

Information Memorandum on the connected transaction and the acquisition of assets

MK Restaurant Group Public Company Limited

The Board of Directors' meeting of MK Restaurant Group Public Company Limited (the Company) no.1/2024, held on February 23, 2024 has resolved to approve the purchase of lands from Global Asset Development Co., Ltd. (GAD) which has the common directors and shareholders. Currently, the Company has leased the lands to use as a central kitchen for food production and M-Senko Logistics Co., Ltd., (MSL), the Company's joint venture, has also leased the lands to use as a warehouse and distribution center.

The transaction is considered as the Company's asset acquisition 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 Disposition of Assets, B.E. 2547 and the Notification of the Capital Market Supervisory Board No. Tor Jor. 20/2551 Re: Rules on Entering into Material Transactions deemed as Acquisition or Disposition of Assets (the Notifications on Acquisition or Disposal of Assets). Such transaction is also considered as the connected transaction under the Notification of the Capital Market Supervisory Board No. Tor Jor. 21/2551 Re: Rules on Connected Transaction 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 (the Notification on Connected Transaction). In this regard, the Board of Directors' meeting has also resolved to approve the appointment of the independent financial advisor, Pioneer Advisory Company Limited, which is in the list of financial advisors approved by Office of the SEC, to provide opinion for such transactions. The details are as follows:

1. Transaction date

Within 90 days after the approval from AGM which will be held on April 26, 2024.

2. Counterparties

Seller: Global Asset Development Co., Ltd. (GAD)
 Buyer: MK Restaurant Group Public Company Limited (the Company)
 Relationship: Common directors and shareholders, the connected persons as specified by the Notification of the Capital Market Supervisory Board No. Tor Jor. 21/2551 Re: Rules on Connected Transaction

3. Connected persons and nature of connection

The Company and GAD have the common directors and shareholders as follows:

Shareholder	Position	% Shareholding in the Company	% Shareholding in GAD
1. Mr. Rit Thirakomen	Director and Shareholder of the Company & GAD	13.36%	20.00%
2. Mr. Somchai Hanjikasem	Director and Shareholder of the Company & GAD	16.02%	17.13%

3. Mrs. Yupin Thirakomen	Director and Shareholder of the Company & GAD	19.81%	22.13%
4. Mrs. Yupin Thirakomen (on behalf of the estate)	-	-	23.61%
5. Mrs. Aumporn Hanjtkasem	Shareholder of the Company & GAD	8.95%	8.56%
6. Mr. Varakorn Hanjtkasem	Shareholder of the Company & GAD	4.46%	4.28%
7. Ms. Varaporn Hanjtkasem	Shareholder of the Company & GAD	4.46%	4.28%
8. Aunt Thongkam Foundation*	-	3.40%	-
9. Other shareholders	-	29.56%	0.00%
Total		100.00%	100.00%

* Aunt Thongkam Foundation was founded by Mrs. Yupin Thirakomen and Mr. Somchai Hanjtkasem, a daughter and a son of Mrs. Thongkam Mekto. Mrs. Yupin Thirakomen and Mr. Somchai Hanjtkasem are the chairman and vice chairman of Aunt Thongkam Foundation respectively.

4. Transaction characteristics

4.1. General characteristics of transaction

Type of assets : 9 plots of land with the total area 131-3-26.50 rai
(or 52,726.50 square wa)

Details of assets :

No.	Title Deed No.	Parcel No.	Sub-District No.	Area		
				Rai	Ngan	Square Wa
1	20910	479	3599	0	1	41.70
2	21913	69	3647	10	0	3.20
3	21914	72	3648	19	3	98.90
4	25678	480	4657	0	1	12.10
5	26746	65	4662	3	3	44.30
6	29887	66	4805	38	0	52.30
7	33548	68	5043	38	1	34.00
8	52647	67	10599	10	0	0.00
9	3804	74	756	10	3	40.00
Total				131	3	26.50

Location : Debaratna Road (Bangna-Trad) Km. 21, Srisajorrakaeyai Subdistrict, Bangsaothong District, Samutprakarn Province

Location Characteristics : Located next to Debaratna Road (Bangna-Trad Road), inbound to

Bangkok and surrounding by community areas including villages, shops, gas stations, and industrial factory. There is no problem of flooding and very low risk of flooding.

