

(Translation)

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Ref. SPL.158/2018

July 10, 2018

Subject: Voluntary Tender Offer for all Securities in M.K. Real Estate Development Public Company Limited

To: President
The Stock Exchange of Thailand

Enclosure: Information Memorandum Re: Acquisition of Assets of Supalai Public Company Limited (Schedule 1)

Referring to the Board of Directors' Meeting of Supalai Public Company Limited (the "**Company**") No. 7/2018, held on July 10, 2018, the meeting unanimously approved Supalai Property Management Company Limited ("**SPM**"), the subsidiary holding 99.99 percent shares by the Company, to make a voluntary tender offer in M.K. Real Estate Development Public Company Limited ("**MK**") pursuant to 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 (as amended) (the "**Takeover Notification**") at the offering price of THB 4.10 per share, under the condition that SPM shall cancel the tender offer if, after the expiry of the voluntary tender offer period, the offerees tender shares of MK less than 25.00 percent of the total issued and paid-up shares of MK. [Tender offer is not for delisting purpose.](#)

In addition, SPM is obliged to submit a statement of intention to make a tender offer (Form 247-3) and an offer document (Form 247-4) to the Office of the Securities and Exchange Commission (the "**SEC Office**") and make a tender offer for all securities in MK, including any other actions pursuant to the Takeover Notification.

The said voluntary tender offer for all securities in MK constitutes an asset acquisition transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Board of

Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (as amended) (the “**Acquisition and Disposition of Assets Notifications**”). The transaction size of the voluntary tender offer for all securities in MK (assuming that all shareholders of MK accept the SPM’s voluntary tender offer) is equivalent to 22.29%, which is deemed as Class 2 Transaction, i.e. a transaction whose size is 15 percent or higher but is lower than 50 percent, calculating based on the total value of net tangible asset criterion, which gives the highest transaction value, pursuant to the Acquisition and Disposition of Assets Notifications. However, the Company and SPM had no asset acquisition transactions during the past six months. Accordingly, the transaction is classified as Class 2 Transactions under the Acquisition and Disposition of Assets Notifications. Therefore, the Company is required to proceed as follows:

- (1) disclose the information memorandum on Class 2 Transaction to the Stock Exchange of Thailand (the “**SET**”) pursuant to Acquisition and Disposition of Assets Notifications; and
- (2) send the circular notice to shareholders within 21 days from the day the Company has notified the SET with required minimum information.

Details on the transaction are as set out in Information Memorandum Re: Acquisition of Asset of Supalai Public Company Limited (Schedule 1) (Enclosure).

Please be informed accordingly.

Sincerely yours,

Supalai Public Company Limited

- *Varunee Lapitananuvat* -

Varunee Lapitananuvat

Deputy Managing Director and the Company Secretary

Information Memorandum regarding Asset Acquisition by Supali Public Company Limited (Account 1)

The meeting of board of directors of Supali Public Company Limited (“**the Company**”) no. 7/2018 which was held on 10 July 2018 resolved that the Company, by Supalai Property Management Company Limited (“**SPM**”) which is the Company’s 99.99% subsidiary, conduct a tender offer for all ordinary shares of MK Real Estate Development Public Company Limited (“**MK**”) at the price of THB 4.10 per share. This tender offer by SPM is regarded as a Voluntary Tender Offer in accordance with Notification of the Capital Market Supervisory Board no.Tor.Jor 12/2554 re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended) (“**Notification regarding Takeovers**”). SPM will conduct a full tender offer for MK securities on the condition that SPM will cancel this tender offer if after the end of the tender offer period it could acquire MK shares for the amount lower than 25.00% of the total issued and paid-up shares of MK. [Tender offer is not for delisting purpose.](#)

This transaction is also regarded as an asset acquisition transaction in accordance with Notification of the Capital Market Supervisory Board no. 20/2551 re: Rules in Entering into Significant Transactions Classified as Connected Transactions (as amended) and Notification of the Board of Governor of the Stock Exchange of Thailand re: Disclosure and Actions to be Taken by Listed Companies in Asset Acquisition / Disposition B.E 2547 (as amended) (“**Notification regarding Asset Acquisition / Disposition**”). Calculating of this transaction size and any asset acquisition transactions and any similar transactions during the 6-month period prior to the date of deciding to enter into this transaction based on the assumption that SPM could acquire all ordinary shares of MK, size of this acquisition transaction which is determined based on Net Tangible Assets Criteria (NTA) is 22.29%. Thus, it is regarded as a Type-2 transaction with transaction size of 15% or higher but lower than 50% in accordance with Notification regarding Asset Acquisition / Disposition. The Company is thus required to disclose this transaction to the Stock Exchange of Thailand (“**SET**”) and serve a written notice to its shareholders within 21 days from the date of SET disclosure.

