

**Information Memorandum on the Issuance and Offering of New Ordinary Shares of JCK Hospitality Public Company Limited through Private Placement, Which Is a Connected Transaction of the Company**

The Board of Directors' Meeting of JCK Hospitality Plc. ("**the Company**" or "**JCKH**") No. 2/2023, held on January 13, 2023, passed a resolution approving to propose the Extraordinary General Meeting of Shareholders No. 1/2023 of the Company ("**EGM No. 1/2023**") to consider and approve the capital decrease, capital increase and allotment of newly issued shares of the Company, as follows:

1. The decrease of the Company's registered capital by Baht 99,390,564.00 from the existing registered capital of Baht 825,048,481.50 to the new registered capital of Baht 725,657,917.50 by canceling 397,562,256 unissued ordinary shares with a par value of Baht 0.25per share, which are the shares allocated to accommodate the issuance of shares for rights offering to the existing shareholders and the issuance of shares for offering through private placement under the general mandate, but not yet been offered as per the resolution of the Extraordinary General Meeting of Shareholders No. 1/2022, held on November 11, 2022 )except for the shares allocated to accommodate the exercise and adjustment of rights under the warrants to purchase ordinary shares of JCK Hospitality Plc. No. 1 )JCKH-W (1and the exercise of rights under the convertible debentures of the Company); and
2. The increase of the Company's registered capital by Baht 5,038,444,116.00 from the existing registered capital of Baht 725,657,917.50 to the new registered capital of Baht 5,764,102,033.50 by issuing 20,153,776,464 new ordinary shares with a par value of Baht 0.25per share, divided into:
  - (1) The amount of not exceeding 641,508,439 newly issued ordinary shares<sup>1</sup> with a par value of Baht 0.25per share for additional allocation to accommodate the conversion of Convertible Debentures No. 2 (CD Set 2), which were offered through private placement specifically to Advance Opportunities Fund ("**AO Fund**") and Advance Opportunities Fund 1 ("**AO Fund 1**") ,

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<sup>1</sup> The 2022 Annual General Meeting of Shareholders on April 4, 2022 resolved to approve the issuance and offering of Convertible Debentures No. 2 of not exceeding Baht 500.00 million, divided into three tranches: Tranche 1 of not exceeding Baht 150.00 million comprising 30 sub-tranches each of Baht 5.00 million, Tranche 2 of not exceeding Baht 150.00 million comprising 30 sub-tranches each of Baht 5.00 million, and Tranche 3 of not exceeding Baht 200.00 million comprising 40 sub-tranches each of Baht 5.00 million. The issuance and offering of such debentures will be estimated according to the Company's funding needs in each period and will be made from time to time. To ensure a sufficient amount of underlying shares for conversion of the debentures issued and offered each time, the Company will consider issuing the new ordinary shares to accommodate the conversion of such debentures from time to time.

- (2) The amount of not exceeding 1,617,531,400 newly issued ordinary shares with a par value of Baht 0.25 per share for offering through private placement to a specific investor, namely JC Kevin Development Co., Ltd.) “JCKD”), at the offering price of Baht 0.17 per share,
- (3) The amount of not exceeding 12,843,894,555 newly issued ordinary shares with a par value of Baht 0.25 per share for rights offering to the Company's existing shareholders at a ratio of 1 existing share to not more than 3 newly issued shares (any fraction of a share arising from the calculation shall be discarded) at the offering price of Baht 0.03 per share,
- (4) The amount of not exceeding 4,281,298,185 newly issued ordinary shares with a par value of Baht 0.25 per share for accommodating the exercise of warrants to purchase ordinary shares of JCKH No. 2 (JCKH-W2) allocated to the existing shareholders, who have subscribed and paid for the newly issued shares under the rights offering, at a ratio of not more than 3 newly issued ordinary shares to 1 unit of JCKH-W2 (any fraction arising from calculation of number of the warrants to be allocated to each shareholder shall be discarded) without charge, and
- (5) The amount of not exceeding 769,543,885 newly issued ordinary shares with a par value of Baht 0.25 per share for accommodating the right adjustment for the warrants to purchase ordinary shares of JCKH No. 1 (JCKH-W1) as per the resolution of the Extraordinary General Meeting of Shareholders No. 1/2021 on June 15, 2021.

Since the issuance and offering of new ordinary shares to a specific investor through private placement is a material transaction, the Company has prepared the information memorandum that is crucial for the shareholders' decision making pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 73/2558 Re: Particulars of Notice Calling Shareholders' Meeting of Listed Companies to Obtain Approval for Issuance and Offer of Securities for Sale, dated October 28, 2015 (as amended) (“Notification TorChor. 73/2558”). The details are as follows:

**1. Details of offering and allotment of newly issued ordinary shares through private placement and method of determination of offering price and market price**

**1.1 Description of the transaction**

**Information of the transaction**

The Company will offer and allocate not more than 1,617,531,400 newly issued ordinary shares with a par value of Baht 0.25 per share for sale to JC Kevin Development Co., Ltd. (“JCKD”) by way of a private placement at a definitive offering price of Baht 0.17 per share, totaling not more than Baht 274,980,338.00 (or approximately Baht 274.98 million).

<b>Date of the transaction</b>	The Company expects that the share subscription process will be completed by the second quarter of 2023 (subject to the approval of the Office of the Securities and Exchange Commission (“SEC”) and the procedure of the Department of Business Development, Ministry of Commerce).
<b>Issuing and offering company</b>	JCK Hospitality Plc. (“the Company” or “JCKH”)
<b>Person being allotted the newly issued shares through private placement</b>	JC Kevin Development Co., Ltd. (“JCKD”), which is a connected person of the Company because JCKD and the Company have a mutual major shareholder and director, namely Mr. Apichai Taechaubol who, as at January 27, 2023, held 276,472,784 shares in the Company, representing 10.38% of the Company’s total issued and paid-up capital (based on shareholding information as at the latest register book closing date to suspend share transfer (XM) on January 27, 2023) and, as at May 9, 2022, held 5,500,000 <sup>1/</sup> shares in JCKD )including the related persons(, representing 55% of JCKD’s total issued and paid-up capital (based on the list of shareholders (BorOrChor.5) of JCKD)

Remark: 1/ Mr. Apichai Taechaubol holds 3,125,000 shares or 31.25% of JCKD’s total issued and paid-up capital and Mrs. Chalida Taechaubol (spouse of Mr. Apichai Taechaubol) holds 2,375,000 shares or 23.75% of JCKD’s total issued and paid-up capital (based on the list of shareholders (BorOrChor.5) of JCKD).

## Top 10 shareholders before and after the share offering through private placement

No.	Name	(a) Shareholding structure as at the latest register book closing date (XM) (as at January 27, 2023)		(b) Adjustment of AOF / AOF1 shareholding after XM		(c) After purchase of shares, expected to be after capital increase through PP	
		No. of shares (shares)	Proportion (%)	No. of shares (shares)	Proportion (%)	No. of shares (shares)	Proportion (%)
1	Mr. Apichai Taechaubol	276,472,784	10.38	276,472,784	10.38	276,472,784	6.46
2	JC Kevin Development Co., Ltd.					1,617,531,400	37.78
3	Advance Opportunities Fund I	196,875,918	7.39	65,000,000	2.44	65,000,000	1.52
4	Advance Opportunities Fund	136,899,497	5.14	60,399,592	2.27	60,399,592	1.41
5	Thai NVDR Co., Ltd.	124,757,180	4.68	124,757,180	4.68	124,757,180	2.91
6	Mr. Nutchatpong Peeradechapan	105,000,000	3.94	105,000,000	3.94	105,000,000	2.45
7	Miss Tanyapapar Cholsaipant	99,193,213	3.72	99,193,213	3.72	99,193,213	2.32
8	Mrs. Kulthiwa Chotwichitrat	83,044,628	3.12	83,044,628	3.12	83,044,628	1.94
9	Mr. Wasawat Akaradittawat	82,644,628	3.10	82,644,628	3.10	82,644,628	1.93
10	Mr. Thaveechat Jurangkool	82,084,836	3.08	82,084,836	3.08	82,084,836	1.92
11	Miss Vanida Daentraitot	76,000,000	2.85	76,000,000	2.85	76,000,000	1.78
	<b>Total of top 11 shareholders</b>	<b>1,262,972,684</b>	<b>47.41</b>	<b>1,054,596,861</b>	<b>39.59</b>	<b>2,672,128,261</b>	<b>62.41</b>
12	Other shareholders	1,400,794,101	52.59	1,609,169,924	60.41	1,609,169,924	37.59
	<b>Grand total</b>	<b>2,663,766,785</b>	<b>100.00</b>	<b>2,663,766,785</b>	<b>100.00</b>	<b>4,281,298,185</b>	<b>100.00</b>

- Remark**
- (a) Based on shareholding information as at the latest register book closing date to suspend share transfer (XM) on January 27, 2023
- (b) Adjusted according to Form 246-2 of Advance Opportunities Fund and Advance Opportunities Fund I as of February 8, 2023 and February 13, 2023, respectively, based on the assumption that the shareholding of shareholders no. 1 - 2 and no. 5 - 11 remain unchanged.

## 1.2 Method of share offering and allotment

The Company will allocate not more than 1,617,531,400 newly issued ordinary shares with a par value of Baht 0.25 per share to JC Kevin Development Co., Ltd. ("JCKD") by way of a private placement, whereby the Board of Directors of the Company has resolved to set the definitive offering price and will propose the shareholders' meeting to consider the definitive offering price of Baht 0.17 per share, which is the weighted average price of the shares traded on the mai over the previous six months (July 1, 2022 - December 31, 2022), totaling not exceeding Baht 274,980,338.00 (or approximately Baht 274.98 million). This does not constitute an offering of newly issued shares at a price lower than 90% of the market price in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 72/2558 Re: Approval for the Listed Companies to Offer

Newly Issued Shares to Investors in Private Placement, dated October 28, 2015, (as amended) ("**Notification TorChor. 72/2558**"). In this respect, the market price is calculated from the weighted average price of the Company's shares traded on the Market for Alternative Investment ("**mai**") for 15 consecutive trading days before the date on which the Company's Board of Directors resolved to propose the shareholders' meeting to approve the said offering of newly issued shares, or from December 22, 2022 to January 12, 2023, which was equal to Baht 0.13 per share (source: SETSMART) (book value as at September 30, 2022 was Baht 0.05 per share).

However, the offering price for the newly issued ordinary shares is lower than the Company's par value of Baht 0.25 per share. Since the Company has recorded an accumulated loss, as shown on its financial statements for the year ended December 31, 2021 and the third quarter ended September 30, 2022, the Company shall be able to determine the said offering price lower than its par value upon obtaining an approval from the shareholders' meeting in accordance with Section 52 of the Public Limited Companies Act B.E. 2535 (as amended) (as stipulated in Section 52 of the Public Limited Companies Act, any company having been in operation for not less than one year, if suffering a loss, may offer its shares for sale at a price lower than the registered value, but must obtain an approval from the shareholders' meeting and determine a definite discount rate).

