

Information Memorandum on Acquisition of Assets of

Chiangmai Frozen Foods Public Company Limited

Pursuant to List 1 of the Notification of the Board of governors of the Stock Exchange of Thailand

(Revise)

The Board of Directors' Meeting of Chiangmai Frozen Foods Public Company Limited ("the Company") No. 4/2014 held on 14th August 2014 has resolved initiate the investment in Myanmar by incorporate the subsidiary and expand the frozen vegetables business purposely to export. The initial investment expected approximately 80 Million Baht budgeted for the either acquisition of land or the rights on the land area of 50-100 Acres. The Company has already disclose such information through the Stock Exchange of Thailand.

On 25th March 2016, The Board of Directors' Meeting No. 2/2016 has considered and approved the investment project for the construction of frozen vegetables plant in Myanmar. The total project investment approximately 700 Million Baht (equivalent to 20 Million USD considered exchange rate as of 25th March 2016 at 35.32 Baht/USD) and resolved to approve the engaging in land lease deposit agreement to the lessor in Myanmar purposely for the construction of frozen vegetables plant. In this regards, the Company shall arranged deposit at 50% of total lease fee. After the Company has completed the incorporation of subsidiary in Myanmar, the lessor shall engage the lease agreement with the subsidiary.

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 maximum transaction size is equal to 42.32% on the Total value of consideration basis. It is considered a Type-2 transaction in accordance with the Notification on Acquisition or Disposal with the transaction size of 15% or higher but less than 50%. Therefore, the Company is required to disclose to the Stock Exchange of Thailand the information memorandum on such transaction, and shall serve a written notice to its shareholders within 21 days from the date of the disclosure of the information memorandum on such transaction to the Stock Exchange of Thailand. The details for the information memorandum disclosed is as follows;

1. Date of entering into transaction

The Company has signed the pre-deposit lease agreement with the lessor on 25th March 2016 and shall further arrange the deposit to the lessor on 28th March 2016. The lessor is obliged to fill the land and arrange the land usage appropriately for the construction of plant, and later entering the lease agreement with the Company's subsidiary after the incorporation is completed. In this regards, the Company expected the construction of plant to be completed and started the production within 2018.

2. Parties involved and their relationship with the listed company

Lessee : The subsidiary company which currently under the determination process to incorporation in Myanmar. The company shall hold at least 60% but not exceed 90%

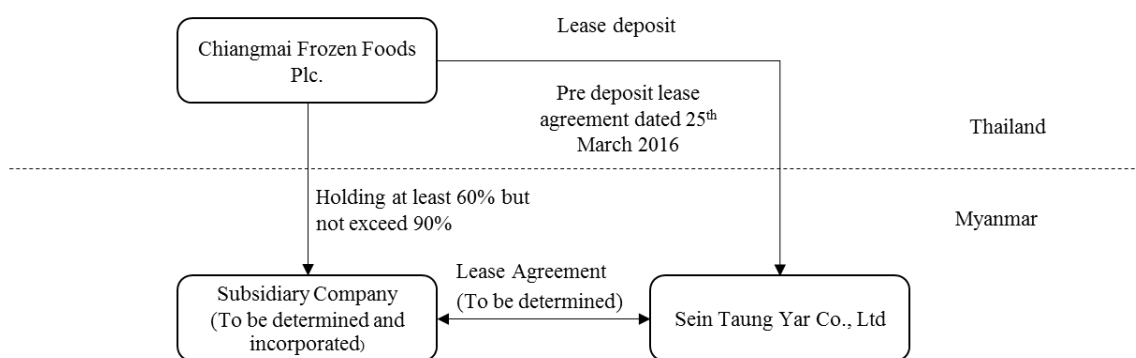
Lessor : Sein Taung Yar Company Limited

The above mentioned Lessor's authorized director and shareholders is not the connected person to the Company; therefore, it is not subject to the disclosure as per the Notification of the Stock Exchange of Thailand Re: Rules, Procedures and Disclosure of Information Concerning the Connected Transaction of Listed Companies B.E. 2546. Therefore, such transaction is not considered a connected transaction according to the notification.

3. General characteristics, type, and size of asset acquisition transaction

1) General characteristics of asset acquisition transaction

The investment project for the plant construction of foods and vegetables processing by frozen process in Myanmar ("The investment project") has value approximately of 700 Million Baht, purposely to expand the production capacity and increase the variety of products since Myanmar possess plots of land for agricultural activities appropriate for the variety of agricultural products. The Company has conduct feasibility study and determine the appropriate location for the construction of plant. The Company shall engage the pre-deposit lease agreement for the land of 47.73 Acres which owned by Sein Taung Yar Co., Ltd. The lessor is obliged to fill the land appropriate for the plant construction, and coordinate with the authorities to arrange the usage of land allowed the construction of plant prior to the entering of lease agreement with the Company's subsidiary currently determining for the incorporation in Myanmar, within 9 months started from 1st April 2016.



