

-TRANSLATED VERSION-



R&B Food Supply Public Company Limited

Opinion of the Independent Financial Advisor on the Disposal of Assets and Connected Transactions

31 March 2021



The English Translation of the Independent Financial Advisor's Opinions of the Company has been prepared solely for the convenience of foreign shareholder of R&B Food Supply Public Company Limited and should not be relied upon as the definitive and official document.

The Thai language version of the Opinion of the Company is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this translation

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31 March 2021

Subject Opinion of the Independent Financial Advisor on the Disposal of Assets and Connected Transactions

To The Shareholders of R&B Food Supply Public Company Limited

The Board of Directors Meeting No. 1/2021 of R&B Food Supply Public Company Limited (“RBF” or “the Company” or “Business”) dated 25 February 2021 (not including Dr. Somchai Ratanapoompinyo, Mrs. Petchara Ratanapoompinyo, Lt. Col. Dr. Janjida Ratanapoompinyo, and Dr. Sanathorn Ratanapoompinyo, the 4 directors with interests neither attend the meeting nor vote on the Board of Directors Meeting)¹ has resolved to assist a company to propose to the Annual General Meeting of Shareholders for the year of 2021, in order to approve the disposition of leasehold rights of land and buildings (rights of the lessee), buildings, materials and equipment of 2 hotels (referred to as “the hotel business” from now on) as follows:

1) Novotel Chumphon Beach. Resort & Golf

2) ibis Styles Chiang Mai Hotel

In this regard, the abovementioned transaction constitutes the dispositions of assets 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 (2004) (as amended) (collectively referred to as the “Acquisition and Disposition Notifications”). The highest transaction size equals 5.57% as per the total value of consideration criterion. The Company did not have any other disposition transactions within the past 6 months prior to entering into this transaction. Therefore, such transaction size is not classified as the material disposition acquisition transaction which required disclosure pursuant to the Acquisition and Disposition Notifications.

In addition, the disposition at this time is the asset sale to the companies related to Dr. Somchai Ratanapoompinyo, Mrs. Petchara Ratanapoompinyo, Lt. Col. Dr. Janjida Ratanapoompinyo, and Dr. Sanathorn Ratanapoompinyo who are the directors and shareholders of the Company. Thus, this transaction constitutes the connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (as amended) (collectively referred to as the “Connected Transaction Notifications”). The transaction size equals to 6.71% of Net Tangible Assets (“NTA”) of the Company according to the company’s audited and consolidated financial statements for the accounting period ending 31 December 2020 at THB 4,052.08 million. In this regard, the Company did not have any other connected transactions with its related parties within

the past 6 months prior to entering into this transaction. Since the transaction size is higher than 3% of the NTA of the Company, the Company is obliged to comply with the duties under the Notifications on Connected Transactions as follows:

(a) to prepare and disclose the information memorandum concerning the connected transactions to the Stock Exchange of Thailand

(b) to appoint an independent financial advisor whose name is on the approved list of the Office of the Securities and Exchange Commission to render opinions to the shareholders of the Company regarding the connected transactions

(c) to deliver the notice of shareholders' meeting, containing the information required by the Notification on Connected Transactions as well as the report of the independent financial advisor, to the shareholders at least 14 days in advance, and

(d) to convene a shareholders' meeting to seek approval on the entry into the connected transactions, whereby the Company shall obtain approval from the shareholders meeting by votes of no less than three-quarters of the total votes of the shareholders attending the meeting and being entitled to vote, without counting the votes cast by the shareholders with interests.

In order to provide shareholders of the Company with sufficient information regarding the connected transaction of disposing the hotel business, the Board of Directors meeting has appointed Grant Thornton Services Limited ("GTSL" or the "IFA") as the Independent Financial Advisor to provide opinion to the shareholders for approval decision making. Please see the opinion of the independent financial advisor's report as attached with this letter.

The IFA adheres to the Company's information according to the details in Section 2: Practice and Information Used in the Preparation of IFA's Opinion. The IFA has no reasons to doubt that the received information lacks accuracy and completeness which may significantly affect the opinion rendered. This report is based on the current economic and market conditions as well as the information and documents received during the period of preparation of the IFA's opinion. In the event of significant changes to such information in the future, which may affect the opinion of the IFA, the IFA has no obligations to update, review or affirm the IFA's opinion.

The IFA has considered the appropriateness of the above information professionally and cautiously. The Appendix Section of this report is also a part of the IFA's opinions and it is the matters for shareholders to consider it in the alignment with other parts of the report.

Shareholders of the Company should carefully study the details of the disclosure of information related to the transaction at this time, including the opinion of the Independent Directors, report of the IFA's opinion, along with

the documents attached to an invitation letter of the Annual General Meeting of Shareholders for 2021 for consideration of the whole transaction.

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Glossary

Entities / Organisation

The Company or RBF or Business

Definition

R&B Food Supply Public Company Limited

GTSL or IFA or The Independent Financial Advisor

Grant Thornton Services Ltd.

SEC

The Office of the Securities and Exchange Commission

SET

The Stock Exchange of Thailand

IMF

International Monetary Fund

CVC

Charter Valuation and Consultant Limited

JPS

J.P.S. Holding Company Limited

PFC

Premium Foods Co., Ltd.

RKBG

River Kwai Botanic Garden Co., Ltd.

TFF

Thai Flavors and Fragrance Co., Ltd.

SUSCO

Siam Appraisal & Service Co., Ltd.

Others

Opinion of the Independent Financial Advisor

Opinion of the Independent Financial Advisor on the Disposal of Assets and Connected Transaction

Notification on Connected Transaction

The Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions as of 31 August 2551 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) as of 19 November 2546 (as amended)

Notification on Acquisition or Disposal of Assets

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 as of 31 August 2551 (as amended) 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 of 29 October 2547 (as amended)

ADR or Average Daily Rate

Average room rate

Capital Asset Pricing Model (CAPM)

Capital Asset Pricing Model; the relationship between systematic risk and expected return

COVID-19

Coronavirus Disease 2019

Discounted Cash Flow Approach

Discounted Cash Flow Approach

Free Cash Flow to Firm (FCFF)

Free Cash Flow to Firm (FCFF)

Income approach

Income approach

IPO

Initial Public Offering

NTA

Net total assets (NTA) refers to Total assets – intangible assets – total liability – non-controlling interests (if any)

NPAEs

Non-Publicly Accountable Entities

PAEs

Publicly Accountable Entities

WACC

Weighted average cost of capital

1. Executive Summary

In the past, R&B Food Supply Public Company Limited (“RBF” or “the Company” or “Business”) had considered to dispose the hotel business from the group of companies that will be listed on the stock exchange for the first time (Initial Public Offering: IPO). However, by that time, the disposal of the hotel business would incur high tax burdens and transfer expenses, which the shareholders and the company were not ready to operate at that time. It is also expected to be able to operate in the hotel business to have better operating results. However, over the past period, since the company offered IPO, the hotel business group was affected by the dust situation in Chiang Mai (which is the location of Ibis Styles Chiang Mai Hotel), as well as the Covid-19 epidemic. As a result, the turnover of the hotel do not meet the intended plans and there is no certainty in the recovery of the hotel business, in addition, to make the business structure clear in the company's main business. The company therefore considered to operate the disposal of the hotel business during this period. This is likely to benefit for the company and its shareholders in the long run.

R&B Food Supply Public Company Limited (“RBF” or “the Company” or “Business”) is aimed to restructure its business group structure under the company’s strategy and policy to focus on operating the core business that the company has expertise, namely the business of producing and distributing raw materials used as Food Ingredients, and to explicitly reflect the performance of the core business. The Board of Directors Meeting of the Company (the 4 directors with interests neither attend the meeting nor vote) resolved to propose to the Annual General Meeting of Shareholders for the year of 2021, in order to approve the disposition of its hotel business consisting of leasehold rights of land and buildings (rights of the lessee), buildings, materials and equipment of the 2 hotels invested through the Company’s subsidiaries as following:

- 1) Novotel Chumphon Beach. Resort & Golf
- 2) ibis Styles Chiang Mai Hotel

The disposition of the hotel business is expected to mitigate the impact from the loss of the hotel business in the consolidated financial statements of the Company and to reduce exposure to the risk of the COVID-19 pandemic that directly affects the hotel business causing sudden income loss and inevitably severe contraction of the sector overall, which affects the financial position, performance, and cash flows of hotel operators. The Company expects the hotel business may take 2 – 3 years before it recovers.

Hence, the Board of Directors Meeting No. 1/2021 of RBF dated 25 February 2021 resolved to propose to the Annual General Meeting of Shareholders in order to approve the disposition of its hotel business to the companies with relationship to Dr. Somchai Ratanapoompinyo, Mrs. Petchara Ratanapoompinyo, Lt. Col. Dr. Janjida Ratanapoompinyo, and Dr. Sanathorn Ratanapoompinyo who are the directors and shareholders of the Company. Accordingly, this transaction constitutes the connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of

Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (as amended) (collectively referred to as the “Connected Transaction Notifications”). The transaction size equals to 6.71% of Net Tangible Assets (“NTA”) of the Company according to the company’s audited and consolidated financial statements for the accounting period ending 31 December 2020 at THB 4,052.08 million. In this regard, the Company did not have any other connected transactions with its related parties within the past 6 months prior to entering into this transaction. Since the transaction size is higher than 3% of the NTA of the Company, the Company is obliged to comply with the duties under the Notifications on Connected Transactions as follows:

(a) to prepare and disclose the information memorandum concerning the connected transactions to the Stock Exchange of Thailand

(b) to appoint an independent financial advisor whose name is on the approved list of the Office of the Securities and Exchange Commission to render opinions to the shareholders of the Company regarding the connected transactions

(c) to deliver the notice of shareholders’ meeting, containing the information required by the Notification on Connected Transactions as well as the report of the independent financial advisor, to the shareholders at least 14 days in advance, and

(d) to convene a shareholders’ meeting to seek approval on the entry into the connected transactions, whereby the Company shall obtain approval from the shareholders meeting by votes of no less than three-quarters of the total votes of the shareholders attending the meeting and being entitled to vote, without counting the votes cast by the shareholders with interests.

In order to provide shareholders of the Company with sufficient information regarding the connected transaction of disposing the hotel business, the Board of Directors meeting has appointed Grant Thornton Services Limited (“GTSL” or the “IFA”) as the Independent Financial Advisor to provide opinion to the shareholders for approval decision making.

According to consideration about appropriateness of price, the Independent Financial Advisor can summarise the results of the hotel business disposal as below table:

Table 1-1: Gain (loss) from the hotel business disposal

Assets to be disposed	Hotel asset value (Baht)		
	Novotel Chumphon Beach Resort and Golf	ibis Styles Chiang Mai	Total
Book value as of 31 December 2020 (1)	78,293,884	241,301,763	319,595,647
Unrealised impairment loss (which will be recognised if the Company does not enter the transaction) (2)	-	(62,259,918)	(62,259,918)
Book value after recognising impairment loss (in case the Company does not enter the transaction) (1)-(2) (3)	78,293,884	179,041,845	257,335,729
Offering price (4)	87,000,000	185,000,000	272,000,000
Average appraisal value according to income approach by the independent appraisers (5)	86,539,500	171,753,000	258,292,500
Fairness value by the Independent Financial Advisor (6)	83,076,337	178,785,544	261,861,881
Gain (loss) from entering the transaction (4)-(1) (7)	8,706,116	(56,301,763)	(47,595,647)
Difference between offering price and book value in case the Company does not enter the transaction (4)-(3) (8)	8,706,116	5,958,155	14,664,271
Difference between offering price and average value evaluated by the independent appraisal (4)-(5) (9)	460,500	13,247,000	13,707,500
Difference between offering price and fairness value by the IFA (4)-(6) (10)	3,923,663	6,214,456	10,138,119

According to the above table, we can see that if the Company does not enter the transaction in the hotel business disposal, it will eventually incur loss from asset impairment of THB 62.26 million (2) because the financial statement of Premium Foods Co., Ltd. (the subsidiary of RBF with 99.99 percent holding) already recognised the loss from ibis Styles Chiang Mai impairment of THB 62.26 million which the Company opted to not include the impact of COVID-19 pandemic in its financial statement for the accounting period of 2020 according to temporary relief measure by Federation of Accounting Professions. Thus, in case that the Company enter the transaction to dispose its hotel business, it will incur loss from asset disposal because of asset being marked to market amounting to THB 56.30 million (7). After including the gain from disposal of Novotel Chumphon Beach Resort and Golf of THB 8.71 million, the net loss will be THB 47.60 million (7) which is lower than the loss from not entering the transaction for THB 14.66 million (8). This does not account for the impact of new wave of COVID-19 in early 2021 yet which may cause the impairment loss to worsen. In addition, the offering price is higher than both the appraisal price by the Independent Appraisers for THB 13.71 million (9) and the fairness value by the Independent Financial Advisor for THB 10.14 million (10). Therefore, the offering price is considered as appropriate price.

The Independent Financial Advisor has considered and analyzed various data such as the conditions of the transaction, advantages and disadvantages of entering into the transaction and not entering into the transaction, including the risks that may arise from entering into the transaction as mentioned above in various parts of this IFA report, which can be summarized as following.

Entering into this transaction will give the Company income from the sale of the hotel business in the amount of THB 272 million and would save on future rent to be paid for 17 years and 3 months from the transaction date that the ownership will be transferred within 30 June 2021 of which the total value is approximately THB 154.31

million (the value is not discounted). Furthermore, the Company would not have to bear the loss from impairment of ibis Style Chiang Mai of approximately THB 5.96 million and would not have to invest in hotel renovations according to the standards of the hotel management service provider. In addition, there is also no risk of future loss of the hotel business due to such factors as the effects of the economic downturn, the COVID-19 pandemic or prevalence of PM2.5 dust particles. The disposal of assets this time is not only a sale at a higher value than the book value, the appraisal value by the Independent Appraisers and the fairness value by the Independent Financial Advisor as abovementioned, it also allows the Company to receive the net benefit of approximately THB 14.66 million (before deducting fees and transfer expenses divided in half for both parties and the tax expenses incurred on the transfer date) instead of incurring loss from impairment of ibis Style Chiang Mai of THB 62.26 million.