After consideration, the Board of Directors is of the opinion that JCKD is a potential investor who is able to truly invest in the Company and assist in attaining the Company's business goal towards long-term sustainable growth. JCKD, which will be allocated the newly issued shares offered through private placement at a definitive offering price, is deemed as a connected person pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Entering into Connected Transactions, dated August 31, 2008, (as amended) and the Notification of the SET Board of Governors Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546, dated November 19, 2003, (as amended) ("**Notifications on Connected Transactions**"). This is because JCKD and the Company have a mutual major shareholder and director, namely Mr. Apichai Taechaubol, who, as at January 27, 2023, held 276,472,784 shares in the Company, representing 10.38% of the Company's total issued and paid-up capital (based on shareholding information as at the latest register book closing date to suspend share transfer (XM) on January 27, 2023), and, as at May 9, 2022, held 5,500,000<sup>2</sup> shares in JCKD (including the related persons), representing 55% of JCKD's total

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<sup>2</sup> Mr. Apichai Taechaubol holds 3,125,000 shares or 31.25% of JCKD's issued and paid-up capital and Mrs. Chalida Taechaubol (spouse of Mr. Apichai Taechaubol) holds 2,375,000 shares or 23.75% of JCKD's issued and paid-up capital (based on the list of shareholders (BorOrChor.5) of JCKD).

issued and paid-up capital. The maximum size of this transaction is equal to 471.15%<sup>3</sup> of the Company's net tangible assets (NTA) (as at September 30, 2022, the Company's NTA amounted to Baht 95.51 million), according to its reviewed consolidated financial statements for the nine-month period ended September 30, 2022. During the previous six months, the Company did not enter into any connected transaction, Therefore, the size of such transaction is greater than 3% of the Company's NTA and the transaction value is more than Baht 20.00 million. The Company is accordingly required to obtain an approval from the Board of Directors and to prepare and disclose an information memorandum on the transaction to the SET pursuant to the Notifications on Connected transactions. It must also obtain an approval from the shareholders' meeting with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest, and must appoint an independent financial advisor (IFA), which must be on the SEC's approved list of financial advisors.

After being allotted the said newly issued shares through private placement, JCKD will become the Company's major shareholder holding 1,617,531,400 shares, representing 37.78% of the Company's issued and paid-up capital, and, if including shares of Mr. Apichai Taechaubol, the related persons under Section 258 of JCKD,<sup>4</sup> will hold 1,894,004,184 shares representing 44.24% of the Company's issued and paid-up capital (after the increase of its paid-up capital following such offering of newly issued shares). Moreover, the allocation of newly issued ordinary shares to JCKD in this transaction will result in JCKD acquiring the Company's shares in the proportion that crosses the mandatory tender offer requirement threshold prescribed in the Notification of the Capital Market Supervisory Board No. TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, dated May 13, 2011, (as amended) ("**Notification TorChor. 12/2554**"). However, JCKD has an intention to apply for a waiver of the requirement to make a tender offer for all securities of the Company by virtue of the resolution of the shareholders' meeting (Whitewash) pursuant to the SEC Notification No.

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<sup>3</sup> The issuance and offering of new ordinary shares to JCKD is part of the consideration for the purchase of assets from JCKD, which will be approved together with the issuance and offering of new ordinary shares to JCKD on this occasion. Thus, the calculation of size of the connected transaction is based mainly on the total value of consideration for the purchase of assets from JCKD of not exceeding Baht 450.00 million because such value is higher than the total value of the issuance and offering of new ordinary shares to JCKD of Baht 274.98 million. Details of the calculation of size of the connected transaction are shown in Enclosure 2, "Information Memorandum on the Acquisition of Land and Office Building from JC Kevin Development Co., Ltd., Which Is a Connected Person."

<sup>4</sup> Mr. Apichai Taechaubol is the Company's director and major shareholder, holding 276,472,784 shares or 10.38% of the Company's total issued and paid-up capital as at January 27, 2023 (based on shareholding information as at the latest register book closing date to suspend share transfer (XM) on January 27, 2023), and is the director and major shareholder of JCKD, holding 5,500,000 shares in JCKD (including the related persons) or 55% of JCKD's total issued and paid-up capital as at May 9, 2022 (based on the list of shareholders (BorOrChor.5) of JCKD).

SorKor. 29/2561 Re: Rules for the Application for a Waiver from the Requirement to Make a Tender Offer for All Securities of the Business by Virtue of the Resolution of the Shareholders' Meeting, dated May 31, 2018, (as amended) ("**Notification SorKor. 29/2561**"). The Board of Directors' meeting of the Company resolved to propose this matter to the shareholders' meeting on this same occasion. Such waiver of the requirement to make a tender offer for all securities of the Company by virtue of the resolution of the shareholders' meeting must be approved by the shareholders' meeting with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes cast by the related persons under Section 258 of the Securities and Exchange Act B.E. 2535 (as amended) ("**Persons under Section 258**") of the applicant or the concert parties of the applicant and the Persons under Section 258 of the foregoing persons. (The details are shown in "Details of the Application for a Waiver of the Requirement to Make a Tender Offer for All Securities of the Company by Virtue of the Resolution of the Shareholders' Meeting (Whitewash)" in Enclosure 6.)

In the case where the offering price for the newly issued shares under this private placement is deemed as the offering of newly issued shares at a price that is lower than 90% of the market price before the SET approves the listing of those shares, the person being allotted such shares shall be prohibited from selling all of those shares within one year from the date such shares commence trading on the SET (Silent Period). After a lapse of six months from such trading commencement date, the said person may gradually sell 25% of the total shares prohibited from selling. This is in line with the SET Notification Re: Rules, Conditions and Procedures Governing the Listing of Ordinary or Preferred Shares Issued for Capital Increase B.E. 2558, dated May 11, 2015, (as amended).

### 1.3 Calculation of size of the connected transaction

The offering of newly issued shares to JCKD described above is considered as a transaction relating to assets or services with the maximum transaction size equal to 471.15%<sup>5</sup> of the Company's net tangible assets (NTA) (as at September 30, 2022, the Company's NTA amounted to Baht 95.51 million), according to its reviewed consolidated financial statements for the nine-month period ended September 30, 2022. During the previous six months, the Company did not enter into any connected transaction. Therefore, the transaction size is greater than 3% of the

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<sup>5</sup> The issuance and offering of new ordinary shares to JCKD is part of the consideration for the purchase of assets from JCKD, which will be approved together with the issuance and offering of new ordinary shares to JCKD on this occasion. Thus, the calculation of size of the connected transaction is based mainly on the total value of consideration for the purchase of assets from JCKD of not exceeding Baht 450.00 million because such value is higher than the total value of the issuance and offering of new ordinary shares to JCKD of Baht 274.98 million. Details of the calculation of size of the connected transaction are shown in Enclosure 2, "Information Memorandum on the Acquisition of Land and Office Building from JC Kevin Development Co., Ltd., Which Is a Connected Person."

Company's NTA. The Company is accordingly required to obtain an approval from the Board of Directors and to prepare and disclose an information memorandum on the transaction to the SET pursuant to the Notifications on Connected transactions. It must also obtain an approval from the shareholders' meeting with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest, and must appoint an independent financial advisor (IFA), which must be on the SEC's approved list of financial advisors.

Details of the calculation of size of the connected transaction are shown in Enclosure 2, "Information Memorandum on the Acquisition of Land and Office Building from JC Kevin Development Co., Ltd., Which Is a Connected Person."

#### **1.4 Conditions for the transaction**

The issuance and offering of new ordinary shares to JCKD shall be contingent upon the satisfaction or waiver of the conditions precedent set out in the sale and purchase agreement for land with constructions between the Company and JCKD (the details of such agreement are presented in Enclosure 8).

#### **1.5 Method for determination of the offering price and the total value and basis for determination of total value of the transaction**

The Board of Directors of the Company resolved to propose the shareholders' meeting to consider the definitive offering price for the newly issued ordinary shares of Baht 0.17 per share, which has been negotiated and mutually agreed upon between the Company and JCKD based on the weighted average price of the shares traded on the mai over the previous six months (July 1, 2022 - December 31, 2022). Such offering price is not considered as an offering of newly issued shares at a price lower than 90% of the market price pursuant to Notification TorChor. 72/2558. In this respect, the market price is calculated from the weighted average price of the Company's shares traded on the mai for 15 consecutive trading days before the date on which the Company's Board of Directors resolved to propose the shareholders' meeting to approve the said offering of newly issued shares, or from December 22, 2022 to January 12, 2023, which was equal to Baht 0.13 per share (source: SETSMART) (the book value as at September 30, 2022 was equal to Baht 0.05 per share). In addition, the Board of Directors' meeting took into consideration the current economic and capital market conditions, asset value, financial position and performance, expertise, and capability of JCKD in terms of its financial soundness, experience and skill in business operation. JCKD has had the experience in businesses relating to building space rental and services, residential condominium project development, and hotel. This will help enhance the Company's long-term competitiveness and provide the opportunity of expansion into a variety of new businesses that can support its core business, as well as diversify risk in business operation. Moreover, Mr. Apichai



Taechaubol, who serves as a director and has experiences in real estate trading business, development and sale of land in industrial estates, factories and warehouses for rent, development of residential condominiums, and office spaces for rent including have the team of staff with the knowledge, capability and experience in the office space rental and services business, which could bolster the Company's entry into this business and will ultimately generate returns for the Company and its shareholders in the future.

However, the said offering price for the newly issued ordinary shares is lower than the Company's par value of Baht 0.25 per share. Since the Company has recorded an accumulated loss, as shown on its financial statements for the year ended December 31, 2021 and the third quarter ended September 30, 2022, the Company shall be able to determine the said offering price lower than its par value upon obtaining an approval from the shareholders' meeting in accordance with Section 52 of the Public Limited Companies Act B.E. 2535 (as amended) (as stipulated in Section 52 of the Public Limited Companies Act, any company having been in operation for not less than one year, if suffering a loss, may offer its shares for sale at a price lower than the registered value, but must obtain an approval from the shareholders' meeting and determine a definite discount rate).

#### 1.6 Type of investor that will receive the offering and relationship with such investor

The Company will allocate its newly issued ordinary shares for offering to JCKD. The significant information about the investor and the relationship between such investor and the Company is as follows:

- Key information of the investor

<b>Name</b>	JC Kevin Development Co., Ltd. ("JCKD")
<b>Type of business</b>	Limited company
<b>Juristic person registration number</b>	0105541042321
<b>Nature of business</b>	Office space rental and common services, residential condominium project development, and hotel
<b>Registered capital</b>	Baht 1,000.00 million
<b>Location</b>	TFD Building, No. 36 Narathiwat Ratchanakarin Road, Yan Nawa Sub-district, Sathon District, Bangkok
<b>Date of registration</b>	July 10, 1998

- List of shareholders of JCKD as at May 9, 2022

No.	Name	No. of shares (shares)	Proportion (%)
1	Mr. Apichai Taechaubol	3,125,000	31.25
2	Mrs. Chalida Taechaubol	2,375,000	23.75
3	Mr. Chotiwit Taechaubol	750,000	7.50
4	Mr. Athawut Taechaubol	750,000	7.50
5	Mr. Noppawee Taechaubol	750,000	7.50
6	Mr. Krittawat Taechaubol	750,000	7.50
7	Mr. Akarawin Taechaubol	750,000	7.50
8	Miss Oranat Taechaubol	750,000	7.50
<b>Total</b>		<b>10,000,000</b>	<b>100.00</b>

Source: List of shareholders (BorOrChor.5) of JCKD

- JCKD's Board of Directors as at May 9, 2022

No.	Name	Position
1	Mr. Apichai Taechaubol	Director
2	Mrs. Chalida Taechaubol	Director
3	Mr. Chotiwit Taechaubol	Director
4	Mr. Athawut Taechaubol	Director
5	Mr. Noppawee Taechaubol	Director

Source: Company affidavit of JCKD

- Relationship between the investor and the Company

The issuance and allocation of new ordinary shares to JCKD constitutes a connected transaction of the Company pursuant to the Notifications on Connected Transactions. This is because JCKD and the Company have a mutual major shareholder and director, namely Mr. Apichai Taechaubol, who, as at January 27, 2023, held 276,472,784 shares in the Company, representing 10.38% of the Company's total issued and paid-up capital (based on shareholding information as at the latest register book closing date to suspend share transfer (XM) on

January 27, 2023), and, as at May 9, 2022, held 5,500,000<sup>6</sup> shares in JCKD (including the related persons), representing 55% of JCKD's total issued and paid-up capital (based on the list of shareholders (BorOrChor.5) of JCKD).

