service specialist. The summary of such details are as follows:

Brand	Number of branches in 2018	Number of new branches to be opened in 2019 - 2020
Bake Cheese Tart	7 branches, namely 1. Emquattier branch 2. Don muang Airport branch 3. Central World branch 4. Siam Centre branch 5. Suvarnbhumi Airport branch 6. Singha Complex branch 7. ICONSIAM branch	None
ZakuZaku	2 branches, namely 1. Siam Centre branch 2. ICONSIAM branch	4 branches
Ringo	None	4 branches

The financial advisor has assumed the opening of branches according to business plan and areas recommended by the food service specialist of which the new branches to be opened in 2019 - 2020 by gradually opening 1-2 branches from April 2019 onwards. In respect of the opening of 8 branches, Bake Cheese Tart needs to use the funds of Baht 50 million for such opening, i.e. franchise fees, rental deposits and construction expenses. Since Bake Cheese Tart's business is the business with fast-paced cash flow, and the food specialist's business plan takes into account the adequacy of the cash flow needed to open the new branches; therefore, according to the projection of the financial advisor, the Company will not have the obligation to provide funding for such opening of branches.

Projection on the number of piece sold per month per branch					
Brands	Jan - June 2018	2018F	2019F	2020F	2021F onwards
Bake Cheese Tart	12,000 – 35,000 pieces	existing branches 12,000 – 35,000 pieces new branches 60,000 pieces	existing branches 12,000 – 35,000 pieces new branches 44,000 pieces	existing branches 12,000 – 35,000 pieces new branches 30,000 pieces	existing branches 12,000 – 35,000 pieces new branches 30,000 pieces
ZakuZaku	70,000 – 75,000 pieces	existing branches 64,000 pieces	existing branches 38,000 pieces new branches 63,000 – 67,000 pieces	existing branches 34,000 pieces new branches 38,000 – 47,000 pieces	existing branches 34,000 pieces new branches 33,000 – 34,000 pieces
Ringo	None	None	41,000 – 42,000 pieces	24,000 – 28,000 pieces	20,000 – 22,000 pieces

<sup>1</sup>The new branch of Bake Cheese Tart is the branch located at Icon Siam which has been opened since late November 2018.

The financial advisor has assumed the average monthly sale per branch for the existing branches of Bake Cheese Tart and ZakuZaku by referring to the actual sale of pieces occurred during 6 months period in 2018 and has assumed the total number of pieces sold per month per branch of the new branches of Bake Cheese Tart, ZakuZaku Ringo according to the projection of the food service specialist. The food service specialist has estimated from the number of customers of each branch together with the possibility that such group of customers will purchase the products and the appropriate number of purchased product based on the opening hour. In this regard, even the number of products will gradually decrease in every year, however, the specialist considered that all three brands are will known products from japan, have high quality and are presently popular. Therefore, if Bake Cheese Tart has continually conducted appropriate marketing and increase customer channel according to the business plan, Bake Cheese Tart will be able to maintain the number of sale product according the projection for the year 2022.

With regard to Ringo, the nature of business of Ringo will be similar to Bake Cheese Tart and ZakuZaku which are the business that import material products from Japan and conduct baking process in Thailand for sale. Therefore the management approach of Ringo will be similar to Bake Cheese Tart and ZakuZaku which are search for appropriate location for opening branch and sale together with conduct marketing to stimulate sales. In this regard, the Company cannot disclose any further information regarding business plan of Ringo because it is a trade secret and the disclosure might effect to the Company's ability to compete with the competitors and cause any damages to the Company's business.

The decrease of the number of pieces sold in each branch will be associated with the number of months that such branch has been opened since the cause of decrease in the number of pieces sold is mainly due to the fact that the customers in that area have used services and tried desserts of each brand, and their attention would decrease over time.

Average Price					
Brand	Jan – Jun 2018	2018F	2019F	2020F	2021F onwards
Bake Cheese Tart	71 – 74 Baht per piece	71 – 74 Baht per piece	71 – 74 Baht per piece	71 – 74 Baht per piece	71 – 74 Baht per piece
ZakuZaku	72 – 77 Baht per piece	74 Baht per piece	74 Baht per piece	74 Baht per piece	74 Baht per piece
Ringo	None	None	110 - 140 Baht per piece	110 - 140 Baht per piece	110 - 140 Baht per piece

The financial advisor has assumed the average sale price per month of Bake Cheese Tart and ZakuZaku by referring the average actual sale price during the first six months of 2018 and had



assumed the average sale price per month of Ringo according to the pricing policy of Bake Cheese Tart. Such price is the price determined by the franchise agreement with the brand's owner in Japan

The costs of Bake Cheese Tart can be divided into 2 main groups, i.e. the variable costs mainly consisting of costs of raw materials, cost of containers, royalty fees and rental fees the nature of which is revenue sharing, which is the main cost of Bake Cheese Tart, equivalent to 70% – 80% of the total costs, and the fixed costs which mainly consist of cost of staff, cost of contact and coordination and cost of utilities, which can be summarized as follows:

Variable costs		
Brand	Jan - June 2018	2018F onwards
Bake Cheese Tart	68 % – 78 %	68 % – 78 %
ZakuZaku	74 %	74 %
Ringo	None	80 %

The financial advisor has made an assumption on variable costs for Bake Cheese Tart and ZakuZaku, based on actual variable costs of each branch in the first 6-month period of 2018. The variable costs of Bake Cheese Tart will fluctuate based on sales volume of each branch since the rental fees in the form of revenue sharing in different branches are not equal and has made an assumption on the monthly sale price of Ringo according to the policy to determine variable costs of Bake Cheese Tart which has been verified and confirmed by the food business specialist of the Company.

Monthly fixed costs			
	Jan. – June 2018	2018F	2019F onwards
Bake Cheese Tart	Approximately THB 2.40 million per month	Approximately THB 2.45 million per month	Approximately THB 4.90 million per month and increase 4.25 percent in average

The financial advisor has made an assumption on fixed costs for Bake Cheese Tart based on the actual fixed costs of Bake Cheese Tart in the first 6-month period of 2018 and has adjusted certain entries that experienced significant growth from the opening of new branches such as costs of hiring employees and cost of utilities, and set the growth rate of general costs according to inflation and the growth rate of cost of hiring employees at the rate of 5 percent.