However, in this transaction, the Company will have to pay income tax from the disposal of property. In addition, if tourism and the hotel businesses rebound, the Company may lose the opportunity to profit from a more profitable sale of the hotel business than at the moment. Given the global COVID-19 pandemic and economic slowdown, however, it is expected to take 2-3 years before the hotel business can recover. In addition, it can be seen that there has been continuous operating losses since before the outbreak of COVID-19, so the opportunity to sell the hotel business to be more profitable in a short time is low. Similarly, there may be a possibility of getting a higher price but it may take a longer time to sell as well and success cannot be guaranteed.

Entering into this transaction qualifies as a connected transaction. Hence, there may be doubts about the fairness of the transaction which the Company involved 2 independent appraisers to give the reference price that should remedy the doubts about the fairness of price. Moreover, entering into the transaction with the connected person enables the Company to negotiate more quickly than with external parties. The Company received the waiver from the Accor Group for its Right of First Refusal to buy the hotel and did not receive any competing bid from other property agents.

Although there is reason for entering into this transaction, there is still a risk if the transaction is not approved by the Company's shareholders which may result in the Company not receiving remuneration from the sale of the hotel business in the amount of THB 272 million and having to pay the rent for the next 17 years and 3 months (from the transfer date as at 30 June 2021), totaling approximately THB 154.31 million (the value is not discounted) while still bearing the loss from impairment of property value of approximately THB 62.26 million in the first quarter of 2021. In addition, the Company will have to continue operating the hotel business in a situation that is still affected by the COVID-19 pandemic and PM2.5 dust pollution.

According to the offering price in this transaction, although the Company will incur loss on asset disposal of approximately THB 47.60 million, it is still less than the loss from asset impairment which could have incurred at THB 62.26 million if the Company did not sell off its hotel business due to being marked down to the market value.

The Independent Financial Advisor has assessed the fairness of the offering price for the hotel business and found that the offering price is higher than the book value after recognising the impairment loss and the value by the Independent Financial Advisor for THB 14.66 million and THB 10.14 million, respectively. The Independent Financial Advisor is of opinion that the offering price at THB 272 million is appropriate. In addition, the Independent Financial Advisor consider the conditions of entering the transaction which require 1) the full payment on the transfer date 2) the equal division for responsibility of fees and expenses relating to the ownership transfer 3) the agreement about employee transfer and 4) the requirement for shareholder approval. Therefore, from all the above reasons the Independent Financial Advisor is of the opinion that entering into the above transaction **is reasonable** and the shareholders should approve the connected transaction at this time.

However, the decision to approve the transaction depends mainly on the discretion of the shareholders. Shareholders should carefully study and consider the reasons, advantages, disadvantages, risks, and other opinions of the Independent Financial Advisor within this report, information memorandum related to the abovementioned transaction, including the opinion of the Independent Directors along with the documents attached to an invitation letter of the Ordinary General Meeting of Shareholders No. 1/2021 for consideration of the whole transaction. The Independent Financial Advisor deems that the assumptions used in the preparation of financial projections are reasonable. They are based on economic conditions and data available during the period under study and any change or future occurrence may be a factor that affects the opinion of the Independent Financial Advisor.

discretion of the shareholders. The shareholders should study the details of the opinion of the Independent Financial Advisor together with the attached documents, as well as information related to each item, in order to use discretion and discretion in making appropriate decisions.

Total	699,400	100.00%
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Note: From the list of BRF's shareholder as of 12 March 2020

/1 - Dr. Somchai Ratanapoompinyo, is the Company's director and majority shareholder of RBF, holding 27.80% of paid-up capital of RBF.

/2 - Lt. Col. Dr. Janjida Ratanapoompinyo (daughter of Dr. Somchai Ratanapoompinyo, who is a Director and majority shareholder of RBF) is a director and a shareholder of RBF, holding 8.01% of the paid-up capital of RBF.

/3 - Dr. Sanathon Ratanapoompinyo (daughter of Dr. Somchai Ratanapoompinyo, who is a Director and majority shareholder of RBF) is a director and a shareholder of RBF, holding 8.01% of the paid-up capital of RBF.

Relationship as of the transaction date : JPS is a juristic person with Dr. Somchai Ratanapoompinyo. (Director and majority shareholder of RBF) being a director and majority shareholder and Lt. Col. Dr. Janjida Ratanapoompinyo (Director and shareholder of RBF) and Dr. Sanathon Ratanapoompinyo (Directors and shareholders of RBF) being the majority shareholders.

General Information of JPS (Buyer)

Nature of business : Manufacture of other basic organic chemicals
Registered Number : 0105527045245
Paid-up capital (as of 11 February 2021) : 69,940,000
Office Address : 27/550 M.1 Lat Phrao Rd. Khlong Chan, Bang Kapi, Bangkok 10240

3.2.2. The sale of ibis Styles Chiang Mai Hotel assets

Seller No.2 : **Premium Foods Company Limited ("PFC")**
 Held by R&B Food Supply Public Company Limited ("the Company" or "RBF") in the ratio of 99.99% of the paid-up capital.

Buyer No.2 : **River Kwai Botanic Garden Company Limited ("RKBG")**
 List of RKBG Board of Directors of as of 10 February 2021

- Mrs. Petchra Rattanaphumpinyo

List of shareholders of RKBG as of February 11, 2021

Name of shareholder	Number of shares	Ratio
1. Mrs. Petchara Ratanapoompinyo ^{/1}	50,000	33.34%
2. Lt. Col. Dr. Janjida Ratanapoompinyo ^{/2}	50,000	33.33%
3. Dr. Sanathon Ratanapoompinyo ^{/3}	50,000	33.33%
Total	150,000	100.00%

Note: From the list of BRF's shareholder as of 12 March 2020

/1 - Mrs. Petchara Rattanaphumpinyo, is a director and majority shareholder of RBF, holding 27.80% of the paid-up capital of RBF.

/2 - Lt. Col. Dr. Janjida Ratanapoompinyo (daughter of Dr. Somchai Ratanapoompinyo, who is a Director and majority shareholder of RBF) is a director and a shareholder of RBF, holding 8.01% of the paid-up capital of RBF.

/3 - Dr. Sanathon Ratanapoompinyo (daughter of Dr. Somchai Ratanapoompinyo, who is a Director and majority shareholder of RBF) is a director and a shareholder of RBF, holding 8.01% of the paid-up capital of RBF.

Relationship as of the transaction date : RKBG is a juristic person with Mrs. Petchara Ratanapoompinyo (Director and majority shareholder of RBF) being a director and majority shareholder and Lt. Col. Dr. Janjida Ratanapoompinyo (Director and shareholder of RBF) and Dr. Sanathon Ratanapoompinyo (Directors and shareholders of RBF) being the majority shareholders of the company.

General information of RKBG (Buyer)

Nature of business : Hotels and resort hotels
Registered Number : 0715537000133
Paid-up capital (as of 11 February 2021) : 15,000,000
Office Address : 14/7 M.13 Ban Kao, Muang, Kanchanaburi 71000

3.3. General Characteristics of the Transaction

The company will distribute the assets of the company as per the following details to the buyer.

1. Leasehold right of land and buildings (Right of the Lessee), materials, equipment and buildings of Novotel Chumphon Beach Resort and Golf Hotel invested by Thai Flavors and Fragrances Co., Ltd. ("TFF"), a subsidiary company, to J.P.S. Holding Company Limited ("JPS") totaling 87,000,000 Baht.

2. Leasehold right of land and buildings (Right of the Lessee), materials, equipment and buildings of ibis Styles Chiang Mai Hotel invested by Premium Foods Co., Ltd., a subsidiary company, to River Kwai Botanic Garden Co., Ltd. ("RKBG") totaling 185,000,000 Baht.

The disposition of assets is part of the business restructuring of the group in order to focus on business of production and distribution of raw materials used as Food Ingredients which is the main business of the Company with extensive experience and expertise.

Remark: The Company has made lease agreements from landowners, namely Dr. Somchai Ratanapoompinyo and Mrs. Petchara Ratanapoompinyo, the major shareholders and the Company's related persons who are stakeholders in this transaction.

3.4. Details of the Assets to Be Disposed of

3.4.1. Novotel Chumphon Beach Resort and Golf Hotel

Table 3-1: Summary information of Novotel Chumphon Beach Resort and Golf Hotel

Property type	Leasehold rights of land and buildings (Rights of the lessee) buildings, materials, and equipment
Property location	No. 110, Village No. 4, Sai Pak Nam - Hat Sairee Road, Pak Nam Sub-district, Mueang Chumphon District, Chumphon Province
Land title document	Leasehold right of land for the hotel location, title deed No. 3125, contract land area 18-3-14.9 rai or 7,514.9 square wa, remaining contract term is approximately 17 years, 8 months from the end of January 2021 (lease agreement starts from 1 October 2018 - until 30 September 2038)
Building	<p><u>Total 11 items, number of rooms: 86 rooms</u></p> <ol style="list-style-type: none"> 1. 2-storey hotel building (Building A) 2. 2-storey hotel building (Building B) 3. 2-storey reception and seminar building 4. Terminal building 5. 2-storey office building 6. Swimming pool 1 7. Swimming pool 2 and fitness building 8. Waste collection building 9. Equipment storage building 10. Gas tank building 11. Steam boiler building
Usage on the day of trading	To engage in hotel business: Novotel Chumphon Beach Resort and Golf
Offer price	87,000,000 Baht
Settlement	Paid in full on the transfer date by the ownership transfer is scheduled within 30 June 2021 unless both parties agree in writing to extend the said period.
Important condition	<ul style="list-style-type: none"> - The transaction will be valid only when the seller receives approval from the shareholders' meeting. - Both parties agree to register the transfer of ownership in the building and structures in the hotel business to the purchaser at the relevant land office, whereby both parties agree to be equally responsible for the fees and expenses for the registration of the ownership transfer in such buildings and structures, and the seller agrees to be responsible for the taxes and duties arising from the registration of the ownership transfer in the building and structures as required by law. - Both parties agree to be equally responsible for fees and expenses for the transfer of leasehold rights. - Both parties agree to undertake all necessary and relevant actions for the purchaser to receive the transfer of the license relating to the hotel operation from the seller. Both parties agree to be equally responsible for the fees and expenses incurred from such undertaking. - Both parties agree to undertake all necessary and relevant actions for the purchaser to receive the transfer of the ownership of the property related to the hotel business (other than the buildings and structures in the hotel business) from the seller, whereby both parties agree to be equally responsible for such fees and expenses, and both parties agree to bear

	<p>any taxes and duties which arising from the transfer of ownership in properties related to the said hotel business as required by law.</p> <p>- Both parties agree to undertake all necessary and relevant actions for the purchaser to receive the transfer of the rights and obligations, and entered into a hotel management contract with hotel management on behalf of the seller. Both parties agree to be equally responsible for the fees and expenses incurred from such undertaking.</p> <p>- In the event that the purchaser is required to take any action on the buyer's own conditions of business in order for the buyer to accept the transfer of the hotel business from the seller (including but not limited to registration of the buyer's business purpose), the buyer agrees to be solely responsible for all expenses incurred.</p> <p>- The buyer agrees to transfer the employees involved in the seller's hotel business to the purchaser's employees, whereby the purchaser agrees to count the period of such employee's continuous working as well as the length of time the employee works with the seller, including providing benefits to such employees not less than those received from the seller. In the event that any employee involved in the hotel business of any seller does not give his/her consent for such transfer, the seller agrees to be responsible for the expenses related to the termination of such employee (if any) as required by the labor law.</p>
Book value as of 31 December 2020 (the latest financial statement before the transaction date)	78,293,884 Baht

Table 3-2: Summary of the agreement to buy and sell assets of Novotel Chumphon Beach Resort & Golf Hotel

Agreement	Sale and Purchase Agreement of the Novotel Chumphon Beach Resort & Golf Hotel
Seller	Thai Flavors and Fragrance Co., Ltd.
Buyer	J.P.S. Holding Company Limited
Property to buy and sell	The Novotel Chumphon Beach Resort & Golf Hotel situated at No. 110 Moo 4 Pharadonphap Beach, Muang District, Chumphon Province and other assets related to the hotel operation under the management of AAPC (Thailand) Co., Ltd.
Trading price	87,000,000 Baht
Payment of trading price	One-time payment to be made on the date of registration of the ownership transfer of buildings and structures in the hotel business or on June 30, 2021, whichever is earlier.
The duties of the parties to complete the trade	<p>Duties of the Seller require the following:</p> <p>(1) Register the ownership of buildings and structures in the hotel business to the buyer at the relevant land office and being jointly responsible with the buyer for half of the fees and expenses for the registration thereof, as well as being responsible for taxes and duties arising from the registration of ownership transfer of the buildings and structures as required by law.</p> <p>(2) After the date of registration of the agreement to transfer the land leasehold right in the hotel business to the Buyer at the relevant land office, whereby it is responsible for half of the fees and expenses for transferring the leasehold rights together with the buyer.</p> <p>(3) As the original land tenant, proceed to have the owner of land where the hotel business is located to give consent, sign all relevant documents and / or perform any related actions to complete the registration of land leasehold rights in the hotel business to the Buyer.</p>