After being allotted the newly issued shares through private placement, JCKD will become the Company's major shareholder, holding 1,617,531,400 shares representing 37.78% of the Company's issued and paid-up capital and, if including shares of Mr. Apichai Taechaubol, the related person under Section 258 of JCKD,<sup>7</sup> will hold an aggregate of 1,894,004,184 shares representing 44.24% of the Company's issued and paid-up capital (after the increase of its paid-up capital following such offering of newly issued shares). This will result in JCKD acquiring the Company's shares in the proportion that crosses the mandatory tender offer requirement threshold prescribed in Notification TorChor.12/2554. However, JCKD has an intention to apply for a waiver of the requirement to make a tender offer for all securities of the Company by virtue of the resolution of the shareholders' meeting (Whitewash) pursuant to Notification SorKor. 29/2561, which will be proposed for approval of the shareholders' meeting of the Company on the same occasion as the Office Building Investment Transaction and the issuance and offering of new ordinary shares through private placement to JCKD in this transaction. (Details of the application for a waiver of the requirement to make a tender offer for all securities of the Company by virtue of the resolution of the shareholders' meeting (Whitewash) are shown in Enclosure 6.)

## 2. Objective of the issuance of new ordinary shares and plan for use of funds

### 2.1 Objective of the issuance of new ordinary shares and plan for use of funds

The Board of Directors' Meeting of the Company No. 2/2023, held on January 13, 2023, passed a resolution approving to propose the EGM No. 1/2023, to be held on March 8, 2023, to consider and approve the acquisition of land and office building at a total value of not exceeding Baht 657.14 million ("**Office Building Investment Transaction**"). The transaction is divided into (1) the purchase of land and office building ("**Asset 1**") and a plot of vacant land ("**Asset 2**") at a total value of not exceeding Baht 450.00 million; and (2) subsequent to the acquisition of

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<sup>6</sup> Mr. Apichai Taechaubol holds 3,125,000 shares or 31.25 % of JCKD's issued and paid-up capital and Mrs. Chalida Taechaubol (spouse of Mr. Apichai Taechaubol) holds 2,375,000 shares or 23.75 % of JCKD's issued and paid-up capital (based on the list of shareholders (BorOrChor.5) of JCKD).

<sup>7</sup> Mr. Apichai Taechaubol is the Company's director and major shareholder, holding 276,472,784 shares in the Company as at January 27, 2023, representing 10.38% of the Company's issued and paid-up capital (based on shareholding information as at the latest register book closing date to suspend share transfer (XM) on January 27, 2023), and also is the director and major shareholder of JCKD, holding 5,500,000 shares in JCKD (including the related persons) as at May 9, 2022, representing 55% of JCKD's issued and paid-up capital (based on the list of shareholders (BorOrChor.5) of JCKD).

Asset 2, which is a vacant land, the plan for development of an office building on such land, whereby the Company must raise additional funds of not more than Baht 207.14 million.

Therefore, the issuance and offering of new ordinary shares through private placement to JCKD will be a part of the consideration for the Office Building Investment Transaction of not exceeding Baht 657.14 million, the details of which are as follows:

- (1) Payment for the consideration for the purchase of assets from JCKD of not exceeding Baht 450.00 million will be made in two tranches as follows:
  - (a) Payment by issuance of new shares for offering through private placement to JCKD in the amount of not more than 1,617,531,400 shares) par value of Baht 0.25 per share( at the offering price of Baht 0.17 per share, totaling Baht 274,980,338.00 )or approximately Baht 274.98 million(, as part of the consideration for the purchase of assets from JCKD or equivalent to 61.11% of the total consideration for the purchase of assets from JCKD, with the use of funds expected by 2023; and
  - (b) Payment of the remaining Baht 175.02 million, or equivalent to 38.89% of the total consideration for the purchase of assets from JCKD, in cash, whereby the Company will issue its new ordinary shares for rights offering to its existing shareholders in the amount of not exceeding 12,843,894,555 shares (par value of Baht 0.25 per share) at the offering price of Baht 0.03 per share, totaling Baht 385,316,836.65 (or approximately Baht 385.32 million)<sup>8</sup> (details of the issuance and offering of new ordinary shares for rights offering to the Company's existing shareholders are shown in Enclosure 4 "Capital Increase Report Form").

JCKD and Mr. Apichai Taechaubol (Person under Section 258 of JCK) intend to subscribe the rights offering to maintain their shareholding. From the exercise of such rights by JCKD and Mr. Apichai Taechaubol (Person under Section 258 of JCK) to maintain their existing combined shareholding proportion of around 44.24% of the Company's paid-up capital after the share offering through private placement, the Company will receive a total amount of Baht 170.46million, leaving a shortfall of only Baht 4.56 million which must be obtained from other shareholders.

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<sup>8</sup> Calculated under assumption that the existing shareholders of the Company exercised the rights to fully subscribe for the newly issued ordinary shares through RO in full amount. The actual amount receivable by the Company will vary with results of the offering of newly issued shares.

- (2) Payment for the consideration for the additional investment of not exceeding Baht 207.14 million will be made in cash, which will be fully raised from borrowing from financial institutions. The Company is approaching financial institutions to negotiate the terms and conditions for loans to fund such investment, expected to be finalized by the third quarter of 2023.

Besides, if the EGM No. 1/2023, to be held on March 8, 2023 is not approved the transaction in Agenda 3, the asset acquisition and the connected transaction, which is divided into (1) the purchase of land and office building and (2) a plot of vacant land from JCKD as a result, Agenda 5 (To consider and approve the increase of the Company's registered capital and the amendment to the Memorandum of Association, Clause 4, to be consistent with the increase of the registered capital), Agenda 6.2 (To consider and approve the allocation of the newly issued ordinary shares for offering through private placement, which is a connected transaction), and Agenda 7 (To consider and approve the application for a waiver of the requirement to make a tender offer for all securities of the Company by virtue of the resolution of the shareholders' meeting (Whitewash)) that are inter-related and contingent upon each other and have been already approved will be canceled. The Company will then cease to process the application for loans from financial institutions in the amount of not exceeding Baht 207.14 million to fund the Additional Investment.

However, since Agenda 6.3 (To consider and approve the allocation of the newly issued ordinary shares for rights offering to the existing shareholders) is unrelated to Agenda 3, 5, 6.2 and 7, it may still be carried on. Funds receivable from the rights offering to the existing shareholders will be used as additional working capital in its business management instead of the said original objective.

## **2.2 Nature of project**

The Board of Directors' meeting of the Company resolved to approve the issuance of new ordinary shares for offering through private placement in the amount of not exceeding 1,617,531,400 shares at the offering of Baht 0.17 per share, totaling not more than Baht 274,980,338.00 (or approximately Baht 274.98 million), as payment for part of the consideration for the purchase of assets from JCKD. The remaining consideration of Baht 175,019,662.00 (or approximately Baht 175.02 million) will be paid for with the proceeds from the issuance and offering of new shares for rights offering to the existing shareholders.

Details of the purchase of assets from JCKD and the additional investment, totaling not more than Baht 657.14 million, are as follows:

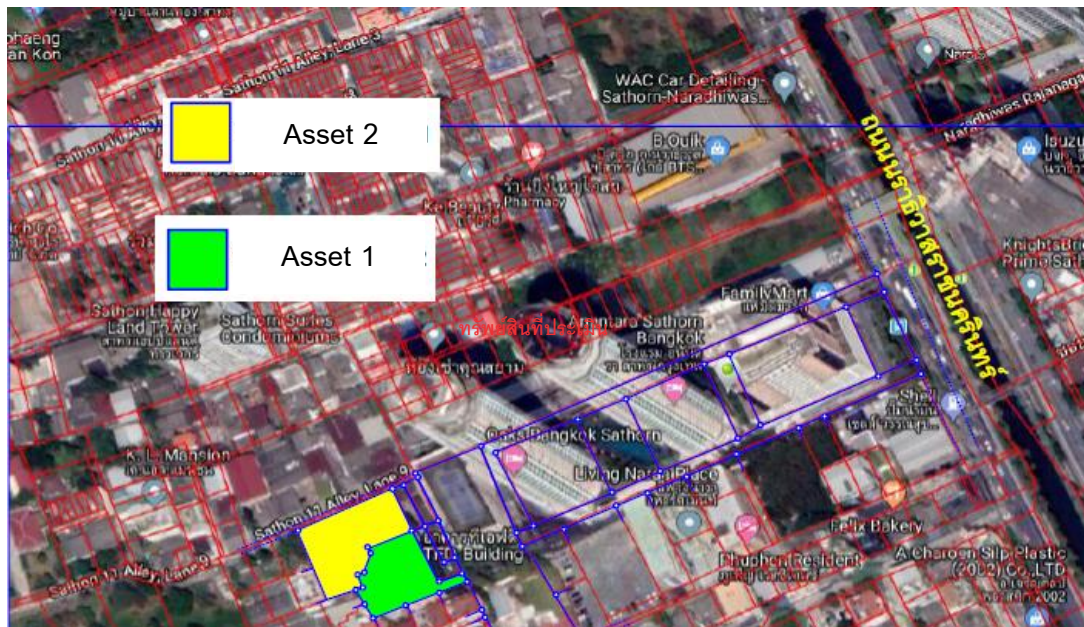
- (1) Asset 1: Land and office building and Asset 2: Vacant land are located on Soi Sathon 11 Yaek 9, Narathiwat Ratchanakarin Road, Yan Nawa Sub-district, Sathon District, Bangkok, having a total land area of 1 rai 2 ngan 53 square wah or equal to 653 square wah, to be purchased from JCKD, which is a connected person of the Company, at a total value of not exceeding Baht 450.00 million (“Purchase of Assets from JCKD”), the details of which are as follows:

<b>Asset 1</b>	<b>Land with construction, which is an office building</b> One plot of land under title deed No. 2185 with a total area of 2 ngan 87.7 square wah or equal to 287.7 square wah, and a six-storied office building with an underground floor and a roof deck (“TFD Building”) with a total usable area of 5,460 square meters <sup>1/</sup>
<b>Asset 2</b>	<b>Vacant land</b> One plot of land under title deed No. 2184 with a total area of 3 ngan 65.3 square wah or equal to 365.3 square wah
<b>Location</b>	No. 1 8 Soi Sathon 11 Yaek 9, Narathiwat Ratchanakarin Road, Yan Nawa Sub-district, Sathon District, Bangkok 10120
<b>Type of ownership</b>	Freehold
<b>Owner</b>	JC Kevin Development Co., Ltd. (“JCKD”)
<b>Encumbrances</b>	Mortgage to Bank of Ayudhya Plc.
<b>Ingress/egress rights</b>	Public way/servitude/private access

Remark:

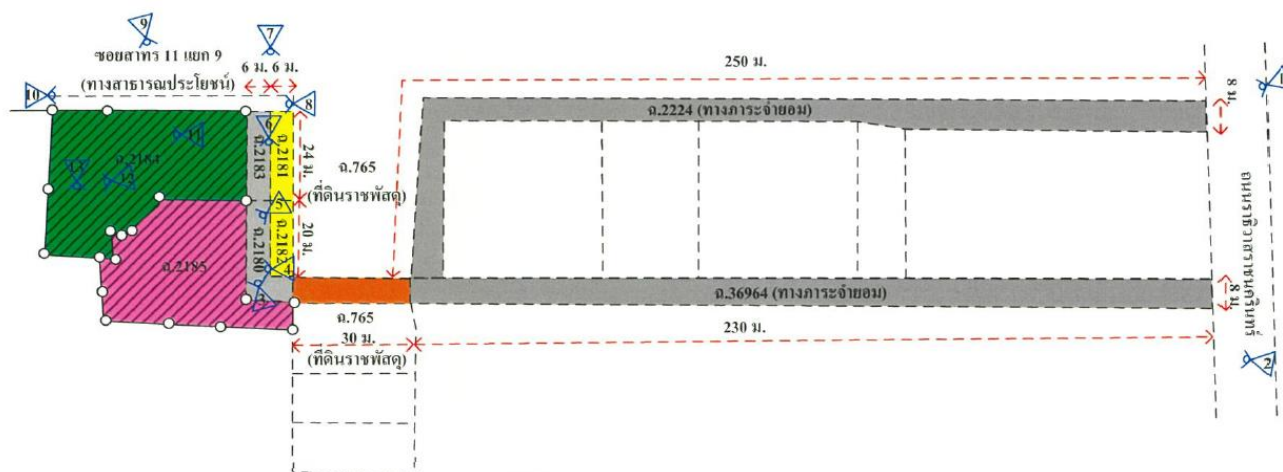
- 1/ The internal usable area is currently divided into common area of 2,445.78 square meters, office area of JCKD of 321.22 square meters, and rentable area of 2,690.00 square meters. Of such rentable area, 997.56 square meters are rented to the Company and 1,695.44 square meters to JCK international Plc. (“JCK”), which is a connected person.

