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บริษัท เชียงใหม่ฟรozenฟู๊ดส์ จำกัด (มหาชน)

149/34 ซอยแองโกลพลาซ่า ถนนสุรวงศ์ แขวงสุริยวงศ์ เขตบางรัก กรุงเทพฯ 10500

CHIANGMAI FROZEN FOODS PUBLIC COMPANY LIMITED.

149/34 Soi Anglo Plaza Surawongse Rd., Suriyawongse, Bangrak, Bangkok 10500 Thailand

Tel : (662) 634-0061-4, 238-4091 Fax ; (662) 238-4090

15 May 2017

Subject: Notification on the Board of Director's Meeting No. 3/2017 and the acquisition of ordinary share from the investment in other company

To: The President

The Stock Exchange of Thailand

Chiangmai Frozen Foods Public Company Limited ("the Company", "CM") would like to notify the resolution of the Board of Director's Meeting No. 3/2017 which held on 12 May 2017 which resolved to invest in Sino-Thai Company Limited ("STFD") for the proportion of 15% of registered capital (Current registered capital of STFD is THB 100,000,000) by purchasing the ordinary shares from current shareholders, which is not related person to the Company, for 1,500,000 shares at THB 10 per share (at Par) totaling THB 15,000,000. After the transaction, STFD shall increase the registered capital for THB 150,000,000 through the issuing new ordinary shares of 15,000,000 shares and offer through right offering at offering price at par THB 10 per share. The Company shall further invest to maintain the holding proportion through the purchase of shares worth THB 22,500,000, the total investment therefore equivalent to THB 37,500,000. The Company shall obtain total 3,750,000 shares, equivalent to 15% holding proportion of registered capital of THB 250,000,000. The Company also granted the right to appoint at least 1 director according to the holding proportion.

The transaction is considered as acquisition of assets in accordance with the Notification of the Capital Market Supervisory Board No. ThorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets dated 31 August 2008, and Notification of the Board of Governors of the Stock Exchange of Thailand ("SET") Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547 (2004) dated 29 October 2004, include the amendment ("the Notification on Acquisition and Disposal"). The Company has no other acquisition transaction within 6 months prior to this transaction. The maximum transaction size is equal to 2.24% according to the Total Value of Consideration basis. The transaction size is less than 15%, therefore, the transaction is not obliged the Company to report and disclose the transaction, and to obtain the resolution from shareholders. However, the Company would like to disclose the details of transaction according to the disclosure of investment of more than 10% in other company.

1. Date of entering into transaction

The Company shall purchase and obtain the ordinary shares from current shareholder of STFD who is not related person to the Company after the resolution from the Board



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of Director and shall purchase the newly issue shares from the increasing of capital within June 2017.

2. Parties involved and their relationship with the listed company

The acquisition transaction of ordinary shares from current shareholders of STFD

The Seller of ordinary shares: Ms. Porntip Popraitong

The Buyer of ordinary shares: Chiangmai Frozen Foods Public Company Limited

Relationship between parties: The Seller is not related person to the Company

The acquisition of ordinary shares from the increasing capital through the right offering

The offeror: Sino-Thai Freeze and Dry Company Limited

The buyer of right offered shares: Chiangmai Frozen Foods Public Company Limited

Relationship between parties: Authorized Director and major shareholders of STFD is not a related person to the Company

3. General characteristics of acquisition transaction

The Company shall invest in STFD which operated as manufacturer, distributor, and exporter of fresh fruits, frozen fruits, freeze dry fruits and foods, herbs and spices. The holding proportion is 15% of total registered capital (Current registered capital of STFD is THB 100,000,000). The Company shall purchase ordinary shares from current shareholders, which is not related person to the Company, for 1,500,000 shares at THB 10 per share (at Par) totaling THB 15,000,000. After the transaction, STFD shall increase the registered capital for THB 150,000,000 through the issuing new ordinary shares of 15,000,000 shares and offer through right offering at offering price at par THB 10 per share. The Company shall further invest to maintain the holding proportion through the purchase of shares worth THB 22,500,000, the total investment therefore equivalent to THB 37,500,000. The Company shall obtain total 3,750,000 shares, equivalent to 15% holding proportion of registered capital of THB 250,000,000. The Company also granted the right to appoint at least 1 director according to the holding proportion.