Details of the acquisition transaction are as follows:

1. Date of Transaction

The Company, via SPM, will submit Announcement of Intention to Make a Tender Offer (247-3 Form) within 3 working days from the date of public announcement and Tender Offer to Purchase Securities (247-4 Form) within 7 working days from the date of submission of 247-3 Form.

2. Relevant Parties

Buyer : Supalai Property Management Company Limited which is Supalai Public Company Limited 99.99% subsidiary

Seller : Shareholders of MK Real Estate Development Public Company Limited

3. Nature and Type of Transaction and Transaction Size

3.1 Nature of Transaction

SPM would conduct a tender offer for all ordinary shares of MK. This acquisition transaction is regarded as a Voluntary Tender Offer in accordance with Notification regarding Takeovers. SPM would acquire 992,010,177 MK shares, with the par value of THB 1.00 each. This represents all ordinary shares as issued by MK. With the acquisition price per share of THB 4.10, total acquisition size shall approximately THB 4,067.24 million. SPM will conduct a full tender offer for MK ordinary shares on the condition that SPM will cancel this tender offer if after the end of the tender offer period it could acquire MK shares for the amount lower than 25.00% of the total issued and paid-up shares of MK.

3.2 Transaction Size Determination

Size of this asset acquisition transaction would be determined based on the Company's 3-month consolidated financial statements as of 31 March 2018 and those of MK. Details of which are as follows:

1. Net Tangible Assets (NTA) Criteria

$$\begin{aligned} \text{Transaction Size} &= \frac{\text{NTA in Proportion to \% of Acquisition}}{\text{NTA of the Company}} \\ &= \frac{6,567.76 \times 100\%}{29,460.43} \\ &= 22.29\% \end{aligned}$$

2. Net Profit Criteria (Based on the Company's 12-month performance for the period ended 31 March 2018 and that of MK)

$$\begin{aligned} \text{Transaction Size} &= \frac{\text{Net Profit in Proportion to \% of Acquisition}}{\text{Net Profit of the Company}} \\ &= \frac{251.11 \times 100\%}{5,995.61} \\ &= 4.19\% \end{aligned}$$

3. Total Consideration Criteria

$$\begin{aligned} \text{Transaction Size} &= \frac{\text{Total Consideration Paid}}{\text{Total Assets of the Company}} \\ &= \frac{4,067.24}{56,144.68} \\ &= 7.24\% \end{aligned}$$

4. Share Swap Basis

Not applicable as the Company will not issue new shares as a consideration for this acquisition.

Summary of Transaction Size Determination in this tender offer

Calculation Criteria	Transaction Size (%)
1. NTA Criteria	22.29
2. Net Profit Criteria	4.19
3. Total Consideration Criteria	7.24
4. Share Swap Criteria	Not applicable as the Company will not issue new shares.

Given the Company and SPM did not enter into any asset acquisition / disposition transactions and similar transactions during the 6-month period prior to the date of deciding to enter into the transaction, the maximum transaction size which is derived based on NTA Criteria is 22.29%. Thus, this acquisition transaction is classified as a Type-2 transaction in accordance Notification regarding Asset Acquisition / Disposition as the maximum transaction size is 15% or higher but lower than 50%. In this regard, the Company is required to disclose this transaction to the SET and serve a written notice to its shareholders within 21 days from the date of SET disclosure.

4. Details of the Acquired Asset

The acquired asset in this transaction is ordinary shares of MK. In case all shareholders of MK agree to sell all their MK shares, total MK shares to be acquired by the Company are 992,010,177, with a par value of THB 1.00 each. They represent the entire ordinary shares as issued by MK.