From the assumption mentioned above, this can be summarized into total sales, total costs and EBITDA as follows:

Summary of annual revenue and expenses				
	2016	2017	2018F	2019F onwards
Total revenue	167.99 Baht million	164.24 Baht million	136.37 Baht million	442 – 554 Baht million per year
Total expenses	157.04 Baht million	153.76 Baht million	138.97 Baht million	415 – 493 Baht million per year

Summary of annual revenue and expenses				
	2016	2017	2018F	2019F onwards
Net Profit	6.84 Baht million	6.81 Baht million	(4.40) Baht million	18 – 46 Baht million per year
EBITDA	13.26 Baht million	14.65 Baht million	4.23 Baht million	36 – 75 million Baht per year

Regarding the assumption on working capital, the financial advisor has made consideration based on average debt collection period, inventory period and average debt repayment period for the year 2016 and 2017—the average debt collection period and the debt repayment period are determined based on the average value in that period in 2016 and 2017— together with the working capital management according to the business management plan provided by the specialist in food business, which is the determination of the policy of inventory management, i.e. the period of usual inventory order should be determined and the inventory volume to be sufficient for sale for 45-60 days at a certain point should be set up, which can be summarized as follows:

Working Capital			
	2016	2017	2018F onwards
Average debt collection period	26.64 days	12.69 days	19.66 days
Inventory storage period	74.93 days	127.11 days	60.00 days
Average debt repayment period	91.12 days	81.05 days	86.09 days

The financial advisor has prepared the projection on the Company's future cash flow for 6 years (2018 - 2023) by assuming that the Company will continue its business based on Going Concern Basis. This is because Bake Cheese Tart conducts its business with no restrictions on the duration of business and the financial advisor determines the Terminal Value by calculating according to discount cash flow as described below and projection on the Company's cash flow in 2023 due to such year is the year that Bake Chsses Tart will have stable cash flow according to the projection. In order to provide careful estimation, the financial advisor has set the Terminal Growth rate to zero.

From the assumption above, the financial advisor has evaluated the value of the business by discounted cash flow method which uses the discounted rate of approximately 8.00% to 8.87% which is a discounted rate calculated based on the following assumptions:

Assumptions		Remarks
$W_d$ (Weight of debt)	1.09% - 73.08%	Proportion of debt liability with interest to equity of shareholders according to the financial statements for the year 2017 of Bake Cheese Tart and company operating similar businesses by considering the debts from related-party loans of Bake Cheese Tart as equity
$W_e$ (Weight of equity)	26.92% - 98.91%	Proportion of equity of shareholders to debt liability with interest according to the financial statements for the year 2017 of Bake Cheese Tart and company operating similar businesses by considering the debts from related-party loans of Bake Cheese Tart as equity

Assumptions		Remarks
K <sub>d</sub> (Cost of debt)	6.25%	Average MLR interest rate
K <sub>e</sub> (Cost of equity)	8.03% - 19.37%	Return rate of shareholders from CAPM
R <sub>f</sub> (Risk free rate)	3.16%	Interest rate from long-term government bond aging 10 years
R <sub>m</sub> (Market return)	2.74%	SET Total Return Index: TRI Index
β (Beta)	0.48 – 1.50	Leveraged Beta based on Unleveraged Beta of company operating in the same or similar business in average in the previous 5 years

Based on the discount rate above, Bake Cheese Tart will have fair value between Baht 358,403,990 – 396,507,660. The Company will receive Internal Rate of Return at the rate of 9.49 - 11.24 which is the return not lower than The weighted average cost of capital ("WACC") (which currently stands at 8.00% to 8.87%) and the Company will receive return on investment in the form of net present value of the free cash flow less the purchase price at Baht 350,000,000 of approximately Baht 8,403,990 – Baht 46,507,660

In addition, the financial advisor has considered the fair value of Bake Cheese Tart by the market comparable approach, whereby the financial advisor selected 5 companies operating in the food and desserts business. The financial advisor has considered price to earning ratio and the ratio of such group of companies is at 12.22 to 28.48 times and the average price is at 21.20 times compared with the ratio of share purchase of Bake Cheese Tart at Baht 350,000,000 to net profit rate based on the projection will be the maximum ratio of not exceeding 17.82 times which is lower than the average price to earning ratio of company operating similar business.

### 1.8 Expected benefits to the Company from the transaction

The Company will be able to expand its business to diversify the risk of operating business from the current business of the Company which consists of the manufacture and sale of electronic parts and the rental of advertising space or billboard on out-of-home signs ("**Billboard Business**") and for supporting the Company's capability to create stability and sustainability of the Company's business operation in the long run, the details of which are described as follows:

Currently, the Company operates manufacturing and sale of electronic parts and the Billboard Business. Upon the Company's consideration, both businesses have significant risks to the stability of the Company's business in the long run, i.e.:

- The risks from the land lease agreement for the factory of EIC Semiconductor Co., Ltd. ("EIC Semi")

EIC Semi is a subsidiary of the Company which operates the business of manufacturing and selling electronic parts. Currently, the EIC Semi's factory is located on the leased land which EIC Semi leases from Heng Property Co., Ltd., the term of which is 3 years from 20 July 2018. Therefore, after the expiration of such

contract, EIC Semi has the risk that the contract may not be renewed and the operation may need to stop or the rental fees may be increased in the future (according to the information disclosed by the Company to the Stock Exchange of Thailand on 15 August 2018), resulting in the decrease of operating performance of EIC Semi. Also, the other alternative solutions, e.g. the relocation of the factory or the purchase of land and buildings are not possible for EIC Semi due to the fact that the relocation would take 2 -3 years for searching for appropriate area and building new factory which would cause EIC Semi to cease the operation during that period, causing the loss of customers and competitive advantage in the future, and Heng Property Co., Ltd. does not have a policy to sell out its land.

➤ The risk from the change of laws related to the business operation of the Billboard Business of S.Thana Media Co. Ltd. (“STN”)

STN is a subsidiary of the Company (the Company holds 100 percent of total shares) which operates the business of renting out-of-home advertising space (Out of Home Media) on billboards. The Company considers that the Billboard Business of STN is the business that is quite stable in terms of the operating performance since the business of renting billboard has stable turnover and cash flow. However, the Billboard Business has a legal risk whose changes may be related to the out-of-home advertising signs resulting in the stop or slowdown of business.

Therefore, in order to diversify the risk of operating business at present and to support the business capability to create the stability and sustainability of the business operation of the Company in the long run, the Company needs to expand its business, whereby the Company has a policy to invest in a new business as follows:

Investment Policy Framework	
1. Type of investment	The Company will purchase paid-up ordinary shares, invest in newly-issued ordinary shares or buy assets, or proceed with any other actions for the Company to obtain the business that is in line with the investment policy framework.
2. Qualifications of the company and/or business in which the Company will invest	<ul style="list-style-type: none"> <li>➤ The business in which the Company will invest has to be the business that is in a continuously growing industry.</li> <li>➤ The business in which the Company will invest has to be able to generate revenue and cash flow to the Company immediately.</li> <li>➤ The business in which the company will invest must not have significant risks that the Company cannot control or manage,</li> </ul>

Investment Policy Framework	
	which might cause such business to cease its business operation.
3. Minimum rate of return	<p>The Company will invest in any business that has qualifications specified above and offers a return at the rate of not lower than the Company's weighted average cost of capital ("WACC") which is currently at 8 - 9 percent.</p> <p>In this regard, the Company's WACC is subject to change depending on various factors, e.g. type of business to be invested or the then risk free rate. The Company will further explain the return on investment and WACC of the Company in detail when the Company has negotiated, clearly determined investment conditions and agreed to purchase shares as well as signed the relevant share purchase agreement(s).</p>
4. Payback period	The payback period would take around 10 – 15 years depending on the type of business and actual cash flow. The Company will further explain the payback period when the Company has negotiated, clearly determined investment conditions and agreed to purchase shares as well as signed the relevant share purchase agreement(s).
5. Risk consideration of the business in which the Company will invest	The Company will consider the risks of business to be invested by considering risks from external factors, e.g. risks from economic conditions, the fluctuation of interest rate and/or currency exchange rate, business competition, and risks from internal factors, e.g. risks from cost management, cash flow management, personnel performance. The Company will further explain the risks related to the business to be invested and provide the guidelines of risk management when the company has negotiated, clearly determined investment conditions and agreed to purchase shares as well as signed the relevant share purchase agreement(s).