Picture showing location of Assets 1 and 2, which are next to each other, to be purchased from JCKD







Source: Report of the independent valuer, Southeast Asia International Co., Ltd.

Picture showing the ingress/egress rights: public way/servitude/private access of Assets 1 and 2



Remark:

-  Asset 1 under title deed No. 2185
-  Asset 2 under title deed No. 2184
-  Road inside the project under title deeds No. 2181 and 2182, which are the split plots to be used within the group including Asset 1 under title deed No. 2185 and Asset 2 under title deed No. 2184 and are owned by JCKD.
-  Land under title deeds No. 765. JCKD has leased from the State property for a 9-storey car park building. Lease period of 30 years from September 1, 2009 to August 31, 2040, with a remaining period of approximately 17 years, which JCKD allows the Company to be used as an entrance and exit to Narathiwat Ratchanakarin Road. Furthermore, the Company can enter and exit via Soi Sathorn 11 intersection 9, which is a public road.



Land under title deeds No. 2180, 2183, 2224 and 36964, being registered the right of servitude for Assets 1 under title deed No.2185 and Asset 2 under title deed No.2184 and owned by Fine Two Asset Co., Ltd. ("F2A") and Fine One Holdings Co., Ltd. ("F1H") which are the subsidiaries of JCKD.

Picture of Asset 1 to be purchased from JCKD



Source: Report of the independent valuer, Thai Property Appraisal Lynn Phillips Co., Ltd.

Picture of Asset 2 to be purchased from JCKD



Source: Report of the independent valuer, Thai Property Appraisal Lynn Phillips Co., Ltd.

- (2) Subsequent to the acquisition of Asset 2, which is a vacant land, the Company plans to develop on such land a six-storied office building with one underground floor as a parking lot for about 27 cars and a roof deck, having a total construction area of 9,006.04 square meters divided into a total usable area of around 5,924.82 square meters (about 65.79% of the construction area) and a common area of 3,081.22 square meters. The building space will be rented to the interested person for use as their offices, scheduled for completion of construction to be ready for rent in 2024 and start of income earning from commercial operation in 2025. In this respect, the Company must raise additional funds of not more than Baht 207.14 million to finance such office building development until completion ("**Additional Investment**").

Details of the purchase of assets from JCKD are shown in Enclosure 2, "Information Memorandum on the Acquisition of Land and Office Building from JC Kevin Development Co., Ltd., Which Is a Connected Person."



## 2.3 The project's potential of income generation for the Company

The purpose of the purchase of assets from JCKD is to partially use the building as the Company's office, which will help to cut down on its expenses on office rental and services by about Baht 4.79 million a year (based on the rental and service fee paid by the Company to JCKD in 2021), and to rent the remaining areas to related companies to use as their offices. As such, the Company will have the opportunity to instantly recognize revenues and profit from such space renting. Moreover, after acquisition of the vacant land, the Company plans to develop an office building thereon for further renting to the interested person to use as their offices, with the building expected to be completely constructed and ready for rent by 2024 and the start of income earning from commercial operation by 2025. Such office space renting will generate recurring rental income for the Company, which will help to ensure a more consistent stream of revenues and cash flow, reduce income fluctuations, increase sources of revenues, and mitigate risk from reliance on the restaurant business. The Company expects to earn the rental and service fee income of around Baht 21.57 million a year from the existing office building and about Baht 36.97 million per year after development of a new office building on the vacant land (assuming that the rental rate will gradually increase and steady at 80% in 2028), making up a total rental and service fee income from the existing and the new office buildings of approximately Baht 58.54 million a year (representing 10.83% of revenue from the restaurant business), as follows:

### Asset 1: Existing office building

Tenants	Rented space (sqm)	Type of agreement	Rental and service fee rate (Baht/sqm/month)	Rental and service fee (Baht/month)
JCK <sup>1/</sup>	1,695.44	Rental agreement	424.00	718,866.56
		Services agreement	106.00	179,716.64
JCKD <sup>2/</sup>	321.22	Rental agreement	424.00	718,866.56
		Services agreement	106.00	179,716.64
Total				1,797,166.40
Total rental and service fee income obtainable by the Company (Baht/year)				21,565,996.80

Remark:

1/ Based on the rental and services agreements between JCKD and JCK from September 1, 2022 to August 31, 2025.

2/ JCKD will change to a tenant under the rental and services agreements with the same rental fee, service fee, terms and conditions as those applied to other tenants.

**Asset 2: New office building after development**

Total rentable area	(sqm)	5,924.82
Rental rate	(%)	80
Rented space	(sqm)	4,739.86
Rental and service fee rate <sup>1/</sup>	(Baht/sqm/month)	650.00
<b>Rental and service fee income</b>	<b>(Baht/year)</b>	<b>36,970,876.80</b>

Remark:

1/ Based on the average rental fee rate of nearby buildings on Narathiwat Ratchanakarin Road in 2025.

Besides, the Office Building Investment Transaction has its project IRR of 8% per annum, which is higher than the Company's WACC at 7% per annum.

## 2.4 Impacts expected on the Company if the project fails to materialize

In the event that the Company's shareholders have already approved the Company to invest in Asset 1 and Asset 2 from JCKD. The office building located in Asset 1 will continue to be used as the Company's office and continue renting to related companies. As for Asset 2, vacant land, the Company plans to develop a six-storied office building with one underground floor for renting to the interested person. However, such development has a risk that the construction may not be completed or construction delays. This will continuously affect the Company's income not as expected and in the end, it may affect the net benefit from the investment to be lower than the estimate. Nonetheless, based on the long-time experience in real estate development of JCKD and Mr. Apichai Taechaubol and their direct experience in the construction of Asset 1, office building, the Company is confident that it can well devise a plan to cope with any ensuing consequences in the development of Asset 2 whether it is a matter of preparation in terms of investment, preparedness to reduce the impact of complaints from communities nearby, and other problems that may occur during the development of Asset 2 that has not yet been completed. Thus, there is no significant impact on the projected revenue that the Company predicted.

In the event that the development of a new office building on Asset 2 could not proceed, the rental revenue would decrease by Baht 36.97 million per year or 63.15% from projected revenue based on the assumption that development of the new office building on Asset 2 shall complete. However, if the development of the new office building on Asset 2 could not proceed; loans used for the development will never exist and Assets 2 is not required to be pledged as collateral to such loans. Therefore, the Company may consider using Asset 2 as collateral for loans used for other purposes as needed in the future. Should there be land price appreciation in

the future; the Company may consider realizing gain by selling of Assets 2. Currently, Assets 2 has its fair price assessed by independent assets appraisals between Baht 230.14 – 255.71 million.

## 2.5 Risk from project operation

- Risk of failure to achieve the rental income target

From the purchase of assets from JCKD for the purpose of renting part of the building to the interested person to use as their offices, the Company may be prone to risk from failure to achieve the occupancy target, which may hurt its revenues and performance. Nonetheless, the Board of Directors views that the Company has the potential and competent staff members to operate such office rental and services business. Besides, JCKD, which will be allotted the newly issued shares and become the Company's shareholder, has had the experience and expertise in this business and will play a vital part in the development and enhancement of the Company's capability in the office rental and services business and the improvement of the Company's performance in the future.

- Risk from complaints lodged by nearby communities

After the acquisition of Asset 2, vacant land, the Company plans to develop a six-storied office building with one underground floor on such land, which is located in the Brown Zone, designated as a high-density residential area. Therefore, during the construction period, the project may directly affect the environment and communities nearby, which may lead to complaints from those communities and, hence, a construction delay. Nonetheless, based on the long-time experience in real estate development of JCKD and Mr. Apichai Taechaubol and their direct experience in the construction of Asset 1, office building, the Company is confident that it can well devise a plan to cope with any ensuing consequences. A focus will be placed on communication and creation of cordial relationship with those communities, together with seeking of preventive measures to minimize the environmental impacts on nearby communities.

- Risk concerned with sourcing of funds for construction of the new office building

After the acquisition of Asset 2, vacant land, the Company plans to develop a new office building for rent, which will be adjacent to the existing office building that will also be acquired on this occasion. The Company expects to raise funds for such office building construction by borrowing from financial institutions in the amount of not exceeding Baht 207.14 million. In this regard, the Company may risk failing to obtain such loans from financial institutions. However, the Company is confident that there is a slim chance of the loans not being granted since this is an office for rent project in which JCKD, the incoming major shareholder of the Company, has had the dependable expertise. After all, the Company can offer such vacant land where the project will be located and

which is freehold as collateral for the loans. The land was appraised by the independent valuers,<sup>9</sup> using the cost approach, at between Baht 230.14 million and Baht 255.71 million.

- Risk from the negative net present value of net cash flow

According to the opinion of the IFA, the Office Building Investment Transaction has its net present value of net cash flow from rental of office area between Baht (37.22) – 13.28 million (Baht (12.91) million in base case scenario), which shows that the net present value of net cash flow from rental of office area that the Company will receive in the future less than the investment.

However, taking into account the issuance of shares via private placement to JCKD of 1,617,531,400 shares at an offering price of Baht 0.17 per share, which higher than the fair price of the Company's shares as estimated by the IFA falls in the range of Baht 0.130 – 0.131 per share or around Baht 0.13 per share by Baht 0.04 per share, or totaling of Baht 64.70 million. By combining the said benefit with net present value of net cash flow from rental of office area between Baht (37.22) – 13.28 million, the Company will earn net benefits from the Office Building Investment Transaction between Baht 27.48 – 77.98 million.

### 3. Impacts on the existing shareholders from the offering of newly issued shares

The issuance of new ordinary shares of the Company at such offering price will have the following impacts on its shareholders:

#### 3.1 Control dilution

After the issuance and offering of new ordinary shares through private placement, there will be a control dilution effect of 37.78%, which can be calculated as follows:

$$\begin{aligned}
 &= \frac{\text{No. of voting rights of new shareholder}}{\text{No. of voting rights of existing shareholders} + \text{No. of voting rights of new shareholder}} \\
 &= \frac{1,617,531,400}{2,663,766,785 + 1,617,531,400} \\
 &= 37.78\%
 \end{aligned}$$

<sup>9</sup> The Company hired two SEC-approved independent valuers, Thai Property Appraisal Lynn Phillips Co., Ltd. and Southeast Asia International Co., Ltd., to appraise Asset 1, land with construction, and Asset 2, vacant land, with the property appraisal reports issued in October and November 2022 respectively.

### 3.2 Price dilution

After the issuance and offering of new ordinary shares through private placement, there will be no price dilution effect because the offering price is higher than the market price.