4.1 General Information about MK

Company Name	MK Real Estate Development Public Company Limited (“MK”)
Type of Business	Commercial property development including land, land and house, condominium, construction for MK’s own projects, building and parking rental and golf course business
Registered Address	719 MK Building, Bantadtong Road, Wang Mai, Pathumwan, Bangkok 10330
Registered No	0107536001567
Date of Incorporation	19 December 1973
Registered Capital	THB 992,010,177
Paid-up Capital	THB 992,010,177

4.2 Top 10 shareholders of MK as of 3 May 2018

No.	Name	Number of Shares Held	% of Total Paid-up Shares
1	Mr. Prateep Tangmatitham	112,038,620	11.29
2	Finansa Public Company Limited	96,975,608	9.78
3	CPD Holdings Company Limited	90,000,000	9.07
4	UBS AG SINGAPORE BRANCH	87,550,000	8.83
5	Mr. Philipvira Bunnag	37,452,400	3.78
6	Mr. Urchart Karnchanapitak	26,617,400	2.68
7	Nomura Securities Public Company Limited, on behalf of client	25,000,000	2.52
8	BCH Property Company Limited	24,390,246	2.46
9	Ms. Piyasri Tantiwattana	20,510,500	2.07
10	Mr. Supachai Sudhipongchai	18,343,200	1.85
11	Others	453,132,203	45.68
Total		992,010,177	100.00

Source: The SET

4.3 Board of Directors of MK as of 10 July 2018

No.	Name	Position
1	Mr. Suthep Wongvorazathe	Chairman
2	Mr. Vorasit Pokachaiyapat	Director / Chief Executive Officer / Managing Director
3	Ms. Dusadee Tancharoen	Director / Managing Director
4	Ms. Suthida Suriyodorn	Director
5	Ms. Rachanee Mahadetkul	Director
6	Mr. Saksri Phurthamkul	Director
7	Mr. Att Tongyai Asavanund	Independent Director / Chair of the Audit Committee
8	Mr. Chaiyapont Timsootheepant	Independent Director / Member of the Audit Committee
9	Ms. Malai Ratchataswan	Independent Director / Member of the Audit Committee
10	Mr. Theraphan Jittalarn	Independent Director / Member of the Audit Committee

Source: The SET

4.4 Nature of Business

MK has engaged in the business of property development. Key businesses of MK consist of 1) (1) Property Development for Sale and (2) Property Development for Rental and Services. Details of which are as below:

(1) Property Development for Sale

MK has developed more than 64 projects of Property Development for Sale. Most of which are residential property projects located in Bangkok and its vicinity under "ChuanChuen" and "Serene-House" brands. They are in the form of single-detached house, duplex house and townhome. They are pre-built houses which correspond to clients' needs for ready-to-move in ones. Average price per unit falls between THB 2-5 million. In the Year 2017, MK launched 12 projects of this.

(2) Property Development for Rental and Services

MK has engaged in the business of Property Development for Rental and Services with the aim to obtain recurring income on the long-term. Such properties include warehouses and manufacturing factories for rent under the project with approximate area of 350 rais known as "Bangkok Free Trade Zone". Such plots of land are under sub-long-term lease by an MK subsidiary. Also, MK has additional land of approximately 700 rais which it plans to develop commercial property projects in the form of manufacturing properties and warehouses for rent. Also, MK offers office space for rent in the Mankhong Khehakan Building that has not been used by it. MK has operated an apartment for rent, under the name "Park Court Sukhumvit 77". This project comprises five buildings, each have seven floors and 14 units. Each unit has three bedrooms and is 260 sq.m. in size.

MK operates a golf course, known as "ChuanChuen Golf Club". The golf course consists of 18 holes, and consists of a clubhouse and a driving range, covering an approximate area of 400 rai. It is located on Bangkok-Pathumthani Road, Mueang District, Pathum Thani. MK has also engaged in the business of building management

4.5 Financial Data

Unit: Millions of THB	Audited Annual Financial Statements			3-Month Reviewed Financial Statements
	For the Year Ended 31 December 2015	For the Year Ended 31 December 2016	For the Year Ended 31 December 2017	For the 3-Month Period Ended 31 March 2018
Statement of Financial Position				
Total Assets	11,674.36	13,507.82	14,179.83	14,359.06
Current Assets	4,693.30	7,744.52	9,514.50	9,364.44
Non-Current Assets	6,981.06	5,763.30	4,665.34	4,994.62
Total Liabilities	5,036.63	6,814.40	7,511.95	7,747.97
Current Liabilities	2,726.42	2,741.61	2,917.63	3,166.19
Non-Current Liabilities	2,310.22	4,072.79	4,594.31	4,581.78
Total Shareholders' Equity	6,637.73	6,693.42	6,667.89	6,611.10
Equity Attributable of the Company	6,470.73	6,580.90	6,560.08	6,603.94
Non-Controlling Interests	167.00	112.51	107.80	7.16
Statement of Comprehensive Income				
Revenues				
Property Sale Revenue	3,649.51	2,647.55	2,765.32	1,170.70
Rental and Services Revenue	34.19	129.85	195.89	57.76
Golf Course Revenue	62.34	71.74	81.27	23.24
Property Management Revenue	3.84	21.72	22.01	6.91
Other Income	246.64	210.42	199.87	14.13
Total Revenues	3,996.52	3,081.29	3,264.37	1,272.74
Expenses				
Cost of Property Sale	(2,491.34)	(1,751.42)	(1,860.79)	(838.88)