The Company will purchase all shares in Bake Cheese Tart which has qualifications in accordance with the above investment policy framework. The Company will receive benefits from Food Holding's purchase of Bake Cheese Tart's shares as follows:

1) Minimum rate of return

The purchase of Bake Cheese Tart's shares will provide a return (Internal Rate of Return) to the Company via Food Holding at the rate of 9.92 percent which is not lower than the Company's weighted average cost of capital ("WACC") which is currently at 8 - 8.87 percent and the Company

will gain the return from Net Present Value of the Free Cash Flow which deducts the purchase value of Baht 350,000,000 at Baht 8,403,990 – Baht 46,507,660. .

## 2) Payback period

In the purchase of Bake Cheese Tart's shares, the payback period would take around 13 – 14 years by considering the cash flow projection in 2018 – 2023. For the cash flow after 2023, the Company would consider from the cash flow projection in 2023 due to such year is the year that Bake Chsses Tart will have stable cash flow according to the projection.

## 3) Consideration of risks from investing in Bake Cheese Tart

The Company has considered the risks from investing in Bake Cheese Tart via Food Holding by considering risks from external factors, e.g. risks from economic conditions, the fluctuation of interest rate and/or currency exchange rate, business competition, and risks from internal factors, e.g. risks from cost management, cash flow management, personnel performance.

### Risks from the fluctuation of interest rate

At present, Bake Cheese Tart has a credit limit with a bank at a certain amount, and in the future the Company plans to seek funds from additional loans. The interest rate for the current loan is floating rate and mostly the interest rates offered by commercial banks are also floating rate. Therefore, Bake Cheese Tart will be exposed to interest-rate fluctuations.

After the acquisition of shares in Bake Cheese Tart, the Company has a policy to seek funds from additional loans, whereby the Company will attempt to reduce risks from interest-rate fluctuations by negotiating and determining the interest rates to which the Company is subject to be fixed rates, so the Company will be able to manage costs and risks from business operation in a proper manner.

### Risks from the fluctuation of currency exchange rate

At present, Bake Cheese Tart's main cost are franchise fees, material fee and package fee which need to be paid in Yen, Therefore, Bake Cheese Tart will is subject to risks from exchange-rate fluctuation.

In this regard, the Company has risk management policy relating to currency exchange by entering into forward contracts of Yen currency with the bank at a certain amount or other risk management contract. after the acquisition of shares, in order that the Company can manage cost and risks in the business operation in a proper manner.

### Risks from the competitive environment

Currently, although the baked desserts business is growing at a continuous rate, it is a business which needs low funding and has fast circulation of cash flow. It is therefore a highly competitive business, in which there are many entrepreneurs operating the same or similar business, which are interchangeable. Such competitive environment might result in Bake Cheese Tart losing the market share and experience decline in sales.

Bake Cheese Tart operate baked desserts business under the brands of "Bake Cheese Tart, ZakuZaku and Ringo, all of which are the famous baked desserts brands in Japan and popular among Thai people. Therefore, Bake Cheese Tart's business has a competitive advantage over other competitors who operate non-brand baked-desserts businesses.

In addition, Bake Cheese tart is a company with a track record in opening shops in quality locations. Therefore, Bake Cheese Tart is a company with a potential in negotiation to find quality places to set up its shops, which will very much help support Bake Cheese Tart to have an advantage in terms of customer access. The Company has considered that such qualification is essential for operating businesses in food and desserts of any kind. In this regard, the Company and the Company's specialist in food business has studied other quality locations for opening shops in addition to the locations that Bake Cheese tart currently has branches in. The Company has determined many locations in which there are demands for baked desserts, and the Company will further open branches in such locations after the acquisition of shares which will make the Company maintain or even increase the market share in baked desserts business.

### Risks from cost management

Baked-desserts business has a gross profit and net profit at a not-very-high rate; therefore, the fluctuation of costs, i.e. cost of raw material, cost of staff, cost of transportation, or other related costs, are all the factors that have significant impact on the operating results.

Bake Cheese Tart operates business of baked desserts under the policy of One Brand One Product, i.e. there are only few products and only one main product under a brand. Such policy causes Bake Cheese Tart to efficiently manage its costs since there are only few types of costs and the cost of raw material which is the main cost has low fluctuations since it is derived from negotiation with a few number of suppliers. After the acquisition of shares, the Company has a policy to maintain the One-Brand-One-Product policy so as to be able to efficiently manage the costs and the Company will focus on expanding businesses by opening more branches in potential locations.

#### Risks from cash flow management and working capital

The business of baked desserts has a fast circulation of cash flow, therefore, working capital is a factor having a significant impact on cash flow of the business, i.e. commercial conditions with suppliers such as credit terms, deposit for rent, advance rental payment or the determination of inventory policy are all the factors that have significant impact on the business of Bake Cheese Tart, which might cause Bake Cheese Tart to have insufficient funds for operating business.

After the acquisition of shares, the Company has a policy to prepare a cash flow projection in advance for at least 6 months, improve the inventory and order management to be more efficient so as to reduce the stock period and seek for loans to use as working capital of the Company. In addition, the Company will set a policy to have appropriate minimum cash management for emergency use, which will make to company able to continue its business in case there occur unexpected events outside the scope of the projection.

#### Risks from the ability of personnel

Since the Company has only few personnel who has experience in the food business; therefore, after the acquisition of shares, the personnel of the company may not have sufficient experience to operate business efficiently and in line with the business plan that the Company has established together with its consultant in the food business.

One of the essential factors that the Company will acquire shares in Bake Cheese Tart is that Bake Cheese Tart is a company which has personnel, executives and shareholders who have experience in operating food and desserts business for a long time, and also has a potential to manage business with foreign suppliers in a very effective manner. Therefore, after the acquisition of shares, the Company has a policy to invite personnel of Bake Cheese Tart to work with the Company, and also has negotiated and entered into agreements with executives who are essential to the business of Bake Cheese Tart to work with the Company for a certain period. In this regard, the Company may invite some of the executives to be the Company's directors. In addition, the Company has contacted with the specialist in the food business of the Company to additionally recruit personnel with knowledge and experience in operating business in the food industry to be the key team of the Company to further develop the food and desserts business.

#### Risks from the continuation of franchise agreements of the brands

Since franchise agreements of the brands have contractual periods of about 9 – 12 years, when the agreements are expired, there will be a risk that the owner of franchise may not



continue the agreements or enter into agreements with other operators. However, this is a very low risk since Bake Cheese Tart is the only owner of the 3 brands and all of the branches are Bake Cheese Tart's assets and are managed by Bake Cheese Tart. If the franchisor decides not to renew the agreements, this will result in the franchise owner and the new operator having to start expanding all new branches, which will make the franchise owner's income from royalty fees reduce significantly. In addition, the franchise owner and Bake Cheese Tart have a good relationship between each other for a long time, and the franchise owner continuously trusts Bake Cheese Tart to be the operator in Thailand, which can be noticed from the fact that Bake Cheese Tart has additionally obtained the franchise of ZakuZaku and Ringo brands for its operation.