### 3.3 Earnings per share ("EPS") dilution

The Company reported a net loss from operation in the previous 12 months from October 1, 2021 to September 30, 2022 in the amount of Baht (394.24) million. Thus, after the issuance and offering of its new shares through private placement, there will be an EPS dilution effect on its existing shareholders of 37.78%, according to the following calculation:

$$= \frac{\text{EPS before the offering} - \text{EPS after the offering}}{\text{EPS before the offering}}$$

$$= \frac{(0.1480) - (0.0921)}{(0.1480)}$$

$$= 37.78\%$$

$$\begin{aligned} \text{Where: EPS before the offering} &= \frac{\text{Net profit}}{\text{No. of paid-up shares}} \\ &= \frac{(394,232,709)}{2,663,766,785} \\ &= \text{Baht (0.1480) per share} \end{aligned}$$

$$\begin{aligned} \text{Where: EPS after the offering} &= \frac{\text{Net profit}}{\text{No. of paid-up shares} + \text{No. of shares offered}} \\ &= \frac{(394,232,709)}{2,663,766,785 + 1,617,531,400} \\ &= \text{Baht (0.0921) per share} \end{aligned}$$

### 3.4 Benefit to the shareholders compared with the EPS dilution or control dilution

When comparing the benefit obtainable by the shareholders from the share offering through private placement with the control dilution and the EPS dilution effects describe above, the Board of Directors views that the share offering to JCKD will be beneficial to the shareholders to a greater extent than the control dilution of 37.78% and the EPS dilution of 37.78%. The benefit and worthiness of the share offering through private placement are as follows:

- (1) The share offering through private placement is deemed as part of the payment of the consideration for the purchase of assets from JCKD. The Company is to pay the consideration to JCKD, as the owner of those assets, in the total amount of not exceeding Baht 450.00 million. The share offering through private placement will serve as part of the payment of the consideration in the amount of Baht 274.98 million, representing 61.11% of the total value of consideration for the purchase of assets from JCKD, which can help to reduce the Company's burden on securing the funding sources.
- (2) The share offering through private placement is deemed as part of the payment of the consideration for the purchase of assets from JCKD. The Company is to pay the consideration to JCKD, as the owner of those assets, in the total amount of not exceeding Baht 450.00 million. Meanwhile, such assets were appraised by the two valuers<sup>10</sup> at a fair value of between Baht 521.39 million and Baht 569.10 million, which has a discount on the fair price of Baht 71.39 – 119.10 or a discount of 13.69% – 20.93% from the fair price. Besides, the Office Building Investment Transaction has its project IRR of 8% per annum, which is higher than the Company's WACC at 7% per annum.
- (3) The share offering through private placement will reduce the Company's reliance on revenues from its restaurant business. After the investment is those assets, the Company expects to earn the rental and service fee income of around Baht 21.57 million a year from the existing office building and about Baht 36.97 million per year after development of a new office building on the vacant land (assuming that the rental rate will gradually increase and steady at 80% in 2028), making up a total rental and service fee income from the existing and the new office buildings of

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<sup>10</sup> The Company hired two SEC-approved independent valuers, Thai Property Appraisal Lynn Phillips Co., Ltd. and Southeast Asia International Co., Ltd., to appraise Asset 1, land with construction, and Asset 2, vacant land, with the property appraisal reports issued in October and November 2022 respectively.

approximately Baht 58.54 million a year (representing 10.83% of revenue from the restaurant business).

- (4) Prior to the share offering through private placement, the Company has total shareholders' equity of Baht 178.08 million (based on its shareholders' equity shown on the nine-month consolidated financial statements ended September 30, 2022 of Baht 104.12 million, added by (1) the conversion of convertible debentures during October 18, 2022 – January 6, 2024, with an increase in number of shares from the conversion of 410,095,347 shares at the average conversion price of Baht 0.1218 per share, amounting to Baht 49.96 million; and (2) the capital increase through private placement under the general mandate in the amount of 198,347,107 shares at Baht 0.1210 per share, totaling Baht 24.00 million, including the adjustment items under (1) and (2) of Baht 73.96 million). After the share offering through private placement, the Company's shareholders' equity will become Baht 453.06 million, a surge of 154%.

Unit: Baht million	Consolidated financial statements as at September 30, 2022	Adjustment for conversion of CD and PP-General Mandate	Shareholders' equity before PP	PP transaction	Shareholders' equity after PP
Paid-up capital	513.83	152.11	665.94	404.38	1,070.32
Surplus (discount) on share capital	587.48	(78.15)	509.33	(129.40)	379.92
Retained earnings (deficits)	(1,220.03)	-	(1,220.03)	-	(1,220.03)
Other components of shareholders' equity	222.84	-	222.84	-	222.84
<b>Total shareholders' equity</b>	<b>104.12</b>	<b>73.96</b>	<b>178.08</b>	<b>274.98</b>	<b>453.06</b>

- (5) The Company, as a listed entity, is currently facing the circumstances that may impact its financial position and business operation in accordance with the SET's criteria for "C" sign posting. Prior to the share offering through private placement, the Company has the ratio of shareholders' equity to paid-up capital deducted by discount on share capital standing at 26.74%, which, after the share offering through private placement, will soar to 42.33%. Although such ratio is still less than 50% and the Company remains a listed entity under the circumstances that may impact its financial position and business operation in accordance with the SET's criteria for "C" sign posting, such capital increase will help to significantly strengthen its financial stability.

Unit: Baht million	Consolidated financial statements as at September 30, 2022	Shareholders' equity before PP	Shareholders' equity after PP
Paid-up capital	513.83	665.94	1,070.32
Discount on share capital	-	-	-
Total shareholders' equity	104.12	178.08	453.06
As % of shareholders' equity to paid-up capital after deduction of discount on share capital	20.26	26.74	42.33

- (6) The share offering through private placement is an offering of shares at a price higher than market price, hence no price dilution effect.
- (7) In order to minimize the dependency on sources of fund from minority shareholders, the Board of Directors, then, negotiate to split the payment into 2 tranches: (1) by issuance of shares via a private placement to JCKD of 1,617,531,400 shares at the offering price of Baht 0.17 per share, totaling of around Baht 274.98 million as a part of consideration and (2) the remaining consideration of Baht 175.02 million shall be paid by proceeds from issuance of shares via rights offering. The Company shall offer 12,843,894,555 share to its existing shareholders at the offering price of Baht 0.03 per share by means of rights offering or totaling of around Baht 385.32 million. JCKD and Mr. Apichai Taechaubol (Person under Section 258 of JCK) intend to subscribe the rights offering to maintain their shareholding. From the exercise of such rights by JCKD and Mr. Apichai Taechaubol (Person under Section 258 of JCKD) to maintain their existing combined shareholding proportion of around 44.24% of the Company's paid-up capital after the share offering through private placement, the Company will receive a total amount of Baht 170.46 million, leaving a shortfall of only Baht 4.56 million which must be obtained from other shareholders.
- (8) Prior to the share offering through private placement, the Company's debt to equity ratio will ultimately drop from 11.12 times (based on its nine-month consolidated financial statements as at September 30, 2022) to merely 2.56 times.<sup>11</sup>

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<sup>11</sup> The Company recorded total liabilities as at September 30, 2022 of Baht 1,157.63 million (based on its nine-month consolidated financial statements as at September 30, 2022), divided by shareholders' equity after the share offering through private placement, amounting to Baht 453.06 million.



#### 4. Opinion of the Board of Directors

##### 4.1 Reason for and necessity of the capital increase

The Board of Directors is of the opinion that the issuance and offering of new ordinary shares through private placement will be part of the payment of the consideration for the purchase of assets from JCKD, whereby the Company has partially rented such building as its current office. Therefore, the use of such capital increase funds for purchase of land and office building will enable the Company to cut down on the expenses on the office space rental and services by about Baht 4.79 million a year (based on the rental and service fee paid by the Company to JCKD in 2021). The Company will also rent out the remaining spaces of the building to related companies for use as their offices. As such, the Company will have the opportunity to instantly recognize revenues and profit from such space renting. Moreover, after acquisition of the vacant land, the Company plans to develop an office building thereon for further renting to the interested person to use as their offices, with the building expected to be completely constructed and ready for rent by 2024 and the start of income earning from commercial operation by 2025. Such office space renting will generate recurring rental income for the Company and, thus, will help to attain its revenue and profit growth targets. The Company expects to earn the rental and service fee income of around Baht 21.57 million a year from the existing office building and about Baht 36.97 million per year after development of a new office building on the vacant land (assuming that the rental rate will gradually increase and steady at 80% in 2028), making up a total rental and service fee income from the existing and the new office buildings of approximately Baht 58.54 million a year.

The issuance and offering of new shares through private placement as part of the payment for the consideration for the purchase of assets from JCKD will be beneficial to the Company since it will reduce the burden of securing external funding sources for this transaction. Moreover, after completion of the issuance and offering of new shares through private placement, the Company will form strategic partnership with JCKD, which has experience in businesses relating to building space rental and services, residential condominium project development, and hotel. This will help enhance the Company's long-term competitiveness and provide the opportunity of expansion into a variety of new businesses that can support its core business, as well as diversify risk in business operation. The Board of Directors accordingly views that this capital increase is appropriate and brings about the utmost benefit to the Company through the enhancement of its competitiveness and the business development towards solid and sustainable growth, which will ultimately generate returns for the Company and its shareholders in the future.

From the comparison of different forms of capital increase, the Board of Directors views that the issuance and offering of new shares to JCKD is the best option. This is because the issuance of new shares for public offering will involve a lengthy and costly process and a risk of failure to fully obtain the desired amount of funds. On the other hand, the issuance and offering of new shares through private placement is the share offering to an investor who is financially prepared, while the number of shares offered and the offering price will be clearly determined, thus allowing for the

Company to obtain the exact amount of funds required and to align the share payment schedule with its plan for use of funds. Besides, the issuance and offering of new shares through private placement will considerably reduce the existing shareholders' burden because, by issuing and offering its new ordinary shares through private placement, the Company will be able to make a payment for the consideration for the purchase of assets from JCKD in the amount of Baht 274.98 million, equal to 61.11% of the total consideration. The remaining consideration of Baht 175.02 million, or 38.89%, will be paid for with the proceeds to be obtained from the issuance of new shares for rights offering to the existing shareholders, which will be subsequent to the issuance and offering of new shares through private placement to JCKD.

In the opinion of the Company, the capital increase and share allotment are considered appropriate and will bring about the utmost benefit for the Company, as well as help to enhance its competitiveness and business development towards strong and sustainable growth which will generate returns for the Company and its shareholders in the future.

#### **4.2 Viability of the plan for use of funds from the offering of newly issued shares of the Company**

The Company expects to proceed with the issuance and offering of new shares through private placement with the objective to use the newly issued shares offered through private placement and part of the cash obtained from the rights offering for exchanging with the assets from JCKD at the total value of not exceeding Baht 450.00 million, as described in Item 2 'Objective of the issuance of new ordinary shares and plan for use of funds.' The Company expects to issue and offer its new shares through private placement as scheduled by the second quarter of 2023 and to issue its new shares for rights offering to its existing shareholders by the third quarter of 2023 (subject to the approval of the EGM No. 1/2023, to be held on March 8, 2023, the approval of the SEC, and the procedure of the Department of Business Development, Ministry of Commerce).

After the transfer of ownership of the existing office building and the vacant land, scheduled for completion by the third quarter of 2023, the Company will earn the rental and service fee income of around Baht 21.57 million a year from the existing office building and about Baht 36.97 million per year after development of a new office building on the vacant land (assuming that the rental rate will gradually increase and steady at 80% in 2028), making up a total rental and service fee income from the existing and the new office buildings of approximately Baht 58.54 million a year.

**4.3 Reasonableness of the capital increase, plan for use of funds received from the share offering and project to be operated, including sufficiency of funding sources in case proceeds from the share offering cannot cover the total budget required for implementation of such plan or project**

The Board of Directors is of the opinion that the capital increase is reasonable and will bring about the utmost benefit for the Company. The Company can use funds to be obtained from the capital increase for the purchase of assets from JCKD, whereby the Company has partially rented such building space as its current office. Therefore, the Company can cut down on the expenses on the office space rental and services. In addition, the Company will rent the remaining areas to related companies to use as their offices. As such, the Company will have the opportunity to instantly recognize revenues and profit from such space renting. Moreover, after acquisition of the vacant land, the Company plans to develop an office building thereon for further renting to the interested person to use as their offices, with funding source from borrowing from financial institutions with which the Company is currently negotiating about the terms and conditions on loans. The building is expected to be completely constructed and ready for rent by 2024 and the start of income earning from commercial operation expected by 2025. Such office space renting will generate recurring rental income for the Company, which will help to achieve its revenue and profit growth targets and ultimately generate a reasonable return for the shareholders in the long term. The consideration for the Purchase of Assets from JCKD not exceeding Baht 450.00 million is based on negotiation between the Company and JCKD. Being compared to its fair price assessed by independent assets appraisals between Baht 521.39 - 569.10 million, the said consideration has a discount on the fair price of Baht 71.39 – 119.10 or a discount of 13.69% – 20.93% from the fair price. Besides, the Office Building Investment Transaction has its project IRR of 8% per annum, which is higher than the Company's WACC at 7% per annum.