The pre lease deposit agreement for the land of 47.73 Acres has the total lease value through the lease period of 1,431,900 USD (equivalent to 50,574,708 Baht at exchange rate from Bank of Thailand as of 25th March 2016 stated 35.32 Baht/USD). The lease period is 50 years and the 2 extension offering right considered 10 years for each extension. The Company shall arrange the deposit for 50% of total lease value, considering 715,950 Million Baht (equivalent to 25,287,354 Baht) immediately after signing the pre lease deposit agreement on 25th March 2016. The remaining lease value shall be paid upon the lease agreement date.

However, the Company is rightfully to cancel the investment project if there are changes in the laws or regulations of Myanmar that possibly causes the significant change in expected

return or the business operation, also, if the Company is unable to incorporate the subsidiary in Myanmar within 9 months started from 1st April 2016. According to the above investment project cancelation condition, the deposit of 30% considered 214,785 USD (equivalent to 7,586,206.20 Baht) shall be forfeited and retained by the lessor.

In this regards, the subsidiary is under the determination and preparation process for the holding structure, but the Company shall hold at least 60% but not exceed 90%. There is an opportunity to have person or juristic person incorporated in Thailand, Myanmar, or any specific country, investing in the mentioned subsidiary as partner shareholder. The determination of shareholder proportion shall abide by the Myanmar investment law and regulation. If there shall be further development on the incorporation for subsidiary, the company shall immediately disclose such information to comply with the disclosure regulation of the Stock Exchange of Thailand.

The land lease payment, including deposit and remaining portion of lease to be paid, considered the part of the investment project which the Company and the potential investor shall responsible according to the investment holding proportion.

2) Type and size of asset acquisition transaction

The investment in the project 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 47.21% on the Net Tangible Assets (NTA) Value basis. The details for the calculation on each basis are as follows;

1) Net Tangible Assets (NTA) Value

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

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

Cannot be calculated due to the subsidiary is yet incorporated.

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 the subsidiary is yet incorporated.

3) Total Value of Consideration

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

$$= \frac{630,000,000 \times 100}{1,488,621,686}$$

$$= 42.32\%$$

Remark: The calculation is based on 90% proportion as the Company's maximum holding proportion which is equivalent to 700,000,000 x 90% = 630,000,000 Baht

4) Shares issued as consideration

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

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	Cannot be calculated
2.	Net Profit from the operation	Cannot be calculated
3.	Total Value of Consideration	42.32%
4.	Shares issued as consideration	Cannot be calculated

The Company does not have an acquisition of assets in the past six months which are required to be combined in the calculation. The maximum transaction size is equal to 47.21% based on the Net Tangible Assets (NTA) Value basis, hence it is considered a Type-2 transaction in accordance with the Notification on Acquisition or Disposal with the transaction size 15% or higher but less than 50%. Therefore, the Company is required to disclose to the Stock Exchange of Thailand the information memorandum on such transaction, and shall serve a written notice to its shareholders within 21 days from the date of the disclosure of the information memorandum on such transaction to the Stock Exchange of Thailand.

4. Description of Assets to be acquired

The Company shall incorporate subsidiary in Myanmar with the holding at least 60% but not exceed 90%. There is an opportunity to have person or juristic person incorporated in Thailand, Myanmar, or any specific country, investing in the mentioned subsidiary as partner shareholder. The determination of shareholder proportion shall abide by the Myanmar investment law and regulation, this holding proportion therefore considered uncertain. The investment project purposely to construct vegetables frozen plants for export, which is the operating as current business operation in Thailand. The total investment value is 700 Million Baht consists of 50 years land lease 47.73 Acres located in Nay Pyi Taw, Myanmar, with the right to be offered the extension lease period allow for 10 years for 2 times, for the total lease value of approximately 50 Million Baht. The construction for 60,000 Square meter frozen plant and the machinery and equipment for approximately 650 Million Baht.

However, the Company is rightfully to cancel the investment project if there are changes in the laws or regulations of Myanmar that possibly causes the significant change in expected return or the business operation, also, if the Company is unable to incorporate the subsidiary in Myanmar within 9 months started from 1st April 2016. According to the above investment project cancelation

condition, the deposit of 30% considered 214,785 USD (equivalent to 7,586,206.20 Baht) shall be forfeited and retained by the lessor.