### **1.9 Sources of funds**

Food Holding will use the source of fund for purchasing Bake Cheese Tart's shares at the total price of Baht 350,000,000 from the registered capital increase of the Company. In this regard, the Company will propose the Extraordinary General Meeting of Shareholders No. 1/2018, to be held on 3 December 2018 considers and approves the registered capital increase and the allocation of the newly issued ordinary shares to the existing shareholders in proportion to their shareholding (Right Offering). It is expected that the Company would receive the proceeds from the capital increase of approximately not exceeding Baht 317,000,000, which will be entirely given to Food Holding for purchasing the shares of Bake Cheese Tart. If the shareholders do not subscribe to the newly issued shares in full and/or the Company does not receive the proceeds from the capital increase sufficiently for the investment, the Company will obtain the shortfall through borrowing and/or the Company's cash flow.

### **1.10 Conditions on the entering into the transaction**

The Company has negotiated with the Sellers and required that Bake Cheese Tart repay the loans to directors and related parties prior to the first installment payment of share purchase is made or perform any other acts to make the loan disappear and to make Bake Cheese Tart to be given with consent or waiver from the counterparty in essential business contracts, so the Sellers would be able to transfer the shares to the Company.

### **1.11 Opinions of the Board of Directors concerning a decision to enter into the transaction**

The Board of Directors of the Company has viewed that the acquisition of Bake Cheese Tart is reasonable, as per details given below:

- Bake Cheese Tart has full qualifications in accordance with the Company's investment policy framework.

- Bake Cheese Tart is in the industry which is continuously growing. In the previous year, the baked desserts market has a growth rate of 6 percent, and the Company's food specialist, when considering the growth in the past and other factors, predicts that the baked desserts market will have an average annual growth rate of at least 6 percent per year until 2022.
- The investment in Bake Cheese Tart can immediately generate cash flow to the Company.
- The purchase price of shares in Bake Cheese Tart is reasonable. The Company has negotiated and determined the fair value of Bake Cheese tart which is evaluated by the financial advisor of the Company by a discounted cash flow approach combined with the market comparable approach.
- Bake Cheese Tart has a specific qualification that is essential to food and beverage business, i.e. it has a track record of opening baked desserts shops in good locations. In general, the access to the leading department of store in the country to rent a space with high potential is very difficult if there is no track record and good relationship. The Board of Directors has considered and viewed that if Bake Cheese Tart has sufficient source of fund, it will have potential to expand the business in leading locations across the country. With regard to Ringo which does not have track record, the nature of business of Ringo will be similar to Bake Cheese Tart and ZakuZaku. Therefore the management approach of Ringo will be similar to Bake Cheese Tart and ZakuZaku which are search for appropriate location for opening branch and sale together with conduct marketing to stimulate sales.
- Bake Cheese Tart has a potential to negotiate with foreign suppliers effectively and is able to access the owners of foreign leading brands.

Although the acquisition of shares in Bake Cheese Tart will have a payback period of 13-14 years, the projection made by the financial advisor is based on an assumption that Bake Cheese Tart only have 3 brands under its operation. The Board of Directors viewed that this investment is a strategic investment since investing in Bake Cheese Tart will enable the Company to continuously grow in the food and desserts business. If the key factors of the company, i.e. the ability to find potential locations and to continuously seek for leading brands and import such brands to Thailand are efficiently made use of, this would result in the Company significantly growing in the food business.

Moreover, the Board of Directors already considered the financial projection prepared by the financial advisor, including the Company's revenue projection, total sales, total costs and

EBITDA from the assumption on the opening of branches according to business plan, the assumption on the average monthly sale per branch, the assumption on number of pieces sold in each branch, the assumption on the average sale price per month, the assumption on variable costs, and the assumption on fixed costs, as well as the assumption on working capital and projection on future cash flow of the Company, and the evaluation of the value of the business by discounted cash flow method. The Board of the Directors opined that such financial projection is reasonable and the Board of Directors agree with the information presented by financial advisor. Also, the Board applied such information as a factor to consider investing in Bake Cheese Tart in order to diversify the risk of operating business from the current business of the Company.

With regard to the fact that the Company and the Sellers agree that Food Holding, a subsidiary of the Company, will be an acquirer of all ordinary shares in Bake Cheese Tart. the Company and the Sellers The Company and Mr. Nuttawut Phowborom will sign an agreement to return the Security Deposit that the Company has placed as collateral for the entering of Share Purchase Agreement of Bake Cheese Tart in the amount of Baht 55,000,000 according to the MOU. Mr. Nuttawut Phowborom will also return the Security Deposit by means of transferring the rights to receive consideration for shares purchase or by any other means that the Company and Mr. Nuttawut Phowborom will further agree upon. The Board of Directors opined that The return of the Security Deposit by means of transferring the rights to receive consideration for shares purchase will not cause any disadvantage to the Company since the purchaser is Food Holding, the Company's subsidiary, of which its financial statement will be consolidated to the Company's financial statement and the Company will get the full amount of Security Deposit back at the end of the Transaction.

**1.12 Opinions of the Company's Audit Committee and/or directors which are different from the opinions of the Board of Directors under 1.11.**

-None-

**2. Information memorandum in the letter sent to shareholders under Schedule 2 Clause 2, 3, 6, and 7**

In order to provide the shareholders having important information to consider and approve the increase of registered capital of the Company to utilized the fund from capital increase to invest in Bake Cheese Tart in the Extraordinary General Meeting of Shareholders no. 1/2018 held on 3 December 2018. The Company disclosed information memorandum under Schedule 2 Clause 2, 3, 6 and 7 as specified in the appendix of the Notification of Acquisition and Disposal of Assets to all shareholders in advance as follows:

## **2.1 Responsibility of the Board of Directors for information contained in documents submitted to the shareholders**

The Board of Directors of the Company is responsible for the information stated in this Information Memorandum, and in this regard the authorized director of the Company has carefully reviewed the contents in this Information Memorandum and hereby certifies that there is no any false statement or omission of material facts that must be contained or stated in this Information Memorandum and there is no any statement that causes misunderstanding.

## **2.2 Summary on the opinions of the Company's food business specialist and the future business plan**

The Company has hired AK Business Consultant Company Limited as the Company's food business specialist where the working team of the AK Business Consultant Company Limited has long experience in providing advices in food business. Furthermore, the head of the working team is the former executive in initiating the development and expansion of Thailand's leading hamburger restaurants and also the current executive in multiple types of chain restaurants, such as hotpot and dimsum restaurants, who responsible for the day to day operation, personal development and the marketing.