As for the consideration for the purchase of assets from JCKD of Baht 450.00 million, the first payment by issuance and offering of new shares through private placement of Baht 274.98 million can be made after obtaining the approval from the EGM No. 1/2023 on March 8, 2023 and the SEC's approval. The remaining Baht 175.02 million will be paid in cash to be derived from the issuance of new shares for rights offering to the existing shareholders. The Company will issue not more than 12,843,894,555 new shares for such rights offering at the price of Baht 0.03 per share, totaling approximately Baht 385.32 million. JCKD and Mr. Apichai Taechaubol (Person under Section 258 of JCK) intend to subscribe the rights offering to maintain their shareholding. From the exercise of such rights by JCKD and Mr. Apichai Taechaubol to maintain their existing combined shareholding proportion of around 44.24% of the Company's paid-up capital after the share offering through private placement, the Company will receive a total amount of Baht 170.46 million, leaving a shortfall of only Baht 4.56 million which must be obtained from other shareholders. In view of this, together with the fact that the shares will be issued for rights offering at a price that is considerably lower than the market price and the shareholders exercising such

rights will also receive JCKH-W2 without charge, it is unlikely that the Company will have insufficient sources of funds for payment of the consideration for the purchase of assets from JCKD.

However, the Company is still faced with risk from securing funding sources for the development of the second office building of Baht 207.14 million. Currently, it is under negotiation with financial institutions. When comparing the loan amount of Baht 207.14 million with the fair value of the acquired assets as appraised by the independent valuers at Baht 521.39 million – Baht 569.10 million, which can be offered as loan security, the risk of failing to obtain such loan is deemed minimal.

Given that the funds to be obtained from the share offering through private placement and the rights offering are inadequate to meet the objectives of issuance of new shares and the plan for use of funds mentioned above, the Company may consider using its internal cash flow and/or additional loans from financial institutions and/or issuing and offering the remaining CD No. 2, taking into account the appropriate financial structure and the best interests of the Company and its shareholders.

#### **4.4 Impacts expected on the Company's operation, financial position and performance as a result of the capital increase and the implementation of plan for use of funds or projects**

The Board of Directors is of the opinion that the capital increase will enable the Company to raise funds for the purchase of assets from JCKD. The Company intends to partially use the said acquired land and office building as its office to cut down on the expenses on office rental and services by about Baht 4.79 million a year (based on the rental and service fee paid by the Company to JCKD in 2021), and rent the remaining areas to related companies to use as their offices. As such, the Company will have the opportunity to instantly recognize revenues and profit from such space renting. Moreover, after acquisition of the vacant land, the Company plans to develop an office building thereon for further renting to the interested person to use as their offices, with the building expected to be completely constructed and ready for rent by 2024 and the start of income earning from commercial operation by 2025. Such office space renting will generate recurring rental income for the Company, which will help to ensure a more consistent stream of revenues and cash flow, reduce income fluctuations, increase sources of revenues, and mitigate risk from reliance on the restaurant business. The Company expects to earn the rental and service fee income of around Baht 21.57 million a year from the existing office building and about Baht 36.97 million per year after development of a new office building on the vacant land (assuming that the rental rate will gradually increase and steady at 80% in 2028), making up a total rental and service fee income from the existing and the new office buildings of approximately Baht 58.54 million a year (representing 10.83% of revenue from the restaurant business).

Furthermore, this capital increase will lead the shareholders' equity of the Company to increase from Baht 178.08 million<sup>12</sup> to Baht 453.06 million. After the issuance and offering of new shares through private placement to JCKD, the Company will issue new shares for rights offering to its existing shareholders (under the assumption that the existing shareholders of the Company exercised the rights to fully subscribe for the newly issued ordinary shares through RO in full amount), which will also result in its shareholders' equity growing from Baht 453.06 million to Baht 838.37 million.

Unit: Baht million	Consolidated financial statements as at Sep 30, 2022	Adjustment for conversion of CD and PP-General Mandate	Shareholders' equity before PP	PP transaction	Shareholders' equity after PP	RO transaction	Shareholders' equity after RO
Paid-up capital	513.83	152.11	665.94	404.38	1,070.32	3,210.97	4,281.30
Surplus (discount) on share capital	587.48	(78.15)	509.33	(129.40)	379.92	(2,825.66)	(2,445.73)
Retained earnings (deficits)	(1,220.03)	-	(1,220.03)	-	(1,220.03)	-	(1,220.03)
Other components of shareholders' equity	222.84	-	222.84	-	222.84	-	222.84
<b>Total shareholders' equity</b>	<b>104.12</b>	<b>73.96</b>	<b>178.08</b>	<b>274.98</b>	<b>453.06</b>	<b>385.32</b>	<b>838.37</b>

After acquisition of the vacant land, the Company plans to develop an office building for rent thereon, with the building expected to be completely constructed and ready for rent by 2025. The Company will consider securing additional funds of not exceeding Baht 207.14million by borrowing from financial institutions, expected to be finalized by the third quarter of 2023. Such borrowing will lead to an increase in the Company's liabilities. However, considering its overall financial structure from the acquisition of land with construction and vacant land, including the development of an office building on such vacant land, which will be financed mainly by the share offering through private placement and the rights offering and, to a lesser degree, by borrowing from financial institutions, the Company's debt to equity ratio will ultimately drop from 11.12 times to merely 1.63 times<sup>13</sup> after completion of the share offering through private placement and the rights offering.

<sup>12</sup> Prior to the share offering through private placement, the Company has total shareholders' equity of Baht 178.08 million (based on its shareholders' equity shown on the nine-month consolidated financial statements ended September 30, 2022 of Baht 104.12 million, added by (1) the conversion of convertible debentures during October 18, 2022 – January 6, 2024, with an increase in number of shares from the conversion of 410,095,347 shares at the average conversion price of Baht 0.1218 per share, amounting to Baht 49.96 million; and (2) the capital increase through private placement under the general mandate in the amount of 198,347,107 shares at Baht 0.1210 per share, totaling Baht 24.00 million, including the adjustment items under (1) and (2) of Baht 73.96 million).

<sup>13</sup> The Company recorded total liabilities as at September 30, 2022 of Baht 1,157.63 million (based on its nine-month consolidated financial statements as at September 30, 2022), added by loans for investment in the vacant land of Baht 207.14 million, making up a

Moreover, the capital increase will positively affect the Company's growth and enhance its profitability without affecting its financial liquidity. It will also enable the Company to carry on its business operation with a sound financial position and capital base, which will be beneficial to the Company and all shareholders.

**4.5 Impacts expected on the Company in case of failure to offer the newly issued shares through private placement in full amount as required**

The Board of Directors is aware of such impacts. However, the issuance and offering of new shares through private placement to JCKD, which is a specific investor, is part of the payment for the consideration for the purchase of assets from JCKD. As such, the Company will not face any risk from failure to offer the newly issued shares in full amount as required.

**4.6 Appropriateness of price of the newly issued shares offered through private placement and source of price determination**

The Board of Directors is of the opinion that the offering price of the newly issued shares through private placement of Baht 0.17 per share, which is the weighted average price of the shares traded on the mai over the previous six months (July 1, 2022 – December 31, 2022), is not considered as an offering of newly issued shares at a price lower than 90% of the market price pursuant to Notification TorChor. 72/2558. In this respect, the market price is calculated from the weighted average price of the Company's shares traded on the mai for 15 consecutive trading days before the date on which the Company's Board of Directors resolved to propose the shareholders' meeting to approve the said offering of newly issued shares, or from December 22, 2022 to January 12, 2023, which was equal to Baht 0.13 per share (the book value as at September 30, 2022 was equal to Baht 0.05 per share).

However, the offering price for the newly issued ordinary shares is lower than the Company's par value of Baht 0.25 per share. Since the Company has recorded an accumulated loss, as shown on its financial statements for the year ended December 31, 2021 and the third quarter ended September 30, 2022, the Company shall be able to determine the said offering price lower than its par value upon obtaining an approval from the shareholders' meeting in accordance with Section 52 of the Public Limited Companies Act B.E. 2535 (as amended) (as stipulated in Section 52 of the Public Limited Companies Act, any company having been in operation for not less than one year, if suffering a loss, may offer its shares for sale at a price lower than the registered value, but must obtain an approval from the shareholders' meeting and determine a definite discount

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total of Baht 1,364.47 million, divided by shareholders' equity after the share offering through private placement and the rights offering, amounting to Baht 838.37 million.

rate). The Board of Directors has determined the appropriateness of such offering price determination based on the market condition and the investors' investment demand.

#### **5. Reason for and necessity of the offering of newly issued shares through private placement**

After the study by the Company on the reasonableness and benefit of the shares allotment mentioned above, the Board of Directors has considered and compared the different forms of capital increase and is of the opinion that the issuance of new shares for public offering will involve a lengthy and costly process and a risk of failure to fully obtain the desired amount of funds, whereas the issuance of new shares for rights offering will create a burden on the shareholders and a risk of failure to fully obtain the desired amount of funds due to uncertainties in rights exercise by the shareholders. On the other hand, the issuance and offering of new shares through private placement is the offering of shares to an investor who is financially prepared, while the number of shares offered and the offering price will be clearly determined, thus allowing for the Company to obtain the exact amount of funds required and to align the share payment schedule with its plan for use of funds.

The Board of Directors is of the opinion that the capital increase is reasonable and will bring about the utmost benefit for the Company, considering that the Company will have a funding source available for the purchase of assets from JCKD. Such issuance and offering of new ordinary shares will enable the Company to mobilize funds within a short period of time and reduce the capital increase burden on its existing shareholders, which will further improve its liquidity and performance. In addition, the Company can use proceeds from such capital increase to exchange for the assets from JCKD without making a cash payment and, thus, will have funds available to meet its working capital needs.

By comparing the benefits to the Company and the reasonableness of such transaction with the transaction executed with a non-connected person, this capital increase is considered appropriate and in the best interests of the Company, similar to the transaction that is executed on an arm's-length basis. The offering price for the newly issued shares of Baht 0.17 per share is higher than the market price. Moreover, after completion of the issuance and offering of its new shares through private placement to JCKD, the Company will have JCKD as its strategic partner. JCKD's executives and team of staff have had the knowledge, capability and experience in the office space rental and services business, which could bolster the Company's entry into this business. Therefore, the Board of Directors resolved to grant approval for the Company to offer its newly issued shares through private placement and propose such matter to the shareholders' meeting for approval.

In this regard, the Company as a listed entity must abide by the rules and regulations on connected transactions in the same manner as the transaction that is executed on an arm's-length basis and must take into

account its best interests to ensure that the minority shareholders would not be affected by the connected transaction.

**6. Opinion of the Company's Audit Committee and/or directors that is different from opinion of the Board of Directors**

The Audit Committee agrees with the opinion of the Board of Directors above and none of the Audit Committee Members provides any different opinion from the said resolutions of the Board of Directors.