- Property right** : Freehold
- Transaction value** : Baht 1,700 million
- Payment term** : The buyer will pay the entire amount in cash on the day that the ownership will be transferred.
- Expropriation of land** : Based on the inspection from relevant government agencies on the date of survey, there was no announcement of any expropriation.
- Obligations of assets** :
1. Land title deed no. 20910, 21913, 25678 and 26746 obligated with servitude regarding walkways, roads, and other public utilities with land title deeds no. 21914, 52647 and 3804.
 2. Land title deed no. 33548, 21913 and 21914 obligated the long-term lease with the Company for the period of 20 years starting from November 1, 2013 till October 31, 2033 and the construction on the lands are belong to the tenant.
 3. Land title deed no. 29887 and 33548 obligated the long-term lease with MSL for the period of 15 years starting from July 1, 2018 till June 30, 2033 and the construction on the lands are belong to the tenant.
- Conditions precedent** :
1. The seller shall terminate the registration of all servitudes on the lands before the ownership transfer date.
 2. Both parties agree that two lease agreements made between the Company and GAD dated March 1, 2013 and April 18, 2016 shall be terminated effective from the ownership transfer date and the termination shall be registered at Department of Lands on the ownership transfer date.
 3. The seller shall inform and discuss regarding the sale of lands with MSL. MSL shall agree to terminate two lease agreements made with the seller dated May 21, 2018 and the termination shall be registered at Department of Lands on the ownership transfer date.
- Also, MSL shall agree to make the new lease agreements with the buyer under the same conditions and term period as the existing lease agreements effective from the day after the ownership transfer date.

Pricing criteria : Consider based on the appraisal prices of 2 independent appraisers approved by the Office of the SEC in accordance with the announcement of the Office of SEC

Detail of appraisal value by the independent appraisers:

Appraiser Name	Appraised Date	Appraisal Approach	Appraisal Value
1. Knight Frank Chartered (Thailand) Co., Ltd.	February 14, 2024	Comparative Method	Baht 1,740 million
2. CMP Capital Co., Ltd.	January 31, 2024	Comparative Method	Baht 1,820 million

The purchase price is Baht 1,700 million, lower than the appraisal value from both independent appraisers, which is considered beneficial to the Company.

Photo of the location of lands for the transaction



4.2. Transaction value

(unit: million Baht)

Description	Consolidated financial statements As at December 31, 2023
Total assets	20,347
Intangible assets	2,519
Total liabilities	6,153
Total shareholders' equity	14,194
Non-controlling shareholders' equity	351
Net tangible assets (NTA)	11,325

4.2.1 Acquisition of assets transaction

The calculation of the transaction value of the acquisition of assets

1. Net tangible assets criteria
Not applicable as the assets acquired from GAD are lands not shares
2. Net operating profit criteria
Not applicable as the assets acquired from GAD are lands not shares
3. Total value of consideration criteria
Transaction value = $\frac{\text{Total value of consideration}}{\text{Total assets of the Company}}$
= $\frac{1,700}{20,347}$
= 8.35%
4. The value of shares issuing for the payment criteria
Not applicable as the Company pays for the assets in cash

There is no other acquisition of assets transaction during the past 6 months; therefore, the transaction value according to the total value of consideration criteria equivalent to 8.35%. The entering into of such transaction constitutes the acquisition of assets of the Company pursuant to the Notification on the Acquisition and Disposal, being a transaction value equivalent to 8.35% (including other transactions during the past 6 months) based on the total value of consideration criteria as detailed above. In this regard, as the transaction value is lower than 15%, such transaction is not required to disclose the transaction information to the Stock Exchange according to the Notification of the Acquisition and Disposal of Assets.