Currently, STFD holding 99.99% in Sino-Thai Evergreen Company Limited (“STEG”) with the registered capital of THB 1,000,000 operating as seller and distributor of fresh fruits for overseas and domestic market.

Holding proportion before and after the acquisition of ordinary shares from current shareholder

Sino-Thai Freeze and Dry Company Limited currently has registered capital of THB 100,000,000 divided into 10,000,000 shares at par value THB 10 per share.



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Shareholders	No. of shares before the purchase	Holding %	No. of shares after the purchase	Holding %
Ms. Darunee Ruengtham	3,000,000	30%	3,000,000	30%
Ms. Porntip Popraitong	2,500,000	25%	1,000,000	10%
Mr. Wallobh Siwaboonyawong	1,000,000	10%	1,000,000	10%
Mr. Tea Boon Eng	900,000	9%	900,000	9%
Mrs. Shuqiong Chen	700,000	7%	700,000	7%
Mr. Lan Ming-Shih	700,000	7%	700,000	7%
Mr. Yeung Chi Fai	700,000	7%	700,000	7%
Mr. Rongguang Zeng	500,000	5%	500,000	5%
CM			1,500,000	15%
Total	10,000,000	100%	10,000,000	100%

The Director of STFD are

- 1) Ms. Darunee Ruengtham
- 2) Mr. Wallobh Siwaboonyawong
- 3) Mr. Winyoo Chaiyakul

The Authorized Director of STFD is

Two directors signed together with company affixed.

Holding proportion after the increased capital and offer the newly issued shares through right offering

Sino-Thai Freeze and Dry Company Limited shall increase registered capital for THB 150,000,000 through the right offering of the newly issued shares for 15,000,000 shares at par value THB 10 per share. The registered capital of STFD will be THB 250,000,000 which divided into 25,000,000 shares at par value THB 10 per share.

Shareholder	No. of shares after the increasing registered capital	Holding %
Ms. Darunee Ruengtham	7,500,000	30%
CM	3,750,000	15%
Ms. Porntip Popraitong	2,500,000	10%
Mr. Wallobh Siwaboonyawong	2,500,000	10%
Mr. Tea Boon Eng	2,250,000	9%
Mrs. Shuqiong Chen	1,750,000	7%
Mr. Lan Ming-Shih	1,750,000	7%



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Shareholder	No. of shares after the increasing registered capital	Holding %
Mr. Yeung Chi Fai	1,750,000	7%
Mr. Rongguang Zeng	1,250,000	5%
Total	25,000,000	100%

4. Type and size of asset acquisition transaction

The investment transaction is considered an acquisition of assets in accordance with the Notification on Acquisition or Disposal. The calculation based on the financial statement of the company for the year ended 31 December 2015. The maximum transaction size is equal to 1.97% on total value of consideration basis. The details for the calculation on each basis are as follows;

1) Net Tangible Assets (NTA) Value

$$\text{Transaction size} = \frac{\% \text{ of NTA in the acquisition proportion} \times 100}{\text{NTA of the Company}}$$

$$= \frac{81,885,294.18 \times 15\% \times 100}{1,519,297,012} = 0.81\%$$

(NTA = Total Assets - Intangible Assets - Total Liabilities - Non-controlling equity)

Remark: calculated on the audited financial statement of STFD for the year ended 2016 and the audited financial statement of CM for the period ended 31 March 2017

2) Net Profit from the operation

$$\text{Transaction size} = \frac{\% \text{ of net profit in the acquisition proportion} \times 100}{\text{Net Profit of the Company}}$$

Cannot be calculated due to STFD is operated at loss in 2016.