If there shall be further development on the incorporation for subsidiary, the company shall immediately disclose such information to comply with the disclosure regulation of the Stock Exchange of Thailand.

5. Total Value of Consideration and Condition

Total investment value in the project is 700 Million Baht shall be conducted under the subsidiary company which the Company shall hold at least 60% but not exceed 90%. According to the proportion, the investment value for the Company considered 420-630 Million Baht. In this regards, the Company has engage in the pre lease deposit agreement with the lessor in Myanmar for 50% of total lease value throughout the lease period considered 715,950 Million Baht (equivalent to 25,287,354 Baht) immediately after signing the pre lease deposit agreement on 25th March 2016. The remaining lease value shall be paid upon the lease agreement date between the lessor and the subsidiary of the Company. The incorporation of subsidiary in Myanmar is expected to be completed within 9 months. The remaining investment value approximately 650 Million Baht consists of the plant construction 360 Million Baht, and machinery, equipment, infrastructure, and other expenses approximately totaling 290 Million Baht. The Company shall paid for the construction according to the construction progress and upon the received of machines. The Company shall select the construction contractor and the supplier for machinery who expected to have no connected relationship with the Company and subsidiary. However, if there are connected person shall be involved in the transaction, the company shall disclose the information immediately according to the disclosure regulation of the Stock Exchange of Thailand.

6. Value of Acquired Asset

The Company shall receive the right in the subsidiary's assets according to the holding proportion invested in subsidiary which expected at least 60% but not exceed 90%., whereby the total investment project is 700 Million Baht.

7. Criteria for the Determination of Consideration Value

The consideration value is subject to the holding proportion in subsidiary which depend on the negotiation with the potential investor.

8. Expected Benefit from the Transaction

- 1) The location for the target plots of land considered appropriated as located in Nay Pyi Taw, the capital city of Myanmar, where expected the infrastructure shall be priority development. Also, the plots of land is located near to the agricultural area which allow the preservation of raw material quality after cultivation and deliver to the plant. This will support and preserve the superior quality of frozen vegetables.
- 2) The project has promising growth potential since the vegetables processing industry in Myanmar is less competitive as the country has just started the foreign investment promotion.

- 3) The investment in the project shall increase the production capacity and the variety of raw material to be produced due to the majority of land area is concerned agricultural activities, where the occupation for population majorly farmers.
- 4) The investment in the project considered the investment in current business operation which could generate increasing revenue and net profit, whereby the company can exploit their strong expertise and technology conducting the business operation in different area to increase effectiveness and efficiency of production and marketing.
- 5) The investment in the project could generate sustainable cash flow. The company therefore could recognized the profit according to the holding proportion, at least 60% but not exceed 90%, and enhance the profit for the Company and could result in increase of dividend payable to shareholders.
- 6) The investment project could further create the business opportunity in Myanmar, especially the related business.

9. Financial Source for the Transaction

Currently, the Company plan to utilize their cash flow from operation, considered sufficient, as the deposit for the land lease and the remaining investment proportion. However, the Company also considered partially long-term borrowing from financial institution concerning the determination of appropriate capital structure, which must not affect the right of shareholders. In case of borrowing, the Company shall re-calculate the transaction size and notify shareholders and disclose the information and act according to the related regulation determined by the Stock Exchange of Thailand. Currently, the company has no long term borrowing and debt to equity ratio is presented 0.10:1 which considered potential for borrowing from the financial institution.

10. Opinion of the Board of Directors on the transaction

The meeting of the Board of Director No. 2/2016 with the Audit Committee members present, considered the investment project as well as concerned risks for foreign investment such as risk from exchange rate fluctuation, risk from the change of law and regulations of Myanmar that affected to the investment, and risk from remittance of profit to parent company, as proposed by the management and the legal advisor, and opined that the investment in the frozen plants in Myanmar is deemed appropriate and would benefit the Company by creating sustainable revenue and profit to the Company and Shareholder. Also, the investment project possibly creating business opportunity for the expansion of the business in the future. In addition, the deposit transaction purposely for the land lease, which considered part of the investment project, is deemed appropriate and reasonable to ensure the Company rights over the use of land to suitable initiate the project.

11. Opinion of the Audit Committee and/or the Directors which different to the Opinion of the Board of Director's

The Company's Audit Committee members, after due consideration, has the same opinion as the Board of Directors