	<p>(4) After the date of the execution of the contract, perform all relevant and necessary actions in order for the Buyer to receive the transfer of the licenses related to the hotel operation, being jointly responsible for half of the fees and expenses related to the process.</p> <p>(5) In the event that the license related to any hotel operation cannot be transferred to the Buyer, provide the required assistance to the Buyer in obtaining a new license from the relevant government agency and cancel the original license held.</p> <p>(6) After the date of the execution of the contract, proceed to allow the Buyer to transfer the ownership of property related to the hotel business (aside from buildings and structures in the hotel business), while being jointly responsible for half of any operating expenses and any taxes and duties arising from the transfer of ownership in properties related to the hotel business.</p> <p>(7) Proceed to ensure that the buyer receives the assignment of rights and obligations and enters into the hotel management contract while being jointly responsible for half of the fees and expenses related to this process.</p> <p><u>Duties of the Buyer</u> require the following:</p> <p>(1) Register the ownership transfer of the building and structures of the hotel business from the Seller at the relevant land office and being responsible for half of the fees and expenses for the registration of ownership transfer in buildings and structures together with the Seller.</p> <p>(2) After the date of the execution of the contract, register the transfer of land lease rights in the hotel business from the Seller at the relevant land office. The company is responsible for half of the fees and expenses for transferring the leasehold rights together with the Seller.</p> <p>(3) After the date of the execution of the contract, perform all relevant and necessary actions in order to obtain the transfer of the license related to hotel operation from the Seller, while being jointly responsible for half of the fees and expenses related to the process.</p> <p>(4) After the date of the execution of the contract, proceed to get the transfer of ownership of the property related to the hotel business (in addition to buildings and structures in the hotel business), while being jointly responsible for half of the expenses and any taxes and duties arising from the transfer of ownership in properties related to the hotel business.</p> <p>(5) Proceed to obtain the assignment of rights and duties and enter into a hotel management contract with hotel management instead of the Seller while being jointly responsible for half of the fees and expenses thereof.</p> <p>Both the Buyer and the Seller must complete the process by 30 June 2021 unless a mutual agreement is agreed to extend the processing timeline.</p>
Testimonials	<p><u>Seller testimonials</u></p> <p>(1) The Seller owns the property and has the legal right and authority to enter into the contract.</p> <p>(2) The Seller is approved by its Board of Directors and shareholders, as well as from the shareholders' meeting of the seller's parent company to purchase assets under the contract according to the terms of the agreement.</p> <p>(3) The Seller has obtained the written consent of the hotel management to transfer the hotel business and the contractual assets to the Buyer without breach and / or without any liability according to the hotel management agreement.</p>

	<p>(4) The agreement is signed by the person authorized to act on behalf of the Seller which is binding and applicable to the Seller according to the conditions specified in the contract.</p> <p><u>Buyer testimonials</u></p> <p>(1) The Buyer is not in bankruptcy or insolvent status.</p> <p>(2) The Buyer has the legal power to enter into and perform duties under the contract.</p> <p>(3) The agreement is signed by the person authorized to act on behalf of the Buyer which is binding and effective to the Buyer under the terms stipulated in the contract.</p>
Responsibilities of the parties	Each party agrees to be liable for damages to the other party as a direct result of their action or inaction, whether intentionally or with gross negligence arising from the performance of their duties under the contract.
Termination	<p>(1) In the event that either party breaches any of the conditions of the agreement or the testimonials and does not remediate within 15 days from the date of receipt of written notice from the other party, the non-default party may exercise the right to terminate the contract, in whole or in part, by giving the other party a written notice.</p> <p>(2) In the event that one party exerts the right to terminate the contract under Clause (1) and that party is damaged by breach of contract or breach of warranty (as the case may be) of the other party, the party who did not breach the contract has the right to claim damages based on actual damages.</p>
Governing law	The laws of Thailand
Dispute resolution	Arbitration in accordance with the Arbitration Regulations of the Arbitration Institute Office of the Court of Justice

The Company hired an independent valuer to appraise the leasehold right of land and buildings (Rights of the lessee) and building structures with details as follows:

Table 3-3: Summary of appraisal of Novotel Chumphon Beach Resort & Golf Hotel

Appraisal company	Siam Appraisal & Service Co., Ltd.	Charter Valuation and Consultant Limited
List of valuers	Mr. Worachit Surakarnwit, Qualified Senior Valuer, WorThor. 062, who has been approved by the Office of the Securities and Exchange Commission	Mr. Khomsan Kulpipatrat, Qualified Senior Valuer, WorThor. 060, who has been approved by the Office of the Securities and Exchange Commission
Date of report	22 January 2021	21 September 2020
Survey and assessment date	14 January 2021	9 September 2020
Evaluation objectives	For public purposes	For public purposes
Criteria and valuation method	Income approach as criterion	Income approach as criterion
Property appraisal price	88,750,000 Baht	84,329,000 Baht

Performance and important information from the Separate Financial Statements of subsidiaries prepared for administration (Separated Managerial Accounting) of Novotel Chumphon Beach Resort & Golf Hotel

Table 3-4: Operating performance of Novotel Chumphon Beach Resort & Golf Hotel

(Unit: Baht, unless otherwise specified)	2018	2019	2020
Occupancy rate (%)	43.76%	41.10%	38.53%
Revenue	35,755,658	32,486,960	27,977,914
Cost of sales	(44,777,197)	(42,402,717)	(38,609,226)
Gross profit (loss)	(9,021,540)	(9,915,757)	(10,631,313)
Other income	351,348	381,800	290,909
Selling and administrative expenses	(20,160,938)	(17,168,956)	(15,545,843)
Impairment loss	-	(6,219,137)	-
Profit (loss) before interest and income tax	(28,831,130)	(32,922,050)	(25,886,247)
Interest expense	-	-	-
Profit (loss) before income tax	(28,831,130)	(32,922,050)	(25,886,247)

3.4.2. ibis Styles Chiang Mai Hotel

Table 3-5: Summary information of ibis Styles Chiang Mai Hotel

Property type	Leasehold right of land and buildings (Right of the Lessee), building structure, materials, and equipment
Property location	No. 7/9 and 8/5 Huay Kaew Road Chang Phueak Sub-district, Mueang Chiang Mai District, Chiang Mai Province
Land title document	Leasehold right of land where the hotel is located Deed No. 9319, 9320, 14282, 14283, 14284, 14286, 14287, 14288 and 46 458, total 9 title deeds with total area of 2-1-97.5 rai or 997.5 sq. wa, remaining contract term is approximately 17 years, 8 months from the end of January 2021 (lease agreement starts from 1 October 2018 - until 30 September 2038)
Building	<p><u>Total 3 items, total number of rooms: 208 rooms</u></p> <ol style="list-style-type: none"> 1. 6-story hotel building 2. 8-storey hotel building with 1 basement floor 3. 7-storey hotel building with mezzanine
Usage on the day of trading	To engage in hotel business: ibis Styles Chiangmai Hotel
Offer price	185,000,000 Baht
Settlement	Paid in full on the transfer date by the ownership transfer is scheduled within 30 June 2021 unless both parties agree in writing to extend the said period.
Important condition	<ul style="list-style-type: none"> - The transaction will be valid only when the seller receives approval from the shareholders' meeting. - Both parties agree to register the transfer of ownership in the building and structures in the hotel business to the purchaser at the relevant land office, whereby both parties agree to be equally responsible for the fees and expenses for the registration of the ownership transfer in such buildings and structures, and the seller agrees to be responsible for the taxes and duties arising from the registration of the ownership transfer in the building and structures as required by law. - Both parties agree to be equally responsible for fees and expenses for the transfer of leasehold rights. - Both parties agree to undertake all necessary and relevant actions for the purchaser to receive the transfer of the license relating to the hotel operation from the seller. Both parties agree to be equally responsible for the fees and expenses incurred from such undertaking. - Both parties agree to undertake all necessary and relevant actions for the purchaser to receive the transfer of the ownership of the property related to the hotel business (other than the buildings and structures in the hotel business) from the seller, whereby both parties agree to be equally responsible for such fees and expenses, and both parties agree to bear any taxes and duties which arising from the transfer of ownership in properties related to the said hotel business as required by law. - Both parties agree to undertake all necessary and relevant actions for the purchaser to receive the transfer of the rights and obligations, and entered into a hotel management contract with hotel management on behalf of the seller. Both parties agree to be equally responsible for the fees and expenses incurred from such undertaking.

	<p>- In the event that the purchaser is required to take any action on the buyer's own conditions of business in order for the buyer to accept the transfer of the hotel business from the seller (including but not limited to registration of the buyer's business purpose), the buyer agrees to be solely responsible for all expenses incurred.</p> <p>- The buyer agrees to transfer the employees involved in the seller's hotel business to the purchaser's employees, whereby the purchaser agrees to count the period of such employee's continuous working as well as the length of time the employee works with the seller, including providing benefits to such employees not less than those received from the seller. In the event that any employee involved in the hotel business of any seller does not give his/her consent for such transfer, the seller agrees to be responsible for the expenses related to the termination of such employee (if any) as required by the labor law.</p>
<p>Book value as of 31 December 2020 (the latest financial statement before the transaction date)</p>	<ul style="list-style-type: none"> ● 179,041,845 Baht for the financial statements of Premium Foods Co., Ltd. ● 241,301,763 Baht for the RBF Group's consolidated financial statements (The relief measures by the Federation of Accounting Professions allow affected entities to choose not to include information about the COVID-19 situation as an indication of impairment for the reporting period ending in the period between 1 January 2020 and 31 December 2020)

Note: / 1 As the company's financial statements Premium Foods Co., Ltd. prepared under the financial statement standards for "Non-Publicly Accountable Entities", "NPAEs", which are not exempt from the temporary relief measures to reduce the impact of the Coronavirus Disease 2019 (COVID-19) epidemic situation issued by the Federation of Accounting Professions. (The said relief measures allow affected entities to choose not to include information about the COVID-19 situation as an indication of impairment for the reporting period ending in the period between 1 January 2020 and 31 December 2020), unlike the Financial Statements for Publicly Accountable Entities", "PAEs", which are the RBF's financial standard authorized by the Federation of Accounting Professions to exclude information relating to the COVID-19 situation as an indication of impairment. As a result, RBF chooses not to take the COVID-19 situation as an indication of impairment, resulting in the net book value of assets related to Ibis Styles Chiang Mai Hotel in the RBF's consolidated financial statements are not equal to the value in the financial statements of Premium Foods Co., Ltd. In the consolidated financial statements of RBF, the book value of such assets is 241.30 million Baht. The auditors of the company have indicated in the notes to the consolidated and the Separate Financial Statements for the year ended 31 December 2020, stating that "After the cease of the relief measures in 2021, the group of entities expects to recognize the impact on items of the impairment recognition regarding buildings, equipment and right-of-use asset significantly for the upcoming Q1-2021 cash-generating unit of the hotel business", the RBF group will recognize the gain (loss) from asset impairment in the consolidated financial statements of the group.

Table 3-6: Summary of the agreement to buy and sell assets of ibis Styles Chiang Mai Hotel

Agreement	Sale and Purchase Agreement of the ibis Styles Chiang Mai Hotel
Seller	Premium Foods Co., Ltd.
Buyer	River Kwai Botanic Garden Co., Ltd.
Property to buy and sell	The ibis Styles Chiang Mai Hotel situated at No. 7/9 and 8/5 Huay Kaew Road Chang Phueak Sub-district, Mueang Chiang Mai District, Chiang Mai Province, and other assets related to the hotel operation under the management of AAPC (Thailand) Co., Ltd.
Trading price	185,000,000 Baht
Payment of trading price	One-time payment to be made on the date of registration of the ownership transfer of buildings and structures in the hotel business or on June 30, 2021, whichever is earlier.
The duties of the parties to complete the trade	<p><u>Duties of the Seller</u> require the following:</p> <ol style="list-style-type: none"> (1) Register the ownership of buildings and structures in the hotel business to the buyer at the relevant land office and being jointly responsible with the buyer for the fees and expenses for the registration thereof, as well as being responsible for half of the taxes and duties arising from the registration of ownership transfer of the buildings and structures as required by law. (2) After the date of registration of the agreement to transfer the land leasehold right in the hotel business to the Buyer at the relevant land office, whereby it is responsible for half of the fees and expenses for transferring the leasehold rights together with the buyer. (3) As the original land tenant, proceed to have the owner of land where the hotel business is located to give consent, sign all relevant documents and / or perform any related actions to complete the registration of land leasehold rights in the hotel business to the Buyer. (4) After the date of the execution of the contract, perform all relevant and necessary actions in order for the Buyer to receive the transfer of the licenses related to the hotel operation, being jointly responsible for half of the fees and expenses related to the process. (5) In the event that the license related to any hotel operation cannot be transferred to the Buyer, provide the required assistance to the Buyer in obtaining a new license from the relevant government agency and cancel the original license held. (6) After the date of the execution of the contract, proceed to allow the Buyer to transfer the ownership of property related to the hotel business (aside from buildings and structures in the hotel business), while being jointly responsible for half of any operating expenses and any taxes and duties arising from the transfer of ownership in properties related to the hotel business. (7) Proceed to ensure that the buyer receives the assignment of rights and obligations and enters into the hotel management contract while being jointly responsible for half of the fees and expenses related to this process. <p><u>Duties of the Buyer</u> require the following:</p> <ol style="list-style-type: none"> (1) Register the ownership transfer of the building and structures of the hotel business from the Seller at the relevant land office and being responsible for half of the fees and expenses for the registration of ownership transfer in buildings and structures together with the Seller. (2) After the date of the execution of the contract, register the transfer of land lease rights in the hotel business from the Seller at the relevant land office. The company is responsible for half of the fees and expenses for transferring the leasehold rights together with the Seller.