**7. Directors who have an interest and/or are the connected persons**

At the Board of Directors' Meeting No. 2/2023, held on January 13, 2023, to consider and approve the issuance and offering of new ordinary shares to JCKD, the directors having an interest in this transaction are as follows:

No.	Director	Interest
1	Mr. Apichai Taechaubol	<ul style="list-style-type: none"> <li>Holding the posts of Chairman of the Board of Directors and Executive Chairman of the Company.<sup>1/</sup></li> <li>Holding the post of Director of JCKD.</li> <li>Being the major shareholder holding 276,472,784<sup>2/</sup> shares in the Company, representing 10.38% of the issued and paid-up capital.</li> <li>Being the major shareholder holding 5,500,000<sup>3/</sup> shares in JCKD, representing 55% of the issued and paid-up capital.</li> <li>Being father of Mr. Chotiwit Taechaubol and Mr. Athawut Taechaubol.</li> </ul>
2	Mr. Chotiwit Taechaubol	<ul style="list-style-type: none"> <li>Holding the posts of Director, Executive Committee Member, and Chief Executive Officer of the Company.</li> <li>Holding the post of Director of JCKD.</li> <li>Holding 15,975,000<sup>2/</sup> shares in the Company, representing 0.60% of the issued and paid-up capital.</li> <li>Holding 750,000<sup>4/</sup> shares in JCKD, representing 7.50% of the issued and paid-up capital.</li> <li>Being son of Mr. Apichai Taechaubol.</li> <li>Being a sibling of Mr. Athawut Taechaubol.</li> </ul>



No.	Director	Interest
3	Mr. Athawut Taechaubol	<ul style="list-style-type: none"> <li>● Holding the posts of Director, Executive Committee Member, and Joint-Chief Executive Officer of the Company.</li> <li>● Holding the post of Director of JCKD.</li> <li>● Holding 31,914,850<sup>2/</sup> shares in the Company, representing 1.20% of the issued and paid-up capital.</li> <li>● Holding 750,000<sup>4/</sup> shares in JCKD, representing 7.50% of the issued and paid-up capital.</li> <li>● Being son of Mr. Apichai Taechaubol.</li> <li>● Being a sibling of Mr. Chotiwit Taechaubol.</li> </ul>

## Remark:

- 1/ The Board of Directors' Meeting No. 2/2023 on January 13, 2023 resolved to appoint Mr. Apichai Taechaubol as Chairman of the Board of Directors and Executive Chairman of the Company, taking effect as from January 13, 2023. However, Mr. Apichai Taechaubol did not attend the Board of Directors' Meeting No. 2/2023 on January 13, 2023.
- 2/ Shareholder information of JCK Hospitality Plc. as at January 27, 2023, according to shareholding information as at the latest register book closing date to suspend share transfer (XM) on January 27, 2023.
- 3/ Shareholder information of JC Kevin Development Co., Ltd. as at May 9, 2022, with Mr. Apichai Taechaubol holding 3,125,000 shares or 31.25% of JCKD's total issued and paid-up capital and Mrs. Chalida Taechaubol (spouse of Mr. Apichai Taechaubol) holding 2,375,000 shares or 23.75% of JCKD's total issued and paid-up capital, based on the list of shareholders (BorOrChor.5) of JCKD.
- 4/ Shareholder information of JC Kevin Development Co., Ltd. as at May 9, 2022, based on the list of shareholders (BorOrChor.5) of JCKD.

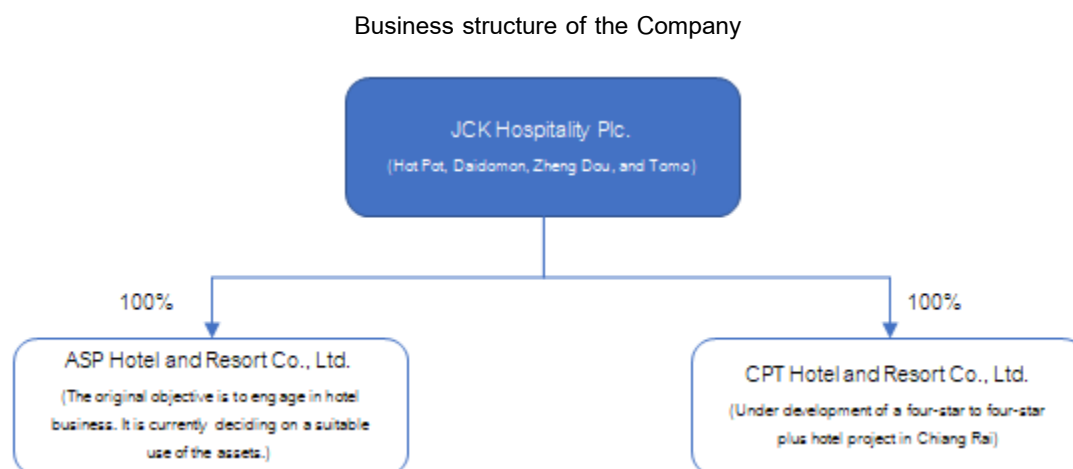
The above directors having an interest did not attend the meeting and cast votes on the agenda to consider and approve the issuance and offering of new ordinary shares of JCKHospitality Plc. through private placement, which is a connected transaction of the Company.

## 8. Consideration on the conflict of interest prevention measures

After completion of the offering and allocation of not exceeding 1,617,531,400 newly issued shares to JCKD, JCKD will become the major shareholder holding 44.24% of the total issued and paid-up shares in the Company (37.78% is directly held by JCKD and 6.46% held by Mr. Apichai Taechaubol, who is the related person under Section 258 of JCKD<sup>14</sup>). JCKD currently operates three lines of business: office building for rent, hotel, and development and sale of residential condominiums. As such, JCKD has engaged in certain businesses that may compete with the Company and/or create a conflict of interest with the Company. In this respect, the Company and JCKD, both being aware of this issue, have mutually agreed to lay down a policy to prevent a conflict of interest between them, as follows:

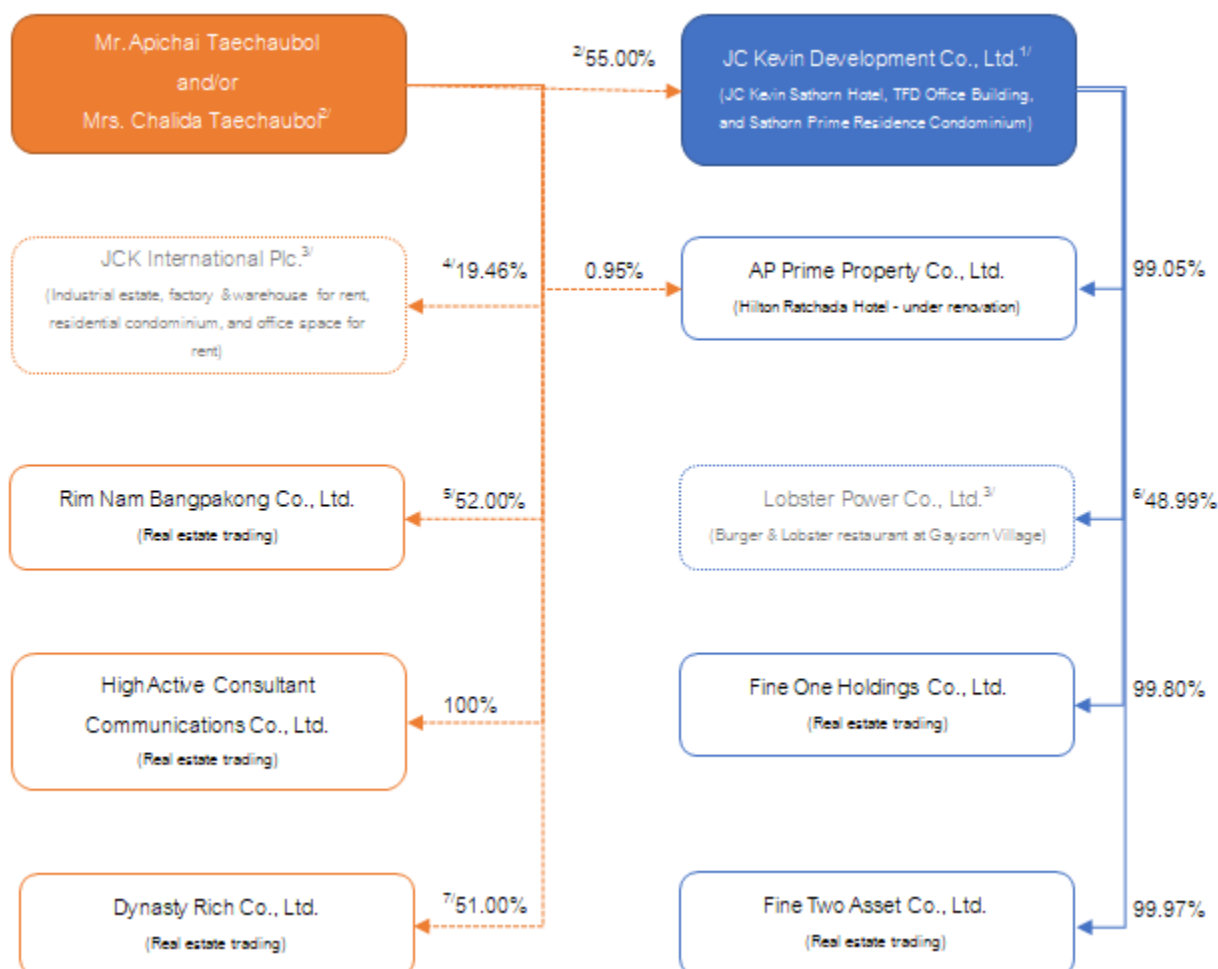
### 8.1 Conflict of interest in the current business operation

Shown in the chart below is the current business structure of the Company and of JCKD and the related persons under Section 258 of JCKD:



<sup>14</sup> Mr. Apichai Taechaubol is the Company's director and major shareholder, holding 276,472,784 shares or 10.38% of the Company's total issued and paid-up capital as at January 27, 2023 (based on shareholding information as at the latest register book closing date to suspend share transfer (XM) on January 27, 2023), and is the director and major shareholder of JCKD, holding 5,500,000 shares in JCKD (including the related persons) or 55% of JCKD's total issued and paid-up capital as at May 9, 2022 (based on the list of shareholders (BorOrChor.5) of JCKD).

## Business structure of JCKD and the related persons under Section 258 of JCKD



Remark:

- 1/ JCKD
- 2/ Related persons under Section 258 of JCKD
- 3/ Companies in which JCKD and/or related persons under Section 258 of JCKD do not have control power
- 4/ List of the top 10 shareholders is available from the SET's website.
- 5/ Other shareholders of Rim Nam Bangpakong Co., Ltd. are (1) Mr. Chotiwit Taechaubol, (2) Mr. Kittawat Taechaubol, (3) Mr. Akarawin Taechaubol, (4) Mr. Athawut Taechaubol, (5) Mr. Noppawee Taechaubol, and (6) Miss Oranat Taechaubol, each equally holding 8% of the paid-up registered capital, making up an aggregate of 48% of the paid-up registered capital.
- 6/ Other shareholders of Lobster Power Co., Ltd. are (1) Akara Foods Co., Ltd. (in which Mr. Akarawin Taechaubol has control power), holding 51.00% of the paid-up registered capital, and (2) Mr. Athawut Taechaubol, holding 0.01% of the paid-up registered capital.
- 7/ Other shareholder of Dynasty Rich Co., Ltd. is Miss Oranat Taechaubol, holding 8% of the paid-up registered capital.

**Table showing businesses in which the Company may have a conflict of interest with JCKD  
and the related persons under Section 258 of JCKD**

Business	The Company	JCKD	Related persons under Section 258 of JCKD	Conflict of interest
Restaurant	✓	<sup>1/</sup> -	-	-
Hotel	✓	✓	-	✓
Office space for rent	✓	✓	<sup>2/</sup> -	✓
Real estate trading	-	✓	✓	-

Remark:

- 1/ This excludes Lobster Power Co., Ltd. ("LP") because the Applicant does not have control power in it. LP originally obtained a franchise to operate Burger & Lobster restaurant from B&L Operating Ltd. ("B&L"), the franchiser, and already opened the first Burger & Lobster restaurant at Gaysorn Village and plans to open the second Burger & Lobster restaurant at Siam Paragon, which has already paid to B&L.