Unit: Millions of THB	Audited Annual Financial Statements			3-Month Reviewed Financial Statements
	For the Year Ended 31 December 2015	For the Year Ended 31 December 2016	For the Year Ended 31 December 2017	For the 3-Month Period Ended 31 March 2018
Cost of Rental and Service	(13.92)	(62.11)	(88.75)	(25.54)
Cost of Golf Course	(51.24)	(44.36)	(46.42)	(12.40)
Cost of Property Management	(0.91)	(6.24)	(10.53)	(3.63)
Cost of Sale and Distribution	(293.27)	(234.48)	(277.40)	(94.10)
Administrative Expense	(348.35)	(361.17)	(424.83)	(162.92)
Financing Cost	(36.83)	(147.46)	(222.09)	(72.75)
Total Expenses	(3,235.86)	(2,607.25)	(2,930.81)	(1,210.22)
Share of Loss from Associates and Joint Ventures	(15.19)	(13.07)	(18.91)	(6.58)
Earnings before Taxes	745.47	460.97	314.64	55.93
Corporate Income Taxes	(117.11)	(114.44)	(81.91)	(12.73)
Net Profit for the Period	628.37	346.53	232.73	43.21

Source: MK's Financial Statements

5. Total Consideration Value and Payment

Total consideration amount for acquisition of 992,010,177 ordinary shares of MK at the price of THB 4.10 per share, totaling amount of approximately THB 4,067.24 million (Determined based on the condition that all MK shares are acquired). Method of payment shall be in accordance with the 247-4 Form which SPM is required to prepare in accordance with Notification regarding Takeovers.

6. Value of the Acquired Asset

Total value of the acquired asset, determined based on its book value as showed on its reviewed financial statements as of 31 March 2018, is THB 14,359.06 million. Equity attributable of the shareholders of MK is THB 6.603.94 million.

7. Criteria for Determining Consideration Value

In determining consideration value for acquisition of all securities of MK, the Company has taken into account many relevant factors such as MK historical market price, its book value and its adjusted book value based on numerical data as disclosed in 56-1 form, annual report and financial statements of MK. The Company also considers P/BV of comparable SET listed companies in determining consideration value. Such

consideration value was considered and approved by the board of directors in the meeting no. 7/2018 which was held on 10 July 2018.

8. Benefits from Entering into the Transaction

Benefits the Company will obtain from entering into this transaction are as follows:

1. Opportunities to invest in a company with asset base for which the Company could create value-added. They include vacant land, real estate projects under development and etc.
2. Opportunities to create value-added as the Company and MK each possesses different strengths and expertise. Combination of their knowledge, expertise, technology, products, brands, construction, purchasing, financial strengths and human resources would help to enhance the Company's bargaining power with construction contractors and raw material suppliers thanks to increase in the Company's business size. This would of course help to solidify the Company's long-term competitive strengths.
3. Opportunities for the Company to expand its businesses and investments into the real estate business for rental and services.
4. Expansion the Company's scope of businesses to cover more types of properties, especially the real estate business for rental and services. This helps the Company to obtain more recurring income in the form of rental and services income and reduce revenue concentration risk.

9. Sources of Fund

SPM will obtain financial support from the Company by capital increasing and/or borrowing from the Company and/or using loans from financial institutions which will be supported by the Company for the tender offer for all ordinary shares of MK.

10. Transaction Conditions

None

11. Opinion of the Board of Directors regarding the Acquisition Transaction

The Company's meeting of board of directors no. 7/2018 which was held on 10 July 2018 resolved that the Company by SPM which is the Company's subsidiary conduct a full tender offer for MK ordinary shares. It is of the opinion of the board of directors that this transaction makes business sense and benefits the Company and its shareholders. The share acquisition price is appropriate and acquisition of MK would help to expand the Company's business in the future.

12. Opinion of the Audit Committee and/or Directors that May Differ from that of the Board of Directors in 11.

None