	<p>(3) After the date of the execution of the contract, perform all relevant and necessary actions in order to obtain the transfer of the license related to hotel operation from the Seller, while being jointly responsible for half of the fees and expenses related to the process.</p> <p>(4) After the date of the execution of the contract, proceed to get the transfer of ownership of the property related to the hotel business (in addition to buildings and structures in the hotel business), while being jointly responsible for half of the expenses and any taxes and duties arising from the transfer of ownership in properties related to the hotel business.</p> <p>(5) Proceed to obtain the assignment of rights and duties and enter into a hotel management contract with hotel management instead of the Seller while being jointly responsible for half of the fees and expenses thereof.</p> <p>Both the Buyer and the Seller must complete the process by 30 June 2021 unless a mutual agreement is agreed to extend the processing timeline.</p>
Testimonials	<p><u>Seller testimonials</u></p> <p>(1) The Seller owns the property and has the legal right and authority to enter into the contract.</p> <p>(2) The Seller is approved by its Board of Directors and shareholders, as well as from the shareholders' meeting of the seller's parent company to purchase assets under the contract according to the terms of the agreement.</p> <p>(3) The Seller has obtained the written consent of the hotel management to transfer the hotel business and the contractual assets to the Buyer without breach and / or without any liability according to the hotel management agreement.</p> <p>(4) The agreement is signed by the person authorized to act on behalf of the Seller which is binding and applicable to the Seller according to the conditions specified in the contract.</p> <p><u>Buyer testimonials</u></p> <p>(1) The Buyer is not in bankruptcy or insolvent status.</p> <p>(2) The Buyer has the legal power to enter into and perform duties under the contract.</p> <p>(3) The agreement is signed by the person authorized to act on behalf of the Buyer which is binding and effective to the Buyer under the terms stipulated in the contract.</p>
Responsibilities of the parties	Each party agrees to be liable for damages to the other party as a direct result of their action or inaction, whether intentionally or with gross negligence arising from the performance of their duties under the contract.
Termination	<p>(1) In the event that either party breaches any of the conditions of the agreement or the testimonials and does not remediate within 15 days from the date of receipt of written notice from the other party, the non-default party may exercise the right to terminate the contract, in whole or in part, by giving the other party a written notice.</p> <p>(2) In the event that one party exerts the right to terminate the contract under Clause (1) and that party is damaged by breach of contract or breach of warranty (as the case may be) of the other party, the party who did not breach the contract has the right to claim damages based on actual damages.</p>
Governing law	The laws of Thailand
Dispute resolution	Arbitration in accordance with the Arbitration Regulations of the Arbitration Institute Office of the Court of Justice

The Company hired an independent valuer to appraise the leasehold right of land and buildings (Rights of the lessee) and building structures with details as follows:

Table 3-7: Summary of appraisal of ibis Style Chiang Mai Hotel

Appraisal company	Siam Appraisal & Service Co., Ltd.	Charter Valuation and Consultant Limited
List of valuers	Mr. Worachit Surakarnwit, Qualified Senior Valuer, WorThor. 062, who has been approved by the Office of the Securities and Exchange Commission	Mr. Jeerawat Narumit, Qualified Senior Valuer, WorThor. 228, who has been approved by the Office of the Securities and Exchange Commission
Date of report	12 October 2020	10 October 2020
Survey and assessment date	12 October 2020	1 October 2020
Evaluation objectives	For public purposes	For public purposes
Criteria and valuation method	Income approach as criterion	Income approach as criterion
Property appraisal price	168,606,000 Baht	174,900,000 Baht

Performance and important information from the Separate Financial Statements of subsidiaries prepared for administration (Separated Managerial Accounting) of ibis Styles Chiang Mai Hotel

Table 3-8: Operating performance of ibis Styles Chiang Mai Hotel

(Unit: Baht, unless otherwise specified)	2018	2019	2020
Occupancy rate (%)	65.68%	54.54%	27.86%
Revenue	69,975,031	55,815,968	27,773,910
Cost of sales	(71,942,447)	(63,254,018)	(44,519,405)
Gross profit (loss)	(1,967,416)	(7,438,051)	(16,745,496)
Other income	242,508	281,786	152,952
Selling and administrative expenses	(26,543,229)	(25,122,844)	(15,345,336)
Impairment loss	-	(5,342,941)	(62,259,918)
Profit (loss) before interest and income tax	(28,268,137)	(37,622,050)	(94,197,797)
Interest expense	(6,977,103)	(4,720,712)	(2,878,698)
Profit (loss) before income tax	(35,245,241)	(42,342,761)	(97,076,495)

3.5. Total Value of Consideration

The offering price is referred to the results of evaluation by 2 independent valuers, namely Siam Appraisal & Service Co., Ltd. (“SUSCO”) and Charter Valuation and Consultant Limited (“CVC”) which use the income approach as a criterion.

Total value of consideration of the hotel business sales is 272,000,000 Baht which the buyer agreed to pay in full to the seller on the transfer date by the ownership transfer, scheduled within 30 June 2021, unless both parties agree in writing to extend the said period. Accordingly, the buyer will deposit money to the seller's bank account on the date of ownership transfer. The details of both assets are as follows:

Table 3-9: Summary of the offer price for hotel businesses in comparison with the appraisal price

Asset names (unit: Baht)	SUSCO	CVC	Avg. Price	Premium	Offering Price
Novotel Chumphon Beach Resort and Golf	88,750,000	84,329,000	86,539,500	460,500	87,000,000
ibis Styles Chiang Mai	168,606,000	174,900,000	171,753,000	13,247,000	185,000,000
Total	257,356,000	259,229,000	258,292,500	13,707,500	272,000,000

3.6. Calculation of the Transaction Size

3.6.1. Calculation of the dispositions of assets transaction size

This transaction is deemed to be the dispositions of assets 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 (2004) (as amended) (collectively referred to as the “Acquisition and Disposition Notifications”). The value of the transaction can be calculated as follows:

Table 3-10: Computation of the transaction size

Criteria	Method of calculation	Calculation ¹ (THB million)	Transaction size (%)
1. Net Tangible Assets (NTA)	<u>%NTA² of the assets</u> %NTA ² of the Company	Not applicable as the transaction is not a disposal of common shares	
2. Net Profit	<u>Net profit from the operation of acquired Assets</u> Net profit from the normal operation of the Company	Not applicable as the transaction is not a disposal of common shares	
3. Total Value of Consideration	<u>Total consideration paid</u> Total assets of the Company	<u>272.00</u> 4,883.40	5.57
4. Value of Securities Issued	<u>Number of newly issued shares for payment of the assets</u> Number of issued and paid-up shares of the Company	Not applicable as the transaction is not a disposal of common shares	

Note: 1. The calculation is based on the reviewed consolidated financial statements of the Company as of 31 December 2020

2. Net tangible asset (NTA) = Total assets – Intangible assets – Total liabilities – Non-controlling interests

The highest transaction size equals 5.57% as per the total value of consideration criterion. The Company did not have any other disposition transactions within the past 6 months prior to entering into this transaction.

Therefore, such transaction size is not classified as the material disposition acquisition transaction which required disclosure pursuant to the Acquisition and Disposition Notifications.

3.6.2. Calculation of the connected transaction size

Table 3-11: Net tangible assets (NTA)

RBF Financial Information as of 31 December 2020	THB million
Total assets	4,883.40
<u>Less</u> Intangible assets	4.47
<u>Less</u> Deferred tax assets	34.38
<u>Less</u> Total liabilities	794.58
<u>Less</u> Non-controlling interests	(2.12)
Net Tangible Assets (NTA)	4,052.08

This transaction is deemed as the connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003) (as amended) (collectively referred to as the “Connected Transaction Notifications”). The value of the transaction can be calculated as follows:

Table 3-12: Computation of the connected transaction size

Criteria	Method of calculation	Calculation	Transaction size (%)
1. Value of the connected transaction	<u>Total value of consideration</u> NTA of the Company	<u>272.00</u> 4,052.08	6.71

Note: 1. The calculation is based on the reviewed consolidated financial statements of the Company as of 31 December 2020
2. Net tangible asset (NTA) = Total assets – Intangible assets – Total liabilities – Non-controlling interests

The calculated transaction size equals to 6.71% of NTA of the Company as of 31 December 2020. In this regard, the Company did not have any other connected transactions with its related parties within the past 6 months prior to entering into this transaction. Therefore, the transaction size is higher than 3% of the NTA of the Company and deemed as material in accordance with the Connected Transaction Notifications.

The Company is obliged to comply with the duties under the Notifications on Connected Transactions by seeking approval at the shareholders’ meeting with votes of no less than three-quarters of the total votes of the shareholders attending the meeting and being entitled to vote, without counting the votes cast by the interested shareholders. In this regard, the Company must deliver the invitation of the shareholders’ meeting with the report of the independent financial advisor’s opinion at least 14 days in advance. The Annual General Meeting No. 1/2021 is set to be held on 23 April 2021 with the agenda to consider the approval of this transaction.

3.7. Rationale, Necessity and Expected Benefits from Entering into the Transaction

In the past, the company had considered setting up a structure to prepare the company to be listed on the stock exchange in regard to the disposal of the hotel business from the group of companies that will be listed on

the stock exchange for the first time (Initial Public Offering: IPO). When it is considered and found that the disposal of the hotel business would incur high tax burdens and transfer expenses, which the shareholders and the company were not ready to operate at that time. It is also expected to be able to operate in the hotel business to have better operating results. However, over the past period, since the company offered IPO, the hotel business group was affected by the dust situation in Chiang Mai (which is the location of Ibis Styles Chiang Mai Hotel), as well as the Covid-19 epidemic. As a result, the turnover of the hotel do not meet the intended plans and there is no certainty in the recovery of the hotel business, in addition, to make the business structure clear in the company's main business. The company therefore considered to operate the disposal of the hotel business during this period. This is likely to benefit for the company and its shareholders in the long run. Therefore, the management has opinions as follows:

1. This disposal of assets is part of the group's business restructuring. It is the implementation of the company's strategy and policy to focus on operating the core business that the company has expertise, namely the business of producing and distributing raw materials used as Food Ingredients and to reflect performance of the main business clearly. The company plans to focus on operating the core business of the company at present, and the company has no plans to operate other businesses unrelated to the main business group. However, if the company finds new business opportunities that are directly or indirectly related to the main business group or other businesses that are interesting and able to generate the highest return to the company and shareholders and it is not a business that creates a conflict of interest, the company will consider on a case-by-case basis.
2. The disposal of assets this time makes the company group free from the loss of both hotels (details of operating results are shown in Section 4. - Details of the assets to be disposed of) In addition, the transaction is also coping with the impact of the current COVID-19 outbreak, causing the hotel business operators to suddenly lose revenues and the overview of the hotel business has shrunk seriously and inevitably, affecting the financial position, performance, cash flow in the past and it is expected that it may take a few years before the hotel business is fully recovered.
3. If there is no disposition transaction, a substantial impact on the recognized impairment of plant, equipment and right-use assets is expected for the cash-generating unit of the hotel business group in the upcoming Q1/2021. After the termination of temporary relief measures to reduce the impact of the coronavirus disease (COVID-19) epidemic situation issued by the Federation of Accounting Professions (The said relief measures allow the affected entities to choose not to include information about the COVID-19 situation as an indication of impairment for the reporting period ending within the period between January 1, 2020 and December 31, 2020.)

4. The land on which the two hotels are located is owned by Leasehold¹, which has a limited lease term², making the dispose of the hotel property difficult as it makes it possible for buyers to purchase only the leasehold rights only.

Notes: ¹ - The company made lease agreements from land owners, namely Dr.Somchai Ratanapoompinyo and Mrs. Petchara Ratanapoompinyo, Directors, the major shareholders, the company's related persons who are stakeholders from this transaction.

² – The leasehold right of the land of the location of Novotel Chumphon Beach Resort & Golf Hotel has a total term of 20 years, contract validity from 1 October 2018 – 30 September 2038, the remaining contract period as of the Board of Directors Meeting No. 1/2564 on 25 February 2021 is equal to 17 years 7 months 4 days. Regarding the leasehold right of the land of the location of Ibis Styles Chiang Mai Hotel has a total term of 20 years, contract validity from 1 October 2018 – 30 September 2038, the remaining contract period as of the Board of Directors Meeting No. 1/2564 on 25 February 2021 is equal to 17 years 7 months 4 days.

3.8. Plan for Use of Proceeds from the Disposal of Assets

The cash the Company received from the disposal of the assets of hotel business will be used for working capital.

3.9. Opinion of the Board of Directors on the Transaction

Board of Directors Meeting No. 1 / 2564 dated 25 February 2021, not including Dr. Somchai Ratanapoompinyo, Mrs. Petchara Ratanapoompinyo, Lt. Col. Dr. Janjida Ratanapoompinyo, and Dr. Sanathorn Ratanapoompinyo, 4 directors with interests neither attend the meeting nor vote. Having considered and had opinion that the aforesaid connected transaction is appropriate, reasonable and for the benefit of the Company because it is the operation of the improvement of the business plan and strategy of the company that will focus on generating profits from the company's core business.

In addition, the price of the hotel business total 272.00 Million Baht is trading at a price agreed upon by both parties. The details are as follows:

- 1) Novotel Chumphon Beach Resort & Golf Club is 87.00 Million Baht, which is between the appraised value of the properties by Siam Appraisal and Services Company Limited edition on 22 January 2021, which equals 88.75 Million Baht and appraised value of the properties by Chartered Valuation & Consulting Limited edition on 21 September. 2020, which equals 84.33 Million Baht.
- 2) Ibis Styles Chiangmai Hotel is 185.00 Million Baht, which is price higher than the appraised value of the properties by Siam Appraisal and Service Co., Ltd. issue on 12 October 2020, which is equal to 168.61 Million Baht and the appraised value of the assets from the Charter Valuation & Consultant Limited on 10 October 2020, which equals 174.90 Million Baht.

The Board of Directors is of the opinion that the said connected transaction is reasonable. The details are as follows:

- The purchase price agreed by both parties is higher than the average appraisal price from the 2 independent appraisers, which both real estate appraisers are on the list of capital market appraisal companies and principal appraisers which have been approved by the Securities and Exchange Commission. In addition, in the opinion's report of the independent financial advisor that was prepared by Grant Thornton Services Company Limited, a financial advisor that has been approved by the Securities and Exchange Commission, commented that the said connected transactions is appropriate in terms of price and conditions. From considering the details of professionals approved by the Office of the Securities and Exchange Commission showing all comments on them, the Board of Directors is of the opinion that the price and conditions of the transaction are reasonable according to details from professionals proposed by the management.
- For the need to distribute to the related parties, the Board of Directors has acknowledged details from the company's management that due to the COVID-19 situation affecting the hotel industry in a wide range, including the land where both hotels are located, is a leasehold ownership as a result to be difficult for disposal of hotel assets since the buyer has only the right to lease only that even the AAPC (Thailand) Company Limited, as the hotel management in which according to the hotel management agreement, there is an agreement on the right of first refusal ^{/1} with the company, and then the AAPC aims at the company not to purchase with the company anymore. In addition, the management has notified the Board of Directors that an inquiry has been made to a real estate brokerage firm to offer for sale but there has no response from the real estate brokerage firm. The Board of Directors has considered the benefits that the company and shareholders will receive. In accordance with the details that the management has notified as well as the necessity of disposing to the related parties proposed by the management, the Board of Director has agreed that the disposal of the related parties is reasonable according to the details proposed by the management.

The Board of Directors is of the opinion that connected transaction with the highest benefit to the Company and the Company's shareholders. Proposing this agenda item to the shareholders' meeting of the Company to consider and approve the appropriateness of entering such connected transactions that the Company has entered into with JPS and RKBG in order to comply with good governance principles. Therefore, it is of the opinion that the shareholders should consider and approve the entering into the aforesaid connected transaction.