The food business specialist together with the Company have considered and analyzed the pros and cons of business of Bake Cheese Tart, and prepared the future business plan, estimated sales and branch expansion (for further details, please see Clause 1.7 on criteria for determining the value of consideration), which can be summarized as follows:

### Pros

- all products of Bake Cheese Tart are products which are reputable, popular and high quality from Japan;
- Bake Cheese Tart positions itself in medium to high level which is suitable for the branches in the present and the expansion of branches in Bangkok and the leading cities in Chiangmai and Phuket;
- Bake Cheese Tart has One Brand One Product as its management policy, a policy having its pros for cost control as there are few types of costs and the raw material cost which is the main cost with low cost fluctuation since the cost is directly negotiated with the supplier in Japan;
- Bake Cheese Tart is in the industry market with a high growth rate; and considering the growth rate in the past and other factors, the baked desserts market will have an average annual growth rate of at least 6 percent until 2022;

- Bake Cheese Tart has the track record of having access to potential locations whether in leading department stores, Don Meung airport or Suvarnabhumi airport; and
- Bake Cheese Tart has the track record of being able to negotiate franchise agreement with the owner of the leading brand in Japan.

#### Cons

- the branches of Bake Cheese Tart are mostly concentrated and located in the country's leading department stores and therefore requiring Bake Cheese Tart to pay the rent in the form of revenue sharing which results in a lesser gross margin;
- Bake Cheese Tart is in a high competitive market with various operators, the operators therefore will have to continuously adjust themselves, develop their products and expand their businesses in order to maintain their positions in the market;
- Bake Cheese Tart has insufficient channels of access to its customers due the concentration of its branches being located in just the country's leading department stores.

Bases on the pros and cons provided above, the food business specialist and the Company have jointly prepared a future business plan which has been divided into the business plan that must be proceeded immediately after the shares acquisition and long term plan for 2019 to 2020 that focuses on the expansion of branches, which can be summarized as follows:

#### Proceeding which must be taken immediately

1. To proceed with the branches having the sales less than the minimum sales threshold. As the rental agent of branches specifies the minimum sales threshold, therefore in the case that some of the branches fails to reach such minimum sales threshold, Bake Cheese Tart is required to pay such rent at the minimum rent which is higher than usual thus significantly affecting its gross margin. Nevertheless, since all of the branches of Bake Cheese Tart are located in high potential locations, marketing to promote the sales in such branches should be considered such as to create special flavors or discount campaigns. However, if after such sales promotion, the sales have not increased, the closing of such branches and the opening of such branch in other potential location should be considered.
2. To have in place of a clear management of working capital plan, specifically, the management of inventory where the period for placing of orders of goods and sufficient inventory for approximately 45-60 days of sale should be determined.

### Proceeding to be taken in 2019 to 2020

A major cons of Bake Cheese Tart is its insufficient channel of access to its customers due to the branches being concentrated and located only in the leading department stores in the country. Therefore in 2019 to 2020, the Company should proceed for expansion of branches to other locations which are not necessary required to be locating in the leading locations such as in the department stores locating in the central city, but in the populated residential or offices areas. In addition, the branches of Bake Cheese Tart should be deconcentrated into new locations and considers opening ZakuZaku or Ringo in substitution of such locations. The branches should be opened in Iconsiam as to convenient the management and as another option for the customers, which may help in decreasing the cost in relation to the rents, deposits, and advanced rents. Nevertheless, the food business specialist has set out the opening plans of new branches for ZakuZaku and Ringo totaling 8 branches from 2019 to 2020.

The food business specialist has estimated the demands of the three branches which will be opened in 2018 to 2020 by estimating the sales in 2018 to 2022 by taking into account the number of people using the services in such locations together with the probability of such group of people in purchasing the goods and suitable number of goods purchased during opening hours, of which further details in Clause 1.7 on the criteria in determining the value of consideration can be considered.

### **2.3 Opinions of the Board of Directors of the Company relating to the sufficiency of working capital. Where working capital is not sufficient, the source of fund to resolve the situation shall also be included.**

The Board of Directors' Meeting No. 9/2018 of the Company has considered the relevant information and viewed that the source of fund for Food Holding's payment for the above assets acquired at around Baht 350,000,000 in total will come from the registered capital increase of the Company. In this regard, the Company will propose the Extraordinary General Meeting of Shareholders No. 1/2018, to be held on 3 December 2018 considers and approves the registered capital increase and the allocation of the newly issued ordinary shares to the existing shareholders in proportion to their shareholding (Right Offering). It is expected that the Company would receive the proceeds from the capital increase of approximately not exceeding Baht 317,000,000, which will be entirely given to Food Holding for purchasing the shares of Bake Cheese Tart. If the shareholders do not subscribe to the newly issued shares in full and/or the Company does not receive the proceeds from the capital increase sufficiently for the investment, the Company will obtain the shortfall through borrowing and/or the Company's cash flow. These sources of fund are expected to sufficiently cover the price of this transaction.

## **2.4 Pending material lawsuits or claims**

According to the due diligence on Bake Cheese Tart's business, the Company has found that as of 28 November 2018, Bake Cheese Tart has a lawsuit filed against it regarding false preparation and recording of accounting information as detailed below:

According to the Criminal Black Case No. Ao 1607/2561, KPN Land Co., Ltd. claimed that Bake Cheese Tart cooperated with Mr. Nuttawut Phowborom, Mr. Kridsada Pruttiaphat and Ms. Wimon Hanpanitkitjakarn to conduct false preparation and recording of accounting information, resulting in Mr. Nuttawut Phowborom to gain Baht 5,000,000 belonging to KPN Land Co., Ltd. and Bake Cheese Tart to gain KPN Land Co., Ltd.'s loan of Baht 500,000 and interest of Baht 24,502.50. KPN Land Co., Ltd. accused that such act is deemed as a conspiracy to commit offences under Sections 83, 84, 86, 91, 264, 265, 268 and 341 of the Criminal Code and Section 42 of the Act Determining Offences Relating to the Registered Partnership, Limited Partnership, Limited Company, Association and Foundation, B.E. 2499 (1956), causing damages to KPN Land Co., Ltd. and punishable under Sections 264, 265 and 341 of the Criminal Code, i.e. imprisonment not exceeding three years or a fine not exceeding Baht sixty thousand, or both; imprisonment from six months to five years and a fine from Baht ten thousand to Baht one hundred thousand; and imprisonment not exceeding three years or a fine not exceeding Baht sixty thousand, or both, respectively, and punishable under Section 42 of the Act Determining Offences Relating to the Registered Partnership, Limited Partnership, Limited Company, Association and Foundation, B.E. 2499 (1956), i.e. imprisonment not exceeding three years or a fine not exceeding Baht sixty thousand, or both.

Currently, such case is under preliminary examination process. The next preliminary examination is scheduled on 14 January 2019.

The Company has considered the details of such case from due diligence and has an opinion regarding such case that if Food Holding purchases all shares in Bake Cheese Tart, such case would not have a material adverse impact on the Company's business operation as the adverse impact from such case on the Company's assets is equivalent to less than 5 percent of the shareholders' equity.

Besides the above case, Bake Cheese Tart does not have any legal dispute. Moreover, the Company does not have any legal dispute which might have an adverse impact on the Company's assets, representing more than 5 percent of the shareholders' equity.