3) Total Value of Consideration

$$\text{Transaction size} = \frac{\text{Value of consideration received/paid} \times 100}{\text{Total Assets of the Company}}$$

Total Assets of the Company



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$$= \frac{37,500,000 \times 100}{1,676,279,241}$$

$$= 2.24\%$$

Remark: The calculation is based total investment in STFD after increased registered capital to THB 250,000,000

4) Shares issued as consideration

Transaction size = $\frac{\text{No. of shares issued as consideration} \times 100}{\text{Total No. of issued and paid-up shares of the Company}}$

Total No. of issued and paid-up shares of the Company

Cannot be calculated as there is no shares issuance.

The Summary calculations for the size of transaction

	Calculation Basis	Size of transaction
1.	Net Tangible Assets (NTA) Value	0.81%
2.	Net Profit from the operation	Cannot be calculated
3.	Total Value of Consideration	2.24%
4.	Shares issued as consideration	Cannot be calculated

The Company has no other acquisition transaction within 6 months prior to this transaction. The acquisition transaction size is considered 1.97% on total value of consideration basis. Since the transaction size is less than 15%, therefore, the Company has no obligation to report and disclose the transaction, and not oblige to obtain the resolution from shareholders. However, the Company would like to disclose the details of transaction according to the disclosure of investment of more than 10% in other company.

5. Description of Assets to be acquired

After the acquisition of ordinary shares from current shareholders of STFD and the increasing registered capital of STFD through right offering of newly issued shares, the Company shall hold 15% of total registered capital, considered 3,250,000 shares of total registered capital of THB 250,000,000 at par value THB 10 per share. The Company also granted the right to appoint at least 1 director according to the holding proportion.

STFD operated as manufacturer, distributor, and exporter of fresh fruits, frozen fruits, freeze dry fruits and foods, herbs and spices. Currently, STFD holding 99.99% in Sino-Thai Evergreen Company Limited (“STEG”) with the registered capital of THB 1,000,000 operating as seller and distributor of fresh fruits for overseas and domestic market.



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6. Total Value of Consideration and Payment Condition

The Company shall invest by purchase ordinary shares of STFD which has registered capital of THB 100,000,000 from current shareholder, who is not related person to the Company, for the proportion of 15% equivalent to 1,500,000 shares at par value THB 10 per share. After the transaction, STFD shall increase registered capital for THB 150,000,000 by issue new shares and right offering at par value THB 10 per share. In this regard, the Company shall maintain its holding proportion and invest THB 22,500,000 to acquire these new shares. The total investment is equal to THB 37,500,000 and the company shall hold total 3,750,000 shares, equivalent to 15% of STFD's registered capital of THB 250,000,000. The Company also granted the right to appoint at least 1 director according to the holding proportion. The increasing capital shall be completed within June 2017. The Company shall further notify shareholders once the increased registered capital is completed.

7. Expected Benefit from the Transaction

The investment in STFD who operated as manufacturer, distributor, and exporter of fresh fruits, frozen fruits, freeze dry fruits and foods, herbs and spices is expected to benefit the Company by creating opportunity to increase revenue from the food and agricultural industry which the Company has strong expertise and considered core business of the Company. This investment also expected to increase value to the Company and expand the business boundary into potentially growth business and create the return value to shareholders.

8. Financial Source for the Transaction

The Company plan to utilize cash flow from operation to invest in STFD by purchasing shares from current shareholder of STFD and acquire newly issued ordinary shares from the increase of capital through right offering. The Company has sufficient cash flow to invest as currently has no long-term liabilities and debt to equity ratio at 0.11:1.

To be informed accordingly

Faithfully Yours,



บริษัท เชียงใหม่ฟรอสเซนฟู้ดส์ จำกัด (มหาชน)
CHIANGMAI FROZEN FOODS
PUBLIC COMPANY LIMITED

Ankoon Pholpipattanaphong

Managing Director