Note: / 1 - Right of First Refusal Agreement, that is, in the event that the company intends to distribute or transfer the said property to another person, the company needs to make a notification to the hotel management for consideration in the first priority. In the event that the hotel management refuses to make the offer, then the company is able to distribute or transfer the rights in such assets to other persons.

3.10. Opinion of the Audit Committee and/or the Directors of the Company which is Different from the Opinion of the Board of Directors Including the case of the aforesaid director abstained

- None -

3.11. Other Information

- None -

3) It enhances liquidity for the Company.

This sale of the hotel business will allow the Company to receive a total payment of THB 272 million (value before deducting fees and transfer of ownership whereby both parties agree to take responsibility for half the taxes and duties arising from registration of rights transfer) on the transfer date, which is required by 30 June 2021 (unless both parties agree in writing to extend the said period), with the transaction being effective only upon approval by the shareholders' meeting. The Company plans to use the proceeds from the hotel business sale as additional working capital of the Company.

4) It reduces the chance of asset impairment.

In 2019, the impairment of assets of the Company's hotel business was THB 11.56 million, which is an impairment for Novotel Chumphon Beach Resort & Golf, amounting to THB 6.22 million and for ibis Styles Chiang Mai, amounting to THB 5.34 million.

In this hotel business disposal, the Company will recognise the loss from asset sale because the offering price is less than the book value as of 31 December 2020 in the consolidated financial statements of RBF. However, as the financial statements of Premium Foods Co., Ltd. (the subsidiary of RBF with 99.99 percent holding) already recognised the loss from ibis Styles Chiang Mai impairment of THB 62.26 million which the Company opted to not include the impact of COVID-19 pandemic in its financial statement for the accounting period of 2020 according to temporary relief measure by Federation of Accounting Professions, the Company will eventually recognise this loss from asset impairment if it does not enter the transaction. Thus, in case that the Company enter the transaction to dispose its hotel business, it will incur loss from asset disposal because of asset being marked to market. The profit (loss) on this disposal is as follows:

Table 4-1: Summary of profit (loss) from the disposal of assets

	Book value as of 31 December 2020 ^{/1}	Offering Price ^{/2}	Profit (loss) from the disposal of assets
Novotel Chumphon Beach Resort and Golf	78,293,884	87,000,000	8,706,116
ibis Styles Chiang Mai	241,301,763	185,000,000	(56,301,763)
Total	319,595,647	272,000,000	(47,595,647)

Note: /1 The book value in the above table is the value as of 31 December 2020, when the ownership transfer date will have a lower book value than what is shown in the table above due to depreciation in each month, rendering a higher profit from the sale of the property than what was shown in the table above. The transfer expenses (if any) have not been deducted from the gain from the sale of the assets in the above table.

/2 The value before fees and expenses in the ownership transfer whereby both parties agree to jointly bear half of the responsibility, and taxes and duties arising from the registration of the transfer of rights.

Nevertheless, if the Company does not sell off its hotel business, the Company will have to recognise the impairment loss on the group's financial statements which Premium Foods Co., Ltd. already recognised this loss from ibis Styles Chiang Mai impairment of THB 62.26 million with the details as below.

Table 4-2: Summary of profit (loss) from impairment loss in case of no asset disposal

	Book value as of 31 December 2020 ¹	Book value, net of impairment loss	Asset impairment loss
Novotel Chumphon Beach Resort and Golf	78,293,884	78,293,884	-
ibis Styles Chiang Mai	241,301,763	179,041,845	(62,259,918)
Total	319,595,647	257,335,729	(62,259,918)

According to the interview with the Independent Appraiser, they did not include the impact of the new wave of COVID-19 in early 2021 so the values of the hotels tend to further impair. Therefore, entering into this transaction will result in less loss than the impairment loss of ibis Styles Chiang Mai by approximately THB 5.96 million (Offering price THB 185 million – Book value THB 179.04 million) and the profit from selling Novotel Chumphon Beach Resort and Golf of THB 8.71 million. The Company will receive more net gain and has not to bear the risk of future impairment.

- 5) It reduces related transactions with the hotel business units in the future.

At present, the hotel business still has temporary borrowing from a subsidiary of the Company in paying staff expenses and various utility bills. This is use of working capital for businesses that do not generate profits for the Company.

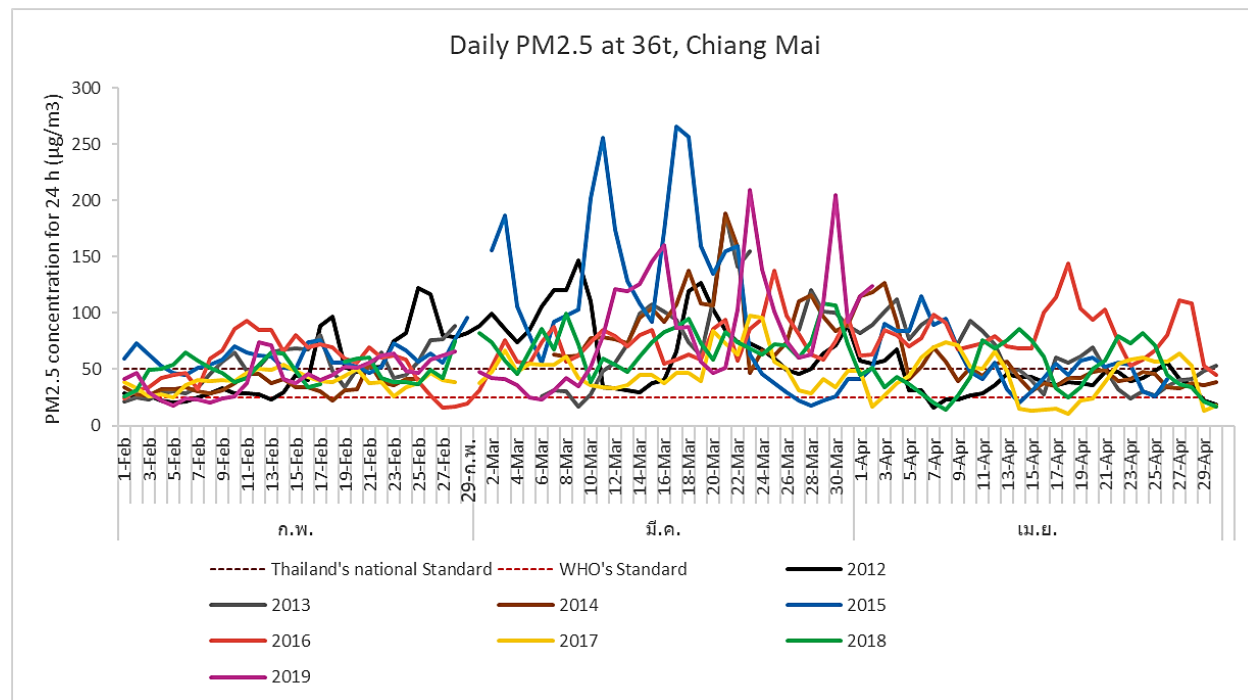
- 6) It reduces capital expenditure in making improvements to the hotels.

The Novotel Chumphon Beach Resort & Golf Hotel has not undergone major renovations for more than 10 years. From enquiries of hotel management, evidently the Accor Group, the hotel chain management operator, wants a major restructuring of the room conditions in order to meet the chain's standards, which will require a lot of capital expenditures. As for ibis Styles Chiang Mai, the Hotel is planning to change the design of its rooms to make them more livable which does not appear to be worth the Hotel's achievable performance under the competitive environment. However, due to COVID-19 the hotel may be able to postpone major renovations for a while until the impact of the pandemic improves.

- 7) It reduces risks associated with hotel business operation.

The COVID-19 pandemic has affected economies around the world, resulting in an economic slowdown. As a result, tourists may have to spend time saving money for other necessities rather than using it for tourism in Thailand causing hotel business operators to suddenly lose income, inevitably causing severe contraction of the sector overall, which affects the financial position and performance of hotel operators. Moreover, even though there are currently vaccines used for COVID-19, most travelers are still not being vaccinated and even after receiving the vaccine, it is not possible to travel to Thailand immediately because quarantine is still required for a while. It currently remains unclear when foreign tourists will be allowed to enter Thailand, causing tourists to be looking for other destinations. Furthermore, due to the popularity of tourism in Thailand in the past, large investments have been made in the hotel business, resulting in a far higher supply of rooms compared to the demand, thereby rendering the hotel business highly competitive.

Diagram 4-1: PM2.5 dust measurement data at Muang Chiang Mai Station (36t) of the Pollution Control Department for the past 8 years (2012 - 2019)



According to the Corporate Communication and Alumni Relations Center, Chiang Mai University

In addition, Chiang Mai Province is also affected by the amount of particulate matter smaller than 2.5 microns ("PM2.5") that occurs annually and is becoming more severe. Air pollution also affects the economy of the northern region. From the increasing number of forest fires Both in Thailand and neighboring countries, tourism and the hotel business are also affected.

- 8) The selling price of the hotel business is higher than the fair value.

From the fair value appraisal of the Novotel Chumphon Beach Resort & Golf and Ibis Styles Chiang Mai hotels, the appraisal value with the income approach by the 2 Independent Appraisers approved by the Office of the Securities Exchange Commission, namely Siam Appraisal & Service Co., Ltd. and Charter Valuation and Consultant Limited, equals THB 258.29 million. In the meantime, the value by the Independent Financial Advisor equals THB 261.86 million. Both are less than the offering price of THB 272 million by THB 13.71 and 10.14, respectively. Therefore, the Company is able to sell the hotel business at a higher than fair value price, rendering benefit to the Company in entering into this transaction.

- 9) It reduces the risk of the Company's assets becoming the property of the lessor (Land owner).

Since the land lease agreement is a lease from the Company's major shareholder which stipulates that the agreement will expire in 20 years starting on 1 October 2018 and ending on 30 September 2038. After that, the contract can be renewed 3 times for 10 years each time. If the contract expires and the Company does not renew the contract or recalcitrantly does not pay the rent, or cannot reach agreement, the building and / or

components and equipment of the above buildings in the condition as at the expiration of the contract becomes the property of the lessor. In addition, while the lease is still in effect, the lessor may sell the leased land provided that the lessor grants the tenants and the hotel management operator (Accor) the Right of First Refusal. However, if agreement cannot be reached, the lessor can sell the leased land to a third party. Therefore, the Company entering into this transaction will reduce the risk to the Company's assets vested in the landowner. In the past, the hotel business of the Company has always been operating at a loss, thus there is no reason for the Company to renew the contract any further.

10) It reduces the Company's rental expenses.

If the Company enters into this transaction to sell its hotel business, it will not have to pay the land and building rental fee in the future for approximately 17 years and 3 months (from the date of transfer of ownership to the buyer as at 30 June 2021) and/or more years that can be extended with 3 times of 10-year term and will not have to risk operating results that may incur additional losses in the future. Instead, it will receive remuneration from the sale of the hotel business in the amount of THB 272 million, which will result in the Company having better operating results. The future rental of land and buildings can be summarized as shown in the table below.

Table 4-3: Summary of land and buildings rental

Land and buildings rental			
Year	ibis Styles Chiang Mai	Novotel Chumphon Beach Resort and Golf	Total
2020	2,068,668	1,395,162	3,463,830
2021	4,137,336	2,790,323	6,927,659
2022	4,429,224	2,790,323	7,219,547
2023	4,429,224	2,790,323	7,219,547
2024	4,552,240	3,069,355	7,621,595
2025	4,847,576	3,069,355	7,916,931
2026	4,873,375	3,069,355	7,942,730
2027	4,981,665	3,376,291	8,357,956
2028	5,333,624	3,376,291	8,709,915
2029	5,333,624	3,376,291	8,709,915
2030	5,481,186	3,713,920	9,195,106
2031	5,838,544	3,713,920	9,552,464
2032	5,868,409	3,713,920	9,582,329
2033	5,999,440	4,085,311	10,084,751
2034	6,423,891	4,085,311	10,509,202
2035	6,423,891	4,085,311	10,509,202
2036	6,582,951	4,493,842	11,076,793
2037	5,221,016	4,493,842	9,714,858
Total	92,825,883	61,488,446	154,314,328

Source: Land and buildings rental agreement

4.2.2. Disadvantages of entering into the transaction

- 1) There may be a loss of opportunity if the hotel business grows.

If in the future, after travelers have received the vaccine, tourism in Thailand is once again popular and the Company may lose the opportunity to profit from its hotel business. However, due to the global COVID-19 pandemic and sluggish economy, it is expected that it may take 2-3 years before the hotel business can recover.

- 2) There may be a loss of opportunity to sell the hotel business in the future when it could be more profitable.

In the future, if tourism becomes popular again, it may cause the Company to lose the opportunity to sell at a higher profit from the disposal of the property. However, as the Company's hotel business is owned by leasehold rights, it may be difficult to dispose of hotel assets in the future because the buyer can buy only the right to lease.

- 3) The Company has to pay tax on the disposal of property.

The Company will have a profit from the sale of this property which will cause it to be obligated to pay tax on the corporate profit from the sale of such property. The cost is approximately THB 1.74 million (based on profit from selling Novotel Chumphon Beach Resort and Golf hotel of THB 8.71 million at 20 percent corporate income tax rate).

- 4) The Company will lose revenue from its hotel business.

Once the Company sells its hotels, it will no longer have any income from the hotel business. However, the revenue of the hotel business was a very low proportion of the overall income of the Company, accounting for approximately 3.10 percent and 1.77 percent of the Company's total revenues in 2019 and 2020, and the hotel business continued to suffer losses. Entering into this transaction will therefore increase the proportion of profit from the Company's operations.

4.2.3. Advantages of not entering into the transaction

- 1) The Company would be able to retain employees of the hotel business.