**2.5 Summary of material contracts relating to the acquisition of ordinary shares of Bake Cheese Tart transaction**

**1) Memorandum of Understanding regarding the purchase and sale of ordinary shares in Bake Cheese Tart (Thailand) Co., Ltd., dated 15 August 2018 and Memorandum of Understanding regarding the purchase and sale of ordinary shares in Bake Cheese Tart (Thailand) Co., Ltd. (Amendment), dated 28 September 2018**

Parties	<p>1. Electronics Industry Public Company Limited as the purchaser ("<b>Purchaser</b>");</p> <p>2. Mr. Nuttawut Phowborom as the shareholder of Bake Cheese Tart (Thailand) Co., Ltd. ("<b>Shareholder</b>")</p>
No. of shares for sale	<p>The Purchaser wishes to purchase and accept the transfer of 1,000 ordinary shares in the company, representing 100 percent of the total number of sold shares of the company ("<b>Shares under MOU</b>") and the Shareholder agrees to procure and collect the Shares under MOU for sale to the Purchaser under the conditions specified in the MOU.</p>
Sale and purchase price	<p>The Purchaser and the Shareholder agree to the sale and purchase price at not exceeding Baht 620,000,000.</p> <p>In the payment of the purchase price of the Shares under MOU, the Shareholder and the Purchaser will later agree on the payment term for the Shares under MOU, whereby the Purchaser will propose the conditions of payment, but in any case the security deposit shall be deemed as part of the sale and purchase price.</p> <p>The final sale and purchase price of the Shares under MOU will depend on the results of the due diligence on the company to be conducted by the working team and advisors of the Purchaser.</p>
Performance security under the MOU	<p>In order to guarantee the performance of duties under the MOU, the Purchaser agrees to place a deposit of Baht 55,000,000 ("<b>Security Deposit</b>") in cash with the Shareholder</p>



according to the following time schedule:

1. On the date of the MOU, the Purchaser agrees to place a security deposit of Baht 15,000,000 ("**1<sup>st</sup> Security Deposit**") in cash with the Shareholder by the method to be agreed upon by both parties.
2. Within 30 September 2018, the Purchaser agrees to place a security deposit of Baht 40,000,000 ("**2<sup>nd</sup> Security Deposit**") in cash with the Shareholder by the method to be agreed upon by both parties.
3. On the date of placement of the 1<sup>st</sup> Security Deposit, the Shareholder will provide a personal check in the amount equal to the amount of the 1<sup>st</sup> Security Deposit ("**1<sup>st</sup> Check of the Shareholder**") as performance security under the MOU. The 1<sup>st</sup> Check of the Shareholder shall be dated as of the expiration date of the MOU and the Shareholder shall deposit such check with the depository which is a legal counsel of the Purchaser, approved by the Shareholder, for keeping until the closing date of the sale and purchase.

In the case where the MOU has been cancelled for any reason and the Shareholder has returned the 1<sup>st</sup> Security Deposit in full, the Purchaser shall return the 1<sup>st</sup> Check of Shareholder to the Shareholder within 1 business day.

4. On the date of placement of the 2<sup>nd</sup> Security Deposit, the Shareholder shall carry out the following actions:
  - Within 5 business days, to place the ordinary shares of Eastern Cuisine (Thailand) Co., Ltd. in the number of not less than 3,774,000 shares or not less than 51 percent of the registered capital as performance security under this MOU ("**Collateral Shares**") with the depository which is a legal counsel of the Purchaser, approved by the Shareholder, for keeping until the closing date of the sale and purchase. In keeping such Collateral Shares, the Shareholder shall sign the letter of share deposit in

	<p>the form specified in the annex to the MOU.</p> <ul style="list-style-type: none"> <li>● To provide a personal check of the Shareholder in the amount equal to the amount of the 2<sup>nd</sup> Security Deposit (“<b>2<sup>nd</sup> Check of the Shareholder</b>”) as performance security under the MOU. The 2<sup>nd</sup> Check of the Shareholder shall be dated as of the expiration date of the MOU and the Shareholder shall deposit such check with the depository which is a legal counsel of the Purchaser, approved by the Shareholder, for keeping until the closing date of the sale and purchase.</li> </ul> <p>In the case where the MOU has been cancelled for any reason and the Shareholder has returned the 2<sup>nd</sup> Security Deposit in full, the Purchaser shall return the 2<sup>nd</sup> Check of the Shareholder to the Shareholder within 1 business day.</p> <p>The Shareholder acknowledges and agrees to return the Security Deposit in whole without interest to the Purchaser and the Purchaser acknowledges and agrees to return the checks of the Shareholder and Collateral Shares to the Shareholder within 30 (thirty) days from the date on which this MOU has been cancelled in accordance with any one of the following events:</p> <ul style="list-style-type: none"> <li>● The Purchaser and/or the working team and advisors of the Purchaser are not satisfied with the results of the due diligence on the company’s business.</li> <li>● The Purchaser or the Shareholder fails to comply with the conditions specified in the MOU.</li> <li>● Both parties agree to cancel the MOU.</li> <li>● When the parties fail to enter into the Share Purchase Agreement within the time specified by this MOU.</li> </ul>
<p>Estimated timeframe for entering into the transaction</p>	<ul style="list-style-type: none"> <li>● Due diligence on the company by the Purchaser: within 30 business days from the date on which the working team and advisors of the Purchaser have received the information for</li> </ul>

	<p>due diligence in full</p> <ul style="list-style-type: none"> <li>● Preparation of the Share Purchase Agreement, holding of the board of directors' meetings and shareholders' meetings and signing of the Share Purchase Agreement: within November 2018</li> <li>● Closing date of the sale and purchase: within February 2019</li> </ul>
Condition precedents for the signing of the Share Purchase Agreement and/or the closing	<p>In addition to fulfillment of the general condition precedents specified in share purchase agreements, the closing will occur if the parties have completely fulfilled the following specific condition precedents:</p> <ul style="list-style-type: none"> <li>● The Purchaser and/or the working team and advisors of the Purchaser are satisfied with the results of the due diligence on the company's business.</li> <li>● The entering into the transaction has been approved by the board of directors' meeting or the shareholders' meeting of the Purchaser in accordance with the rules and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand and other applicable laws.</li> <li>● Other condition precedents to be agreed upon between the parties after the date of this MOU.</li> </ul>
Term of the MOU	<p>This MOU is effective until 30 November 2018 or until the date on which this MOU has been cancelled according to the conditions specified in this MOU, unless the Purchaser and the Shareholder agree otherwise.</p>
Exclusive right to enter into the transaction	<p>During the term of this MOU (including any extension thereof by mutual agreement of the Purchaser and the Shareholder), the Shareholder shall not negotiate or make agreement with any other person than the Purchaser to enter into any transaction having the similar characteristics with those specified in this MOU and causing the Shareholder to be unable to comply with this MOU.</p>