On June 23, 2022, the Company purchased such franchise from LP to operate the second Burger & Lobster restaurant at Siam Paragon, starting commercial operation in late 2022 in the same amount as LP has paid the right to B&L, which is the franchiser. The Company also made an agreement with LP for future development of the third Burger & Lobster restaurant. After the purchase of such franchise, the Company, LP, and B&L, which is the franchiser, have amended the agreement in order to grant the right to the Company to develop the second and third Burger & Lobster restaurants under the original franchise of LP obtained from B&L according to the Master Agreement. For the development of the third Burger & Lobster restaurant, the Company will directly pay the right to B&L.

LP will continue operate the first Burger & Lobster restaurant at Gaysorn Village. However, if it is necessary to move the first Burger & Lobster restaurant location, the relocation must be approved by the Company.

- 2/ This excludes JCK International Plc. ("JCK") because JCK is a listed company in the Stock Exchange of Thailand and the related persons under Section 258 of JCKD do not have control power in it. JCK's current business is the development and sale of land in industrial estates, factories and warehouses for rent, development of residential condominiums, and office spaces for rent. Its existing office buildings for rent include (1) SG Tower 1, located on an area of 2-3-85 rai at No. 161/1 Soi Mahat Lek Luang 3, Ratchadamri Road, Lumpini Sub-district, Pathumwan District, Bangkok, featuring a 19-storied office building with two underground floors and a parking lot of 8,108 square meters (220 cars), recording an occupancy rate of 74.36% of the total rentable space and generating a monthly income of around Baht 5.23 million as at December 31, 2021; and (2) Millennia Building, located on an area of 1-3-22 rai at No. 62 Lang Suan Road, Lumpini Sub-district, Pathumwan District, Bangkok, featuring a 26-storied office building with one underground floor and a parking lot of 9,870 square meters (220 cars), recording an occupancy rate of 71.79% of the total rentable space and generating a monthly income of about Baht 5.10 million as at December 31, 2021 (source: Form 56-1 for 2021 of JCK).

It is apparent from the above table that there could be a conflict of interest between the Company and JCKD and the related persons under Section 258 of JCKD, as discussed above. In this respect, the Company, JCKD, and the related persons under Section 258 of JCKD have jointly considered to lay down a policy to prevent a conflict of interest that may arise from their current business operations, as follows:

(a) Office building for rent business

At present, JCKD operates one office building for rent, i.e. TFD Building, located at No. 18 Soi Sathon 11 Yaek 9, Yan Nawa Sub-district, Sathon District, Bangkok 10120. It is a six-storied office building with one underground floor and a roof-deck, having a total usable area of 5,206 square meters. The Company has rented Floor 2, Floor 4 (partly) and Floor 6 of such building, with a total area of 997.56 square meters, for use as its office.

The Company intends to purchase two plots of land and TFD Building from JCKD at a total price of Baht 450.00 million, which constitutes a material connected transaction and will be proposed for approval from its shareholders' meeting on the same occasion as the seeking of approval for the issuance and offering of its new ordinary shares through private placement to JCKD. (Details of the transaction are shown in Enclosure 2, "Information Memorandum on the Acquisition of Land and Office Building from JC Kevin Development Co., Ltd., Which Is a Connected Person.")

Therefore, after completion of the issuance and offering of new ordinary shares through private placement to JCKD and the purchase of two plots of land and TFD Building from JCKD, such office building will become the Company's property and the original building space rental agreement between the Company and JCKD will be terminated, thereby leading to the cessation of JCKD's office building for rent business.

(b) Hotel business

At present, the Company engages in the business through its two subsidiaries, which are

1) CPT Hotel and Resort Co., Ltd. ("CPT").

CPT presently operates one project on a total area of 1 rai 29.5 square wah with one building thereon (100% completed). The project features a seven-storied hotel building offering 77 guestrooms and a swimming pool, with a total usable area of 3,927 square meters, located on Phahon Yothin Road, Rop Wiang Sub-district, Mueang Chiang Rai District, Chiang Rai Province.

2) ASP Hotel and Resort Co., Ltd. ("ASP")

In August 2021, the Company invested in ASP, which the Company had an initial policy to manage the ASP by developing the project as a four-star to four-plus-star hotel and Chain Hotel located

on Phaholyothin Road, Baan Du Subdistrict, Mueang Chiang Rai District. Chiang Rai Province, total area of 1 rai 84.4 square wa. The project is composed of 2 buildings (100% completed construction), divided into an 8-storey hotel building with 105 rooms, usable area of 5,609 square meters, and a clubhouse building of 2 floors with swimming pool and total usable area 245.15 square meters ("Asset A.")

Later, in December 2021, the Company was informed by the Legal Department that Asset A. had already been auctioned since August 2021 or occurred before the agreement to purchase ordinary shares of ASP. The bank's creditor, the loan with Property A. as collateral, proceeded to auction to buy such Property A. back from a public auction sale.

The Company negotiated with the group of sellers of ASP (Seller Group) Shares requesting compensation as a result of purchasing investments in ASP because Property A has been transferred to a bank loan creditor. This transaction occurred before the agreement to purchase ordinary shares of the subsidiary. Seller Group agreed to join the Company in negotiating a compromise regarding the subsidiary's debt with the bank creditor for the compensation. Currently, they are in the process of requesting the bank for a reduction of the loan and accrued interest of the subsidiary amounting to Baht 70 million, which was the remaining debt after deducting the auction sale of the assets including negotiating to buy back the Asset A. However, the Board of Directors of ASP considered that the investment in such project required more investment than planned in the highly uncertain economic situation. Therefore canceling the repurchase of such land and hotel buildings. For the debt burden of 70.00 million baht, the seller group will be responsible for such debt burden instead of ASP. And the seller group is in the process of making a contract to be responsible for such debt obligations.

Moreover, in September 2021, ASP purchased land with constructions including two seven-storied buildings and a swimming pool building, located on Ratchayotha Road, Rop Wiang Sub-district, Mueang Chiang Rai District, Chiang Rai Province, which have not yet been completely constructed, with the construction being suspended. ("Asset B.") ASP recorded such assets as "investment properties." However, ASP does not have a definite plan as to whether to resume the development of such property. The Company will further decide on a plan for suitable use of this property. As such, it remains uncertain whether the assets of ASP will still be developed into a hotel according to its original objective.)

JCKD currently operates two hotels, namely (1) JC Kevin Sathorn Bangkok Hotel, a 37-storied building with 310 guestrooms and facilities such as a fitness room, a swimming pool, restaurants, and others, having a total usable area of 35,438.37 square meters, currently remaining opened for services; and (2) a project to renovate a hotel on Ratchadaphisek Road in the name "Hilton Ratchada Hotel," which is a 33-storied building (including one underground floor) with 609 guestrooms and facilities such as a fitness room, a swimming pool,

shops, restaurants, a conference center, etc., having a total usable area of 65,389 square meters, now still under construction for renovation and scheduled for opening in 2024.

Although both the Company and the JCKD are operating the same hotel business but they do not directly compete in this business because the hotels of the Company and JCKD are in different locations and different target customers. The Company's hotel business located in Chiang Rai with a four-star hotel and emphasize on locations with beautiful views along with Kok River. The target customers are middle to high class customers who would like to travel and relax. While JCKD's hotel business located in Bangkok, which focused on convenient travel. The target customers are middle class customers and business customers because the hotel has complete facilities including meeting rooms for business services and seminars etc.

(c) Residential condominium development and sale business

JCKD is the owner of "Sathorn Prime Residence" condominium, which is a 30-storied residential condominium building, completely constructed and being in the sale process with 114 units remaining unsold. Since the Company does not engage in the residential condominium development business, it has no conflict of interest in such business with JCKD.

(d) Real estate trading business

Rim Nam Bangpakong Co., Ltd., High Active Consultant Communications Co., Ltd., Dynasty Rich Co., Ltd., Fine One Holdings Co., Ltd., and Fine Two Asset Co., Ltd. are member companies in the group of JCKD and the related persons under Section 258 of JCKD. They were founded to primarily operate the business of sale and purchase of both residential and non-residential properties with a policy to buy and sell the properties occasionally according to the investment opportunity only. From their respective audited financial statements, in 2021, none of them recorded any revenues from the real estate trading business. Presently, the Company itself has not operated the real estate trading business either. Thus, there has not yet been any conflict of interest in this business between JCKD and the Company.

## 8.2 Conflict of interest in the future business operation

If there is any new project that may create a conflict of interest between the Company and JCKD and the related persons under Section 258 of JCKD in the future (which is not limited to only the current businesses with a possible conflict of interest such as the hotel business and the office building for rent business, but shall include any other businesses with a possible conflict of interest that may increase due to the changing business operation condition of the Company, JCKD and the related persons under Section 258 of JCKD at the time of making such investment decision), JCKD will give the Company the first right to invest in such project. Where necessary, JCKD and the Company may consider making a joint venture in the project, subject yet to the investment conditions

and/or the financial capability or limitation of each party while making the investment, taking into account the best interests of the Company's shareholders. The decision on any such investment that may create a conflict of interest between the Company and JCKD will rest with Audit Committee and/or Board of Directors, excluding the persons having an interest in the transaction. Moreover, if such investment is deemed as a connected transaction, the Company will have to comply with the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Entering into Connected Transactions, dated August 31, 2008, (as amended) and the Notification of the SET Board of Governors Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546, dated November 19, 2003, (as amended).

8.3 In case there is a business restructuring to eradicate the conflict of interest that may arise from the change of the business of the Company, JCKD, and the related persons under Section 258 of the Applicant other than those mentioned in Items 8.1 and 8.2, the Company, JCKD and the related persons under Section 258 of JCKD may consider transferring or accepting a transfer of business between them in the future, taking into account the best interests of the Company's shareholders. The decision on such transfer or acceptance of a transfer of business between them will rest with Audit Committee and/or Board of Directors, excluding the persons having an interest in the transaction. Moreover, the Company shall comply with the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Entering into Connected Transactions, dated August 31, 2008, (as amended) and the Notification of the SET Board of Governors Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546, dated November 19, 2003, (as amended).

8.4 For the benefit of the interpretation, the persons having an interest in the transaction as in Items 8.2 and 8.3 shall also include JCKD and the related persons under Section 258 of JCKD.

8.5 After JCKD has been granted a waiver of the requirement to make a tender offer for all securities of the Company by virtue of the resolution of the shareholders' meeting and has completed the subscription for the Company's shares issued and offered through private placement to JCKD, JCKD will ensure the conflict of interest prevention measures mentioned above are duly certified by all concerned parties without delay.



9. Certification of the Board of Directors regarding the capital increase

The Board of Directors hereby certifies that the Board of Directors has performed duty in good faith and with care to maintain interests of the Company in relation to this capital increase. However, in the case where any director omits to perform duty in good faith and with care to maintain interests of the Company in relation to the capital increase and if such omission causes damage to the Company, the shareholders may take a legal action to claim compensation from such director on behalf of the Company, as stipulated in Section 85 of the Public Limited Companies Act B.E. 2535 (as amended). In the case where such omission to act causes such director or his related persons to obtain undue benefits, the shareholders may bring an action against such director for disgorgement of benefits on behalf of the Company under Section 89/18 of the Securities and Exchange Act B.E. 2535 (as amended).

The Board of Directors further certifies that the Board of Directors has considered and examined with due care the information of JCKD and the ownership over the land and office building under its possession, and is of the opinion that JCKD is an investor with the potential to invest in the Company and truly is the owner of the land and office building.

The Company hereby certifies that this information memorandum is correct and complete in all respects.

Yours sincerely,

JCK Hospitality Public Company Limited



A blue ink signature of Mr. Athawut Taechaubol, written in a cursive style.

(Mr. Athawut Taechaubol)

Authorized Director

A blue ink signature of Mrs. Rachanee Siwawej, written in a cursive style.

(Mrs. Rachanee Siwawej)

Authorized Director