If the Company does not enter into the transaction this time, it will be able to retain the hotel staff and not have to pay compensation to employees. In the hotel sale and purchase agreement, the buyer agrees to accept the transfer of employees involved in the seller's hotel business to be the employees of the buyer. In addition, the buyer agrees to count the period of employment continuously from the period the employees worked for the seller as well as agreeing to provide employee benefits of not less than those received from the seller. However, if any employees do not want to continue working under the new ownership, the Company has the obligation to compensate those employees according to the law. The COVID-19 situation and economic downturn are expected to reduce the chance that many employees choose to leave.

4.2.4. Disadvantages of not entering into the transaction

- 1) Having the continued burden of hotel management during the COVID-19 pandemic and the uncertainty of the tourism business in Thailand.

Thailand's tourism continues to be hit hard by the COVID-19 pandemic and is not likely to recover in a short time. In addition, there is also the impact of toxic dust, PM2.5, in Chiang Mai which may result in the Company still having to bear loss from the hotel business operation if it does not enter into the transaction this time.

- 2) Losing the opportunity to sell assets to use proceeds as working capital

If the company does not enter into the transaction this time, in addition to having to risk the uncertainty from COVID-19 and PM2.5 toxic dust as mentioned above, the Company will have to pay for the rental of hotel business for the next 17 years and 3 months (from the date the rights are transferred as at 30 June 2021) totaling approximately THB 154.31 million and will not receive money from the sale of property in the hotel business amounting to THB 272 million.

4.3. Comparing the advantages and disadvantages of entering into the connected transaction and entering into the transaction with an external party

4.2.5. Advantages of entering into the transaction with connected persons

- 1) Promptness in negotiations

Since the buyer is a major shareholder and is the management of the Company; therefore, the negotiation of the transaction to dispose of assets and connected transactions would be faster than negotiating with third parties.

- 2) The only offer being responded

The Company offered to sell the hotels to the hotel management operator, the Accor group, according to the First Right of Refusal provision in the hotel management agreement and the Accor group already waived its right in writing. The Company also did not receive any responses from other property agents being approached by the Company.

In a situation where tourism and hotel businesses are adversely affected by the COVID-19 pandemic affecting the global economy combined with the impact of PM2.5 toxic dust that occurs annually and is becoming more severe, the hotel business may not be profitable in a short time. In addition, large investments were made in the hotel business during the boom of Thai tourism, resulting in much higher market supply than demand causing a continuous operating loss in the hotel business. Moreover, a leasehold ownership may make it difficult to dispose of hotel property because the buyer can only acquire the right to lease. Therefore, selling the hotel business to the connected person at a higher value than the appraised price is a more appropriate option. Although there is a

possibility of getting a higher price by selling to third parties, it may take longer to find a buyer and success cannot be guaranteed.

4.2.6. Disadvantages of entering into the transaction with connected persons

- 1) Questions are raised about the transaction with a connected person.

Entering into the transaction with a connected person may raise questions from stakeholders, especially in regards to terms and conditions in entering into the transaction, for example, there are conditions for conducting business that are not in accordance with the normal trade custom, or whether this makes it impossible to truly negotiate or set conditions fully as when doing transactions with outsiders, or whether this will affect the benefits received by the stakeholders of the Company. However, the average appraisal price has been referenced by 2 independent appraisers in order to reduce the accusations of unfairness of the price and the terms according to the draft agreement are also under general commercial conditions. The Board of Directors has duly considered and rendered its opinion that the disposal of the hotel business is primarily for the best benefit of the Company and the shareholders of the Company.

- 2) The transaction requires the approval of the shareholders' meeting.

Since this is a transaction with a connected person. Therefore, the transaction must be approved by the shareholders' meeting. As a result, there will be operating expenses, whether the transaction is successful or not, such as financial advisor wages and independent financial advisor and legal advisor fees, the cost of preparing the meeting notification letter.

Entering into this transaction is considered a connected transaction according to the Notification of the Connected Transaction which requires approval from the shareholders' meeting due to the maximum transaction size of 6.71 percent, which is more than 3 percent of the net tangible assets (NTA) of the Company as of 31 December 2020, while the asset disposal transaction has the highest transaction size according to the Announcement on the Acquisition or Disposition of Assets, equal to 5.57 percent based on the total value of consideration criteria which, according to the (Acquisition or Disposition) Notification, the Company is not obligated to seek approval from the shareholders' meeting. Therefore if the Company enters into such transaction with third parties, it may be able to enter into transactions more quickly because there may be no need to seek approval from the shareholders' meeting and the Company will use the time to dispose of the hotel business quickly.

4.4. Risk from entering into the transaction

- 1) Risk from debt default

If the shareholders' meeting passes a resolution approving the entry into the transaction and the buyer cannot raise the funds to pay according to the contract, it may cause the Company to not receive payment for the assets under the agreement. However, the transfer of ownership of the hotel business is conditional upon the buyer paying the full amount on the transfer date. Therefore, the likelihood of default on the debt is reduced. However,

although the ownership transfer date is scheduled within 30 June 2021, both parties can agree in writing to extend the period.

2) Risk if the transaction is not approved

Entering into the transaction will take place only when the Company receives approval from the Company's Annual General Meeting of Shareholders No. 1/2021, which will be held on April 23, 2021 with a vote of not less than three-fourths of the total number of votes of the shareholders who attend the meeting and have the right to vote, without counting the votes of shareholders who have interests. This transaction will not be successful if the shareholders do not approve the transaction which will result in the Company not receiving remuneration from the sale of the hotel business in the amount of THB 272 million and still having to pay the rent for the next 17 years and 3 months (from the transfer date as at 30 June 2021), totaling approximately THB 154.31 million, and possibly still having to bear the accounting loss from property impairment of approximately THB 62.26 million in the first quarter of 2021. In addition, the Company will have to continue operating the hotel business in the situation that is still affected by the COVID-19 pandemic and PM2.5 pollution.

3) The Company may be at risk of incurring compensation to employees of the hotel

Due to the conditions related to the transfer of employment of employees of the seller to be the employees of the buyer, by continuing to count the duration of their employment, including providing various benefits amounting to not less than what was received from the seller are not among the conditions of entering into the transaction and the seller has not confirmed the terms in this clause. Therefore, if the buyer does not continue to operate the hotel business and cannot agree on compensation for employees who have to leave the job with the buyer, the Company may be at risk of incurring expenses pertaining to compensation to employees of the hotel business, which is approximately THB 18.96 million. However, in the agreement to sell and purchase the hotel business, a clause is included stating the acceptance of employees in connection with the seller's hotel business as employees of the buyer whereby their employment is to be counted continuously from the period they worked for the seller, including provision of benefits of not less than what they had received from the seller; thus making this a low risk to the Company. However, if any employees do not want to continue working under the new ownership, the Company has the obligation to compensate those employees according to the law.

5. Appropriateness of the price and terms of the transaction

The Independent Financial Advisor has assessed the disposal value of the hotel business which is the disposal of land leasehold rights with buildings (Rights of the tenants), building structures and equipment for the business of 2 hotels, namely the Novotel Chumphon Beach Resort and Golf property and the ibis Styles Chiang Mai property, whereby the independent financial advisor uses 3 methods of calculation as follows:

Method 1 Discounted Cash Flow Approach

Method 2 Income Approach) by the Independent Financial Advisor

Method 3 Cost Approach by the independent appraiser and adjusted by the IFA

5.1. Discounted Cash Flow Approach

The Independent Financial Advisor has chosen a discounted cash flow method for the valuation of the two hotel properties, which is a method that determines the property's ability to generate future cash flows. It estimates the expected future cash flows. The discount is calculated using the appropriate weighted average cost of capital (WACC) according to the remaining land and building lease period of 17 years and 9 months from the total period of 20 years as of 31 December 2020, which is the valuation date. Under the assumption that the landowner will not exercise the right to sell the land before the end of the contract and, after the expiration of the contract, the lease will not be extended again, the land and buildings attached to the land will be owned by the landlord who is the lessor.

The IFA has estimated the cash flow from the hotel assets. The assumptions are based on information and the hotel business plan received from the Company. The Independent Financial Advisor has reviewed the reasonableness of such assumptions before their inclusion in the estimates by comparing the data with various information based on an analysis of industry data and publicly available data of companies with similar businesses and assets, as well as relevant research. In addition, the IFA visited the facility and interviewed the hotel manager. to assess the possibility of future profitability and cash flow generation, including considering the independent property appraisal report the buyer and seller use as a reference value to agree on the purchase price of the hotel property at this time.

The independent financial advisor's assumptions used in the calculation are under the supposition that the hotel business can operate for the remainder of the contract without any significant change, especially from the situation of the COVID-19 pandemic which may intensify and affect the economy and the operation of the hotel business. However, the financial projections of both hotels are based on the assumption that there will be no major renovation because it requires large capital expenditure which cannot be reliably estimated and does not appear to be worth the Hotel's achievable performance. If there is a significant change in the matter, the value of the assessable property may also change.

5.1.1. Novotel Chumphon Beach Resort and Golf Hotel Property

1. Revenue Projection

Revenues from hotel operations consist of room revenue, food and beverage revenue, banquet revenue and other service revenue. The assumptions for projections from hotel operations are as follows:

1.1 Revenue from room sale

The Novotel Chumphon Beach Resort & Golf Hotel offers a total of 86 rooms, divided into 78 Superior rooms, 7 Superior Suites and 1 Presidential Suite.

Occupancy Rate

From data on past performance, the Novotel Chumphon Beach Resort & Golf Hotel has occupancy rates dating back from 2017 to 2019 at 36.58 percent, 43.76 percent and 41.10 percent, respectively. The historical average of these is approximately 40 percent which is considered as low level because Chumphon is not a primary destination of the tourist in general. Furthermore, due to the outbreak of COVID-19 which directly affects the hotel business, the hotel was temporarily shut down for nearly two months in early 2020, bringing the occupancy rate down to 38.53 percent, as the hotel's customers are primarily domestic customers. The average occupancy proportion in the past is 70.56 percent in the years 2017 - 2019, consisting of groups that visit to attend seminars / conference / an event and tourist groups. In addition, the hotel also benefited from the government's economic stimulus measures through the We Travel Together Campaign, resulting in the occupancy rate in the year 2020 not decline so much.

Due to the situation of a new outbreak in early 2021, the Independent Financial Advisor estimates occupancy rates for 2021, considering the impact of hotel closures for one and a half months at the beginning of the year, to be at 40.00 percent because the main customers are domestic customers who continue to benefit from tourism stimulus measures to support the economy, after which the IFA estimates the occupancy rate will return to normal level, close to that of 2018 at 45.00 percent in 2022.

From interviewing the hotel management and learning more information, the IFA found that Chumphon Province is one of the secondary cities under the Tourism Promotion of Thailand (TAT) as the gateway to the South linking to the Thailand Riviera Project in accordance with the 2017 - 2021 Master Plan consisting of components namely: 1). Promote Chumphon to be the center of transport, linking tourism and serving the people 2). Air transport 3) Promote a full range of business and diving services 4) Promote events and sports that build a reputation in line with sport tourism in order to attract more tourists, quality sport groups and followers; and 5). Develop public event spaces for the city and province in order to be the center of tourism.

In addition, in the medium to long term, Chumphon Province will benefit directly from the Chumphon - Ranong Deep Sea Port Railway Development Project, a distance of 125 kilometers, which was approved by the Cabinet on 29 September 2020 for the Ministry of Transport to conduct a feasibility study of the project. It is

considered an important infrastructure that affects the success of the development of the Southern Economic Corridor Development Strategy of 2019 - 2022 and will enhance the competitiveness of the country by strengthening the logistics connection in the form of land bridge, connecting the Andaman Sea with the Gulf of Thailand, shortening the time and distance from the original that took more than 2 hours to travel.

The Independent Financial Advisor is of the opinion that the long-term occupancy rate of Novotel Chumphon Beach Resort and Golf can continue to grow from the above projects. Therefore, the medium-term occupancy rate between 2023 - 2025 is 50.00 percent, 55.00 percent and 60.00 percent, respectively, and the long-term occupancy rate until the end of the projection period is maintained at 60.00 percent. This is similar to the average hotel occupancy rate in Chumphon for the past three years from 2017 to 2019 excluding year 2020 because of the COVID-19 impact. The occupancy rate is referenced to provincial tourism data from the Ministry of Tourism and Sports.

Table 5-1: Occupancy rate assumptions

Occupancy Rate (Percent)	2017A	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F	2026F - 2038F
Thailand ¹	70.58	71.16	71.38	29.52	40.00	50.00	60.00			
South ¹	69.63	71.35	71.32	21.61						
Chumphon ²	59.88	61.39	60.64	24.74						
Novotel Chumphon Beach Resort and Golf	36.58	43.76	41.10	38.53	40.00	45.00	50.00	55.00	60.00	60.00

Source: 1. Bank of Thailand and Krungsri Research

2. Ministry of Tourism and Sports (attachment 2 hotel industry conditions)

Remark: Occupancy rate of accommodation including hotels, resorts, guesthouse, and others

Average Daily Rate: ADR

Information regarding ADR dating back from 2017 to 2020 is THB 1,494, THB 1,480, THB 1,474 and THB 1,473, respectively. The continuing decreases of ADR were due to global and Thailand's economic conditions which was slowing down since 2017. In 2019, Thailand's gross domestic product (GDP) growth was the lowest within the 5 year period at 2.4 percent resulting in lower purchase power of Thai consumers. Although in 2020 the hotel business will be affected by the COVID-19 contagion, the Novotel Chumphon Beach Resort & Golf Hotel, which is the only 4-star hotel in this area, was able to maintain the average room price level at the same level. Moreover, management advised that the hotel does not have a price competition policy. The IFA therefore stipulates that the average room price will not decrease from the original. After that, the IFA has determined that the average room rate increase is 2.5 percent per year until the end of the projection period based on hotel room rate growth rates in the past 3 years in the South, calculated from the period not affected by the COVID-19 situation from 2017 to 2019 from tourism forecast data of the Bank of Thailand. The Independent Financial Advisor is of the opinion that both the Tourism Promotion of Thailand (TAT) supporting the secondary cities and the Land Bridge project as

mentioned will be the positive factors to ADR similar to occupancy rate. The ADR increase at 2.5 percent per year a little above the expected inflation rate is considered to be appropriate.