Cancellation of the MOU	<p>This MOU shall be cancelled upon occurrence of any one of the following events:</p> <ul style="list-style-type: none"> <li>● The Purchaser and/or the working team and advisors of the Purchaser are not satisfied with the results of the due diligence on the company's business.</li> <li>● The Purchaser or the Shareholder fails to comply with the conditions specified in this MOU.</li> <li>● Both parties agree to cancel this MOU.</li> <li>● When both parties have entered into the Share Purchase Agreement.</li> <li>● When both parties fail to enter into the Share Purchase Agreement within the time specified in this MOU.</li> </ul>
Effect of the MOU	<p>Except for the provisions in relation to the term of the MOU, the cancellation of the purchase and sale of the company's ordinary shares, confidentiality, effect of the MOU and applicable laws, this MOU shall not create any binding effect between the parties until the share purchase agreement for the company's ordinary shares has been signed.</p>

**2) Share Purchase Agreement for Bake Cheese Tart (Thailand) Co., Ltd.'s shares ("Company"), dated 28 November 2018**

Parties	<ol style="list-style-type: none"> <li>1. Electronics Industry Public Company Limited or Food Holding Company Limited, a subsidiary of Electronics Industry Public Company Limited, as the purchaser ("<b>Purchaser</b>");</li> <li>2. (1) Mr. Nuttawut Phowborom; (2) Mr. Ruengrit McIntosh; (3) Aurora Polaries Assets Limited collectively referred to as the ("<b>Sellers</b>")</li> </ol>
No. of shares for sale and purchase	<p>1,000 ordinary shares, representing 100 percent of the total shares of the Company ("<b>Shares under Agreement</b>") owned by the Sellers, as follows:</p>

	<ol style="list-style-type: none"> <li>1. Mr. Nuttawut Phowborom owns 490 fully paid-up ordinary shares, representing 49 percent of the total issued and sold shares of the Company as of the date of this agreement and the closing date.</li> <li>2. Mr. Ruengrit McIntosh owns 20 fully paid-up ordinary shares, representing 2 percent of the total issued and sold shares of the Company as of the date of this agreement and the closing date.</li> <li>3. Aurora Polaries Assets Limited owns 490 fully paid-up ordinary shares, representing 49 percent of the total issued and sold shares of the Company as of the date of this agreement and the closing date.</li> </ol>
<p>Sale and purchase price</p>	<p>The Purchaser agrees to pay the share purchase price at Baht 350,000 per share ("<b>Purchase Price</b>"), totaling Baht 350,000,000 ("<b>Consideration</b>") to the Sellers within the following timeframe:</p> <ol style="list-style-type: none"> <li>1. The Purchaser agrees to purchase 850 shares at Baht 350,000 per share of which the total consideration is Baht 297,500,000 from all Sellers in proportion to their shareholding on 31 January 2019.</li> <li>2. The Purchaser agrees to purchase 150 shares at Baht 350,000 per share of which the total consideration is Baht 52,500,000 from all Sellers in proportion to their shareholding on 30 June 2019.</li> </ol> <p>The Purchaser and the Sellers agree that the Security Deposit in amount of Baht 55,000,000 which the Purchaser provided to Mr. Nuttawut Phowborom as collateral for the entry into the Share Purchase Agreement shall be a part of Purchase Price. In this regard, on the execution date of Share Purchase Agreement, the Purchaser and Mr. Nuttawut Phowborom shall enter into the Repayment of Security Deposit Agreement and Mr. Nuttawut Phowborom will repay the Security Deposit to the Purchaser by transferring the right to receive Purchase Price or with other method of which will be further agreed by the Purchaser and</p>

	Mr. Nuttawut Phowborom.
Closing date of the sale and purchase	The parties agree that the closing date of the sale and purchase shall be 31 January 2019. Any extension thereof shall not be later than 30 June 2019.
Material conditions	<p>Besides other general condition precedents of share purchase agreements, under the specific condition precedents specified in the Share Purchase Agreement, the Purchaser and Seller's duty to complete the sale and purchase of the shares is subject to the fulfillment of all of the following condition precedents:</p> <ol style="list-style-type: none"> <li>1. The Purchaser has obtained approval on the purchase of the shares under the agreement from the board of directors' meeting or the shareholders' meeting of the Purchaser.</li> <li>2. The Sellers have caused the Company to possess all licenses for operating food services business, including a license to establish a food selling place or food storing place.</li> <li>3. The Sellers have caused the Company to repay all of the loans obtained by the Company from its shareholder creditors or have caused any other method to disregard such loans.</li> <li>4. The Seller have caused the Company to receive repayment of all short-term loans granted by the Company to its related companies or have caused any other method to disregard such loans.</li> <li>5. The Sellers have caused the Company to obtain consent from Bake Inc. as necessary to enable the Sellers to transfer the shares under the agreement to the Purchaser without breaching the Franchise Agreement between the Company and Bake Inc. and such consent shall not cause a change in any other provision of the Franchise Agreement which is significantly unfavorable to the Company, unless mutually agreed upon by the Purchaser and the</li> </ol>

	<p>Sellers.</p> <p>6. The Sellers have caused the Company to obtain consent from Siam Piwat Co., Ltd. (the lessor of the space leasing agreement and space services agreement) as necessary to enable the Sellers to transfer the shares under the agreement to the Purchaser and the Purchaser to change directors and authorized directors of the Company according to this agreement without breaching the space leasing agreement and space services agreement between the Company and Siam Piwat Co., Ltd. and such consent shall not cause a change in any other provision of such space leasing agreement and space services agreement which is significantly unfavorable to the Company, unless mutually agreed upon by the Purchaser and the Sellers.</p> <p>7. The Sellers have caused the Company to obtain consent from Kasikornbank Public Company Limited as necessary to enable the Sellers to transfer the shares under the agreement to the Purchaser and the Purchaser to change directors and authorized directors of the Company according to this agreement without breaching the overdraft agreement and/or loan agreement between the Company and Kasikornbank Public Company Limited and such consent shall not cause a change in any other provision of such overdraft agreement and/or loan agreement which is significantly unfavorable to the Company, unless mutually agreed upon by the Purchaser and the Sellers.</p> <p>A waiver of any condition precedent shall be made in writing by the party entitled to grant such waiver.</p>
<p>Right to hold shares in the Company</p>	<p>After the closing date of the sale and purchase, the parties agree that Mr. Nuttawut Phowborom shall have the right to hold the Company's shares, provided that the shareholding</p>

	<p>percentage of Mr. Nuttawut Phowborom shall not exceed 20 percent of the total sold shares of the Company at any time.</p>
<p>Liability and liability limitation of the Sellers</p>	<p>The Sellers agree to indemnify the Purchaser for any damages to the Purchaser from the following significant events:</p> <ol style="list-style-type: none"> <li>1. The Sellers breach any of their representations (in whole or in part) given on the execution date of this Share Purchase Agreement until the closing date.</li> <li>2. (1) The Company's business operation is in conflict with laws or the Company has breached any contracts; (2) the Company fails to pay or fails to fully pay any fee, fine and/or tax and duty imposed on it and/or; (3) the Company's asset has been damaged and/or has caused damage to other persons prior to the closing date.</li> <li>3. The Sellers fail to comply with this agreement or fails to perform any duty within a reasonable period of time, including but not limited to the undertaking clause under this agreement.</li> <li>4. There is any damage to the Company arising from the Criminal Black Case No. Ao 1607/2561 filed against the Company by KPN Land Co., Ltd.</li> </ol> <p>The Sellers are not required to accept any liability claimed above, unless the Purchaser has informed the claim to the Sellers within 2 (two) years for non-tax related matters and within 5 (five) years for tax related matters from the closing date.</p> <p>The Sellers' liability for a single or aggregate claims under this agreement shall be limited to not more than the Consideration to be received by the Sellers, except for the damage arising from (1) the Company's failure to pay or failure to fully pay any fee, fine and/or tax and duty imposed on it; and (2) the Criminal Black Case No. Ao 1607/2561 filed against the Company by KPN Land Co., Ltd.</p>