4.2.2 Connected transaction

<u>The calculation of connected transaction value</u>	(unit: million Baht)
Net tangible assets (NTA) of the Company as of December 31, 2023	11,325
Land purchase value	1,700
Transaction value	15.01%
Land purchase value including the rent transactions during the past 6 months	1,725
Transaction value (including other transactions during the past 6 months)	15.23%

The entering into of such transaction constitutes a connected transaction pursuant to the Notifications of the Connected Transactions, being a transaction value equivalent to 15.23% (including other transactions during the past 6 months), which greater than 3% of the net tangible assets (NTA) of the Company as detailed above. As a result, according to the Notification of the Connected Transactions, the Company has duty to disclose the transaction information to the Stock Exchange and seek for the approval for entering into the transaction from the shareholders' meeting with the vote of not less than three-quarters of total votes casted by shareholders attending the meeting and having the right to vote, excluding the votes casted by the interested

shareholders as well as to appoint the independent financial advisor to provide the opinion on such transaction.

5. Rationale and necessity

The Company has considered that such lands are located in the strategic area which is convenient to access. Currently, such lands are the location of the central kitchen as used for raw material preparation and food production in order to distribute to all the Company's outlets throughout the country which is considered as the key infrastructure of the Company's business. Furthermore, MSL, the logistics operator, has leased such lands from GAD to use as the warehouse and the distribution center in order to transport the raw materials and other products from the central kitchen to over 700 outlets under the Company's group in Thailand. Thus, such lands are considered as the important assets for the Company to operate the business. Then, the Company would like to acquire the lands for the Company's benefit as follows:

1. Avoid the risk in the event that the lease agreements are being terminated or not being renewed. It may cause the Company to acquire new property and build the new factory which may affect the Company's continuity of business operation.
2. Avoid the risk from the rise of rental cost in the future which the rental rate will be increased by 10% every 3 years.
3. Receive rental revenue from MSL as the land owner instead of GAD.
4. According to the terms in the lease agreements, in case of the lease agreements canceled or expired, the ownership of buildings located on the properties will be transferred to the lessor. Therefore, by entering into such transaction, the Company will not lose the ownership of the factory and buildings on the properties.

6. Source of fund

The sale and purchase agreement stipulates that the buyer will pay the amount of Baht 1,700 million in cash. According to the Company's consolidated financial statements for the year 2023 as at December 31, 2023, there were cash amounting to Baht 786 million, other current financial assets which comprise of investments in funds and corporate bonds amounting to Baht 7,078 million and net cash from operating activities amounting to Baht 3,866 million. In addition, the Company's liquidity ratios before and after entering the transaction equal to 2.7 times and 2.2 times respectively. It ensures that after entering such transaction, the Company still has sufficient working capital to operate the business.

7. Name of directors having conflict of interest

- | | |
|----------------------------|--------------------------------------|
| 1. Mr. Rit Thirakomen | Chairman and Chief Executive Officer |
| 2. Mr. Somchai Hanjirkasem | Director |
| 3. Mrs. Yupin Thirakomen | Director |

There were 11 directors attending the Board Meeting No. 1/2024 held on February 23, 2024. Mr. Rit Thirakomen, Mr. Somchai Hanjirkasem and Mrs. Yupin Thirakomen attended the meeting but left the meeting and did not cast their votes on such agenda.

8. Board's opinion

The Board of Directors (excluding the directors having conflict of interest) has an opinion that such transaction is appropriate in term of the transaction value and beneficial to the Company because such lands are the location of the Company's central kitchen, warehouse and distribution center which are the key infrastructure of the Company to operate the business. It will also reduce the rent burden and avoid the risk in the event that the rent contract expires and the lessor may not renew the contract in the future. Furthermore, the Company has engaged 2 independent appraisers approved by the Office of the SEC in accordance with the announcement of the Office of SEC to evaluate the land prices. The price for entering the transaction is lower than the appraisal value assessed by 2 independent appraisers which is considered beneficial to the Company. In addition, the Company has strong financial position, high liquidity and enough working capital to buy such assets without affecting the Company's liquidity to operate the business.

9. Audit Committee's opinion

None of Audit Committee has different opinion with the Board of Directors.