Table 5-2: Average room rates of hotels in Thailand 2016 – 2020

Items	2016	2017	2018	2019	2020	Cumulative average growth rate (CAGR) 2017 - 2019
Average Room Rates (Baht/Room/Night)						
Thailand	1,471	1,623	1,710	1,721	1,121	
South	2,139	2,296	2,306	2,301	1,308	
Growth rate						
Thailand		10.3%	5.3%	0.7%	-34.9%	5.4%
South		7.3%	0.5%	-0.2%	-43.2%	2.5%

Source: 1. Bank of Thailand

1.2 Revenue from food and beverages

Food and beverage revenues consist of food and beverages sold in the hotel restaurants and ordered for consumption in the rooms. However, food and drinks sold at banquets are not included. The Independent Financial Advisor determines the proportion of food and beverage income at 37.99 percent of the room revenue, based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.

1.3 Revenue from banquets

Banquet revenues consist of income from using the hotel area as the venue for organizing banquets, seminar, or events, along with food and beverage services. The Independent Financial Advisor determines the proportion of the catering income is 26.24 percent of the room revenue, based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.

1.4 Revenue from other services

Revenue from other services includes such services as laundry, telephone and golf course service, etc. The Independent Financial Advisor determines the proportion of revenue from other services equal to 3.53 percent of room revenue, based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.

1.5 Other income

Other income is income that does not arise from the main activity in the hotel business, i.e. revenue from the sale of old or damaged items, which the IFA refers to the 2020 actual figures and sets the rate for growth equal to the inflation forecast throughout the projection period. (Details in Attachment 3)

From the above assumptions, revenue estimates can be summarized as follows:

Table 5-3: Proportion of revenue during 2018 – 2020

Unit: THB million	2018A	%	2019A	%	2020A	%
Revenue from room sales	20.33	56.85	19.02	58.55	17.87	63.86
Revenue from food and beverage	7.76	21.71	7.24	22.28	6.74	24.09
Revenue from banquets	6.95	19.44	5.47	16.84	2.81	10.05
Revenue from other services	0.71	1.99	0.76	2.33	0.56	2.00
Revenue from hotel operations	35.76	100.00	32.49	100.00	27.98	100.00

Table 5-4: Summary of assumptions on room revenue during 2021 - 2038

Assumptions	Unit	2021F	2022F	2023F	2024F	2025F	2026F
No. of room	Rooms	86.00	86.00	86.00	86.00	86.00	86.00
No. of room available for sale in a year	Rooms	31,390	31,390	31,390	31,476	31,390	31,390
Occupancy rate	Percent	40.00	45.00	50.00	55.00	60.00	60.00
No. of room sold	Rooms	12,556	14,126	15,695	17,312	18,834	18,834
Average room rate	Baht / Night	1,473	1,510	1,548	1,587	1,626	1,667
Revenue from room sales	THB million	18.50	21.33	24.29	27.47	30.63	31.40

Assumptions	Unit	2027F	2028F	2029F	2030F	2031F	2032F
No. of room	Rooms	86.00	86.00	86.00	86.00	86.00	86.00
No. of room available for sale in a year	Rooms	31,390	31,476	31,390	31,390	31,390	31,476
Occupancy rate	Percent	60.00	60.00	60.00	60.00	60.00	60.00
No. of room sold	Rooms	18,834	18,886	18,834	18,834	18,834	18,886
Average room rate	Baht / Night	1,709	1,751	1,795	1,840	1,886	1,933
Revenue from room sales	THB million	32.18	33.07	33.81	34.65	35.52	36.51

Assumptions	Unit	2033F	2034F	2035F	2036F	2037F	2038F
No. of room	Rooms	86.00	86.00	86.00	86.00	86.00	86.00
No. of room available for sale in a year	Rooms	31,390	31,390	31,390	31,476	31,390	23,543
Occupancy rate	Percent	60.00	60.00	60.00	60.00	60.00	60.00
No. of room sold	Rooms	18,834	18,834	18,834	18,886	18,834	18,834
Average room rate	Baht / Night	1,981	2,031	2,082	2,134	2,187	2,242
Revenue from room sales	THB million	37.32	38.25	39.21	40.30	41.19	31.67

Table 5-5: Summary of revenue projection during 2021 - 2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Revenue from room sales	18.50	21.33	24.29	27.47	30.63	31.40
Revenue from food and beverage	7.03	8.10	9.23	10.43	11.63	11.93
Revenue from banquets	4.85	5.60	6.37	7.21	8.04	8.24
Revenue from other services	0.65	0.75	0.86	0.97	1.08	1.11
Revenue from hotel operations	31.03	35.79	40.76	46.08	51.38	52.67
Other income	0.29	0.29	0.30	0.30	0.31	0.31
Total revenue	31.32	36.08	41.05	46.38	51.69	52.98

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Revenue from room sales	32.18	33.07	33.81	34.65	35.52	36.51
Revenue from food and beverage	12.22	12.56	12.84	13.16	13.49	13.87
Revenue from banquets	8.44	8.68	8.87	9.09	9.32	9.58
Revenue from other services	1.14	1.17	1.19	1.22	1.26	1.29
Revenue from hotel operations	53.98	55.49	56.72	58.14	59.59	61.25
Other income	0.32	0.32	0.33	0.33	0.34	0.34
Total revenue	54.30	55.81	57.04	58.47	59.92	61.59

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Revenue from room sales	37.32	38.25	39.21	40.30	41.19	31.67
Revenue from food and beverage	14.18	14.53	14.89	15.31	15.65	12.03
Revenue from banquets	9.79	10.04	10.29	10.57	10.81	8.31
Revenue from other services	1.32	1.35	1.39	1.42	1.46	1.12
Revenue from hotel operations	62.61	64.17	65.77	67.60	69.10	53.12
Other income	0.35	0.35	0.36	0.36	0.37	0.28
Total revenue	62.95	64.52	66.13	67.97	69.47	53.40

2. Cost Projection

Table 5-6: Summary of assumptions for cost projections of hotel operations

Cost type	Assumptions
1. Direct costs of room sale	<ul style="list-style-type: none"> ▪ The direct costs associated with room sale include the commission paid to the agency, as well as the cost of room supplies such as soap, shampoo, drinking water, etc., as well as cleaning equipment. ▪ The IFA determines the proportion of direct costs from accommodation service equal to 16.68 percent of the room revenue based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
2. Direct costs of food and beverages	<ul style="list-style-type: none"> ▪ The direct costs of food and beverages comprise the cost of food and beverages and the cost of raw materials in the preparation of food for sale.

Cost type	Assumptions
	<ul style="list-style-type: none"> The IFA determines the cost portion of food and beverage costs equal to 46.89 percent of food and beverage revenues, based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
3. Direct costs of banquet services	<ul style="list-style-type: none"> The direct costs of banquet services consist of food, drinks, and the cost of materials and equipment used in catering and seminars. The IFA determines the cost portion of banquet services equal to 29.08 percent of the banquet revenues, based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
4. Direct costs from other services	<ul style="list-style-type: none"> The direct costs of other services comprise material costs, laundry facilities, telephone charges, equipment costs for golf course service. The IFA determines the cost portion of other services equal to 124.20 percent of the revenue from other services, based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
5. Utility costs	<ul style="list-style-type: none"> Utility costs consist of water, electricity. The IFA determines the proportion of utility costs equal to 18.18 percent of hotel operating income, based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
6. Employee salary and expenses	The IFA based employee salary and expenses in 2021 on management's projections adjusted down from 2020 due to the adoption of a no-recruiting policy despite staff resignations, combined with a 75 percent payroll measure during the one-and-a-half month period that hotel closed. After 2021, the IFA set the rate of salary increase in line with inflation expectations. (Details in Attachment 3)

Table 5-7: Retrospective proportion of cost during the years 2018 - 2020

Unit: THB million	2018A	%	2019A	%	2020A	%
Direct costs of room sale	3.84	13.40	2.55	11.55	3.17	15.45
Direct costs of food and beverages	3.66	12.75	3.37	15.29	3.17	15.43
Direct costs of banquet services	2.24	7.82	1.44	6.55	0.80	3.92
Direct costs from other services	1.30	4.55	0.73	3.33	0.59	2.87
Utility costs	6.58	22.96	8.09	36.72	7.74	37.66
Employee salary and expenses	11.05	38.53	5.85	26.55	5.07	24.67
Total cost of hotel operations	28.67	100.00	22.04	100.00	20.55	100.00

Table 5-8: Summary of cost projection for the years 2021 - 2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Direct costs of room sale	3.09	3.56	4.05	4.58	5.11	5.24
Direct costs of food and beverages	3.29	3.80	4.33	4.89	5.46	5.59
Direct costs of banquet services	1.41	1.63	1.85	2.10	2.34	2.40
Direct costs from other services	0.84	0.97	1.10	1.25	1.39	1.43
Utility costs	5.64	6.51	7.41	8.38	9.34	9.58
Employee salary and expenses	9.74	9.84	9.97	10.13	10.31	10.46
Total cost of hotel operations	24.02	26.30	28.72	31.32	33.95	34.69

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Direct costs of room sale	5.37	5.52	5.64	5.78	5.93	6.09
Direct costs of food and beverages	5.73	5.89	6.02	6.17	6.33	6.50
Direct costs of banquet services	2.46	2.52	2.58	2.64	2.71	2.79
Direct costs from other services	1.46	1.50	1.54	1.58	1.62	1.66
Utility costs	9.82	10.09	10.31	10.57	10.83	11.14
Employee salary and expenses	10.62	10.78	10.94	11.11	11.27	11.44
Total cost of hotel operations	35.46	36.31	37.03	37.85	38.69	39.62

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Direct costs of room sale	6.23	6.38	6.54	6.72	6.87	5.28
Direct costs of food and beverages	6.65	6.81	6.98	7.18	7.34	5.64
Direct costs of banquet services	2.85	2.92	2.99	3.07	3.14	2.42
Direct costs from other services	1.70	1.74	1.78	1.83	1.87	1.44
Utility costs	11.38	11.67	11.96	12.29	12.57	9.66
Employee salary and expenses	11.61	11.79	11.97	12.14	12.33	9.38
Total cost of hotel operations	40.41	41.31	42.22	43.24	44.12	33.82

3. Selling and Administrative Expense Projection

Table 5-9: Summary of assumptions for projection of selling and administrative expenses

Expense types	Assumptions
Selling expenses	
1. Employee salary and expenses	The IFA based employee salary and expenses in 2021 on management's projections adjusted down from 2020 due to the adoption of a no-recruiting policy despite staff resignations, combined with a 75 percent payroll measure during the one-and-a-half month period that hotel closed. After 2021, the IFA set the rate of salary increase in line with inflation expectations. (Details in Attachment 3)
2. Marketing expenses	<ul style="list-style-type: none"> ▪ Marketing expenses consist of both online and offline advertising costs and other marketing fees.

Expense types	Assumptions
	<ul style="list-style-type: none"> ▪ The IFA determines the proportion of marketing expenses equal to 2.81 percent of the hotel operating income, based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
Administrative expenses	
3. Employee salary and expenses	The IFA based employees salary and expenses in 2021 on management's projections adjusted down from 2020 due to the adoption of a no-recruiting policy despite staff resignations, combined with a 75 percent payroll measure during the one-and-a-half month period that hotel closed. After 2021, the IFA set the rate of salary increase in line with inflation expectations. (Details in Attachment 3)
4. General administrative expenses	<ul style="list-style-type: none"> ▪ General administrative expenses such as travel expenses, audit fees, office supplies, etc. ▪ The IFA based this type of expenses on the 2020 actual figures and sets the rate for growth equal to the inflation forecast throughout the projection period. (Details in Attachment 3)
5. Property management and maintenance costs	<ul style="list-style-type: none"> ▪ Property management expenses and upkeep such as repair, maintenance of equipment and facility, security personnel and termite control costs, etc. ▪ The IFA determines the proportion of property management and maintenance expenses equal to 7.74 percent of hotel operating income, based on the historical average proportion in 2018-2020 and fixed throughout the forecast period.
6. Information technology costs	<ul style="list-style-type: none"> ▪ IT costs consist of the cost of the software used in the office and the hotel database. ▪ The IFA determines the proportion of IT expenses equal to 1.72 percent of hotel operating income based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
7. Management fee	<p>7.1) Base fee</p> <ul style="list-style-type: none"> ▪ The IFA sets the base fee ratio at 2.70 percent of hotel operating income throughout the projection period based on the employment contract managed by Accor. <p>7.2) Incentive fee</p> <ul style="list-style-type: none"> ▪ The IFA sets the incentive fee at 7.00 percent of operating profit throughout the projection period based on the employment contract managed by Accor
8. Insurance expenses	<ul style="list-style-type: none"> ▪ Insurance premiums consist of property risk insurance premium, interruption of business insurance premium and third party liability insurance premium. ▪ The IFA refers to the insurance premiums under the insurance contract.
9. Land and building tax	The IFA refers to the calculation of land and building tax according to the criteria of the responsible government agency.
10. Rental of land and buildings	The IFA refers to the calculation of the rental of land and buildings under the lease agreement.