Termination	<p>1) If the condition precedents are not fulfilled to the satisfaction of the Purchaser within the closing date or within any extension thereof granted by the Purchaser but not be later than 30 June 2019, the Purchaser shall have the right to terminate this agreement which shall cause this agreement to terminate and no longer to be in effect and the Sellers shall not be entitled to claim damages against the Purchaser in any case.</p> <p>2) If the Sellers fail to comply with any provision specified in the undertaking clause, the Purchaser shall have the right to terminate this agreement.</p>
Effect of termination	<p>In the case where either party exercises the right to terminate the agreement according to the provisions of this agreement and such party has been damaged from the other party's default or breach of any representation (as the case may be), the non-defaulting party shall have the right to claim actual damages and the defaulting party shall have a duty to indemnify such party within 15 days from the date of receipt of the notice of damage.</p>

**3. Information memorandum in the letter sent to shareholders under Schedule (2) Clause 5(3) and 8**

In order for the shareholders to obtain complete information in accordance with the Notification on Acquisition or Disposal of Assets, the Company, as the parent company of Food Holding, is obliged to disclose information relating to the transaction by means of serving a written notice on the shareholders within 21 days from the date of disclosure of information to the SET. The written notice shall contain at least the information as specified in Schedule (2) 1, 2, 3, 5 (3), 7 and 8 annexed to the Notification on Acquisition or Disposal of Assets. The Company would like to disclose additional information as follows.

**3.1 Financial projections for the current year specifying commercial and industry assumptions, reviewed by the certified auditor and the opinion of the financial advisor that the projection of operating performance has been prepared with caution.**

- None -

### 3.2 Benefits or related-party transactions between the Company, its directors, executives and shareholders who directly or indirectly hold 10% or more

There are related-party transactions of the Company and its subsidiaries with their directors, executives and shareholders who directly or indirectly hold 10% or more for the fiscal year ended 31 December 2016, the fiscal year ended December 2017 and the accounting period ended 30 September 2018.

The Company and its subsidiaries have related-party transactions with their related parties; related parties include persons or entities related to the Company or its subsidiaries through common shareholding and/or directorship.

Details of the relationship that Company and its subsidiaries have with their related parties through control or accounting transactions are as follows:

<b>Company's Name</b>	<b>Country</b>	<b>Nature of Relationship</b>	<b>Related by</b>
EIC Semiconductor Co., Ltd.	Thailand	Subsidiary	Direct shareholding
S.Thana Media Co., Ltd.	Thailand	Subsidiary	Direct shareholding
Unitop Rubber Co., Ltd.	Thailand	Related party	Common director and shareholding with subsidiary
LED Lighting Co., Ltd.	Thailand	Related party	Common director with subsidiary

Pricing policies for related transactions are as follows:

<b>Transactions</b>	<b>Pricing policy</b>
Rental income	Mutually agreed price in agreement
Service income	Mutually agreed price
Management income	Mutually agreed price
Interest income	Contract price

Transactions with related parties for the three-month and nine-month periods ended 30 September 2018 and 2017 were as follows:

	<b>(Unit : Thousand Baht)</b>			
	<b>Consolidated</b>		<b>The Company</b>	
	<b>For the three-month periods ended 30 September</b>			
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Dividend income</b>				
S.Thana Media Co.,Ltd*	-	-	46,498	-
<b>Interest income</b>				
LED Lighting Co., Ltd.	114	-	-	-
<b>Other income</b>				

(Unit : Thousand Baht)

	Consolidated		The Company	
	For the three-month periods ended 30 September			
	2018	2017	2018	2017
Unitop Rubber Co.,Ltd.	173	173	-	-
S.Thana Media Co.,Ltd.	-	-	630	-
	<u>173</u>	<u>173</u>	<u>630</u>	<u>-</u>
<b>Remunerations for directors and management</b>				
Short-term employee benefits	4,013	3,664	1,513	1,941
Retirement benefits	150	-	103	-
	<u>4,163</u>	<u>3,664</u>	<u>1,616</u>	<u>1,941</u>
<b>Interest expenses</b>				
S.Thana Media Co.,Ltd.	-	-	115	-

(Unit : Thousand Baht)

	Consolidated		The Company	
	For the nine-month periods ended 30 September			
	2018	2017	2018	2017
<b>Dividend Income</b>				
S.Thana Media Co.,Ltd*	-	-	46,498	-
<b>Interest income</b>				
LED Lighting Co., Ltd.	337	118	-	-
<b>Other income</b>				
Unitop Rubber Co.,Ltd.	520	511	-	-
S.Thana Media Co.,Ltd	-	-	630	-
	<u>520</u>	<u>511</u>	<u>630</u>	<u>-</u>
<b>Purchases of goods</b>				
LED Lighting Co., Ltd.	-	10	-	-
<b>Remunerations for directors and management</b>				
Short-term employee benefits	11,391	10,193	5,023	5,373
Retirement benefits	451	-	311	-
	<u>11,842</u>	<u>10,193</u>	<u>5,334</u>	<u>5,373</u>
<b>Interest expenses</b>				
S.Thana Media Co.,Ltd.	-	-	115	-

\*On 27 September 2018, the Company received dividend income from S.Thana Media Co.,Ltd at the rate of Baht 930 per share totaling Baht 46.5 million.

Outstanding balances with related companies as at 30 September 2018 and 31 December 2017 were as follows:

**(Unit : Thousand Baht)**

	Consolidated		The Company	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
<b>Short-term loan to related companies</b>				
EIC Semiconductor Co., Ltd*	-	-	2,000	2,000
LED Lighting Co., Ltd**	15,000	15,000	-	-
	15,000	15,000	2,000	2,000
<b>Short-term loan from subsidiaries</b>				
EIC Semiconductor Co., Ltd.***	-	-	63,420	63,420
	-	-	63,420	63,420

\*This represented unsecured loan denominated in Baht to subsidiary (EIC Semiconductor Co., Ltd.) which will be due at call and free of interest charge.

\*\* Short-term loan to related company (LED Lighting Co., Ltd.) represented promissory notes denominated in Baht which will be due at call and bear interest at the rate of 3% per annum.

\*\*\*Short-term loan from subsidiary (EIC Semiconductor Co., Ltd.) represented promissory notes denominated in Baht which was due on 22 July 2018 with free of interest charge. This promissory note has been extended the due date to be due on 30 June 2019.

The Company certifies that the information contained in this Information Memorandum is true, complete and accurate in all respects.

Please be informed accordingly.

Yours sincerely,

- Kusol Sangkhanan-

(Mr. Kusol Sangkhanan)

Director and Chief Executive Officer