Table 5-10: Retrospective proportion of selling expenses during 2018 - 2020

Unit: THB million	2018A	%	2019A	%	2020A	%
Employee salary and expenses	1.85	62.02	1.76	66.35	1.38	66.31
Marketing expenses	1.14	37.98	0.89	33.65	0.70	33.69
Selling expenses	2.99	100.00	2.65	100.00	2.09	100.00

Table 5-11: Summary of selling expense projection for the years 2021 - 2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Employee salary and expenses	1.28	1.30	1.31	1.33	1.36	1.38
Marketing expenses	0.87	1.01	1.15	1.30	1.44	1.48
Selling expenses	2.16	2.30	2.46	2.63	2.80	2.86

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Employee salary and expenses	1.40	1.42	1.44	1.46	1.48	1.51
Marketing expenses	1.52	1.56	1.59	1.63	1.68	1.72
Selling expenses	2.92	2.98	3.04	3.10	3.16	3.23

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Employee salary and expenses	1.53	1.55	1.58	1.60	1.62	1.24
Marketing expenses	1.76	1.80	1.85	1.90	1.94	1.49
Selling expenses	3.29	3.36	3.43	3.50	3.57	2.73

Table 5-12 Retrospective proportion of administrative expenses during 2018 - 2020

Unit: THB million	2018A	%	2019A	%	2020A	%
Employee salary and expenses	8.20	42.84	7.35	42.64	6.34	37.86
General administrative expenses	3.49	18.24	3.37	19.56	2.68	16.04
Property management and maintenance costs	2.84	14.83	1.72	9.99	2.79	16.68
Information technology expenses	0.79	4.15	0.48	2.79	0.41	2.44
Management fee - Base fee	0.89	4.65	0.81	4.72	0.70	4.17
Management fee - Incentive fee	-	-	0.02	0.14	-	-
Insurance expenses	0.53	2.77	0.37	2.14	0.33	1.97
Land and building tax	0.43	2.25	0.39	2.26	0.20	1.20
Rental of land and buildings	1.96	10.25	2.71	15.75	3.29	19.64
Total administrative expenses	19.13	100.00	17.23	100.00	16.74	100.00

Table 5-13: Summary of administrative expense projection for the years 2021 - 2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Employee salary and expenses	6.60	6.67	6.75	6.86	6.99	7.09
General administrative expenses	2.73	2.76	2.80	2.84	2.89	2.93
Property management and maintenance costs	2.40	2.77	3.15	3.57	3.98	4.08
Information technology expenses	0.53	0.62	0.70	0.79	0.88	0.91
Management fee - Base fee	0.84	0.97	1.10	1.24	1.39	1.42
Management fee - Incentive fee	-	-	-	-	-	-
Insurance expenses	0.26	0.26	0.26	0.26	0.26	0.26
Land and building tax	0.03	0.28	0.28	0.28	0.31	0.31
Rental of land and buildings	2.24	2.79	2.79	2.86	3.07	3.07
Total administrative expenses	15.64	17.11	17.84	18.71	19.77	20.07

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Employee salary and expenses	7.20	7.30	7.41	7.53	7.64	7.75
General administrative expenses	2.98	3.02	3.07	3.12	3.16	3.21
Property management and maintenance costs	4.18	4.29	4.39	4.50	4.61	4.74
Information technology expenses	0.93	0.95	0.98	1.00	1.02	1.05
Management fee - Base fee	1.46	1.50	1.53	1.57	1.61	1.65
Management fee - Incentive fee	-	-	-	-	-	-
Insurance expenses	0.26	0.26	0.26	0.26	0.26	0.26
Land and building tax	0.31	0.31	0.34	0.34	0.34	0.34
Rental of land and buildings	3.15	3.38	3.38	3.46	3.71	3.71
Total administrative expenses	20.46	21.03	21.36	21.77	22.36	22.73

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Employee salary and expenses	7.87	7.99	8.11	8.23	8.35	6.36
General administrative expenses	3.26	3.31	3.36	3.41	3.46	2.63
Property management and maintenance costs	4.85	4.97	5.09	5.23	5.35	4.11
Information technology expenses	1.08	1.10	1.13	1.16	1.19	0.91
Management fee - Base fee	1.69	1.73	1.78	1.83	1.87	1.43
Management fee - Incentive fee	-	-	-	-	-	0.01
Insurance expenses	0.26	0.26	0.26	0.26	0.26	0.20
Land and building tax	0.38	0.38	0.38	0.38	0.41	0.31
Rental of land and buildings	3.81	4.09	4.09	4.19	4.49	3.37
Total administrative expenses	23.18	23.82	24.18	24.68	25.38	19.34

4. Corporate income tax

20 percent tax rate of net profit before tax over the projection period, taking into account the accumulated net loss from the past 5 years that can be offset to the net profit before tax calculation in the year of profit.

5. Net Working Capital

The Independent Financial Advisor refers to the 3-year average of the historical ratio calculated from the financial statements for the Novotel Chumphon Beach Resort and Golf Hotel for the years ended 31 December 2018 - 2020, as such ratios are based on the analysis of past operating results and, therefore, effectively reflects the current situation and is close to the property's working capital management policy.

Items	Assumptions
Assets	
- Trade receivables	Collection period 8 days
- Inventories	Days inventories held before selling 28 days
- Prepaid expenses	Days of prepayment 22 days
Liabilities	
- Trade payables	Payment period 21 days
- Accrued expenses	Payment period 117 days

6. Capital Expenditure

The Independent Financial Advisor specifies the investment expenditures for furniture, fixtures, and equipment at 1.00 percent of hotel operating income which is an investment that occurs every year according to the historical average of capital expenditure. As such, in the financial projection, the Independent Financial Advisor did not include the capital expenditure for hotel major renovation. From management interview, the required amount can be so high and does not appear to be worth the Hotel's achievable performance.

7. Summary of financial projections of the assets of the Novotel Chumphon Beach Resort and Golf Hotel

From the assumptions about revenue estimates and the above expenses, the financial projections of the hotel operation of the Novotel Chumphon Beach Resort & Golf Hotel from 2021 - 2038 are detailed below.

Table 5-14: Summary of Financial Projections for the Year 2021 - 2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Revenue from hotel operations	31.03	35.79	40.76	46.08	51.38	52.67
Other income	0.29	0.29	0.30	0.30	0.31	0.31
Total revenue	31.32	36.08	41.05	46.38	51.69	52.98
Cost of hotel operations	24.02	26.30	28.72	31.32	33.95	34.69
Selling expenses	2.16	2.30	2.46	2.63	2.80	2.86
Administrative expenses	15.64	17.11	17.84	18.71	19.77	20.07
Total expenses	41.82	45.72	49.02	52.67	56.52	57.62
Depreciation expenses	11.25	9.72	8.43	7.35	6.45	5.63
Profit (loss) before tax	(21.74)	(19.36)	(16.40)	(13.64)	(11.28)	(10.27)
Income tax	-	-	-	-	-	-
Profit (loss) after tax	(21.74)	(19.36)	(16.40)	(13.64)	(11.28)	(10.27)

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Revenue from hotel operations	53.98	55.49	56.72	58.14	59.59	61.25
Other income	0.32	0.32	0.33	0.33	0.34	0.34
Total revenue	54.30	55.81	57.04	58.47	59.92	61.59
Cost of hotel operations	35.46	36.31	37.03	37.85	38.69	39.62
Selling expenses	2.92	2.98	3.04	3.10	3.16	3.23
Administrative expenses	20.46	21.03	21.36	21.77	22.36	22.73
Total expenses	58.83	60.31	61.43	62.72	64.21	65.57
Depreciation expenses	4.93	4.32	3.80	3.35	2.96	2.63
Profit (loss) before tax	(9.46)	(8.83)	(8.19)	(7.60)	(7.25)	(6.62)
Income tax	-	-	-	-	-	-
Profit (loss) after tax	(9.46)	(8.83)	(8.19)	(7.60)	(7.25)	(6.62)

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Revenue from hotel operations	62.61	64.17	65.77	67.60	69.10	53.12
Other income	0.35	0.35	0.36	0.36	0.37	0.28
Total revenue	62.95	64.52	66.13	67.97	69.47	53.40
Cost of hotel operations	40.41	41.31	42.22	43.24	44.12	33.82
Selling expenses	3.29	3.36	3.43	3.50	3.57	2.73
Administrative expenses	23.18	23.82	24.18	24.68	25.38	19.34
Total expenses	66.89	68.49	69.83	71.43	73.07	55.89
Depreciation expenses	2.36	2.12	2.03	1.96	1.90	1.68
Profit (loss) before tax	(6.29)	(6.08)	(5.74)	(5.42)	(5.50)	(4.17)
Income tax	-	-	-	-	-	-
Profit (loss) after tax	(6.29)	(6.08)	(5.74)	(5.42)	(5.50)	(4.17)

8. Discount Rate

The IFA determines the discount rate that is used to calculate the present value of the cash flows from the Weighted Average Cost of Capital (WACC) of Novotel Chumphon Beach Resort and Golf Hotel at 7.94 percent per year (details of calculation in Attachment 4).

9. Asset Value under the Present Value of Net Cash Flow Approach

The net cash flows from hotel operations from the financial forecast assumptions by the Independent Financial Advisor are detailed as follows:

Table 5-15: Summary of projected net cash flows for the years 2021-2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Net operating profit after tax (NOPAT)	(21.74)	(19.36)	(16.40)	(13.64)	(11.28)	(10.27)
Non-cash items	11.25	9.72	8.43	7.35	6.45	5.63
Change in net working capital	(1.99)	0.14	0.08	0.08	1.24	(1.08)
Capital expenditure	(0.31)	(0.36)	(0.41)	(0.46)	(0.51)	(0.53)
Net cash flow	(12.79)	(9.86)	(8.29)	(6.66)	(4.10)	(6.25)
Cash flow from liquidation at the end of rental contract						
Present value of net cash flow	(11.85)	(8.46)	(6.59)	(4.91)	(2.80)	(3.95)

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Net operating profit after tax (NOPAT)	(9.46)	(8.83)	(8.19)	(7.60)	(7.25)	(6.62)
Non-cash items	4.93	4.32	3.80	3.35	2.96	2.63
Change in net working capital	0.05	0.05	0.07	0.06	0.06	0.05
Capital expenditure	(0.54)	(0.55)	(0.57)	(0.58)	(0.60)	(0.61)
Net cash flow	(5.02)	(5.01)	(4.88)	(4.78)	(4.82)	(4.55)
Cash flow from liquidation at the end of rental contract						
Present value of net cash flow	(2.94)	(2.72)	(2.45)	(2.23)	(2.08)	(1.82)

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Net operating profit after tax (NOPAT)	(6.29)	(6.08)	(5.74)	(5.42)	(5.50)	(4.17)
Non-cash items	2.36	2.12	2.03	1.96	1.90	1.68
Change in net working capital	0.08	0.06	0.06	0.05	0.08	0.07
Capital expenditure	(0.63)	(0.64)	(0.66)	(0.68)	(0.69)	(0.53)
Net cash flow	(4.49)	(4.55)	(4.30)	(4.08)	(4.20)	(2.95)
Cash flow from liquidation at the end of rental contract						0.60
Present value of net cash flow	(1.66)	(1.56)	(1.37)	(1.20)	(1.15)	(0.61)

From the sum of the present value of the net cash flow from the hotel operations, the value of the property of the Novotel Chumphon Beach Resort and Golf Hotel will be negative THB 60.34 million.

10. Sensitivity Analysis

The Independent Financial Advisor has performed a sensitivity analysis by changing the main assumptions that significantly affect the value of hotel assets as follows:

- Occupancy rate estimates at a $\pm 2.50\%$ change to reflect the effect of critical assumptions in financial projections.
- Weighted average cost of capital (WACC) at $\pm 0.5\%$ to cover the possible change of variables.

Table 5-16: Summary of the sensitivity analysis of the variation of the main assumptions

Hotel operating value (THB million)		Weighted average cost of capital (WACC)				
		8.44%	8.19%	7.94%	7.69%	7.44%
Change in occupancy rate	-2.50%	(66.64)	(67.57)	(68.52)	(69.49)	(70.50)
	-1.25%	(62.70)	(63.55)	(64.43)	(65.33)	(66.25)
	0.00%	(58.76)	(59.54)	(60.34)	(61.16)	(62.01)
	1.25%	(54.83)	(55.54)	(56.26)	(57.01)	(57.77)
	2.50%	(50.91)	(51.55)	(52.20)	(52.87)	(53.56)

From the above table when sensitivity analysis is conducted, the calculated value of the assets the Novotel Chumphon Beach Resort & Golf Hotel is between THB (70.50) - (50.91) million.

5.1.2. ibis Styles Chiang Mai Property

1. Revenue Projection

Revenues from hotel operations consist of room revenue, food and beverage revenue, banquet revenue and other service revenue. The assumptions for projections from hotel operations are as follows:

1.1 Revenue from room sale

Ibis Styles Chiang Mai Hotel offers a total of 208 rooms, divided into 35 Standard rooms, 131 Superior rooms, 32 Deluxe rooms and 10 Family rooms.

Occupancy Rate

From past data, ibis Styles Chiang Mai has occupancy rates dating back from 2017 to 2019 at 74.76 percent, 64.90 percent and 54.54 percent, respectively, which has continued to decline. This is because the main customer groups of the hotel are foreigners. The ratio of Thai customers to foreigners was 47 to 53 in 2017 and dropped to 58 to 42 in 2019. The reason for the decline is due to the significant decrease in the number of Chinese tourists staying due to 1. the event of a boat capsizing in Phuket in 2018 and 2. Chinese tourists turning to hotels owned by Chinese people, including other accommodation options such as condominiums, serviced apartments. In addition, due to the COVID-19 outbreak, which directly affects the hotel business, the hotel had to temporarily shut down for two months in early 2020, bringing the occupancy rate down to 27.86 percent in 2020.

Based on the new outbreak of the pandemic in early 2021, the IFA has estimated the occupancy rate for 2021 by considering the impact of hotel closures for a period of two months, thus projecting the occupancy rate

closer to 2020 at 30.00 percent. Although the main customer group of accommodation in Chiang Mai tends to be foreigner group but from the government's measures to stimulate domestic tourism to help support the economy, the IIFA is of the view that the occupancy rate will not decline from 2020, the year more severely impacted by the pandemic after which, according to the forecast of recovery in the tourism industry by Krungsri Research, tourism-related businesses will remain sluggish for the next 2-3 years, gradually returning to a state of normalcy under a new normal lifestyle base. Hotel businesses under famous international branded chains will have an advantage over other types of accommodation as they can build confidence in the hygiene and cleanliness standards for guests.

Therefore, the IFA has determined that the occupancy rate will gradually increase during 2022 - 2023 equal to 40.00 percent and 50.00 percent, respectively, in line with the forecast of Krungsri Research that estimates the recovery of the overall occupancy rate of hotels in Thailand in 2022 - 2023 is 50 percent and 60 percent. Thereafter, the IFA expects the hotel occupancy rate of ibis Styles Chiang Mai to gradually continue to increase to normal occupancy rates in 2025. However, despite the fact that the hotel should benefit from the confidence as an international branded hotel and Chiang Mai is still the popular destination for Chinese tourists, but due to the high competition and the oversupply of the accommodation in Chiang Mai Province, the IFA therefore estimates the occupancy rate in 2024 of 60 percent before reaching the new normal level in 2025 of 70 percent, which is less than the best historical occupancy rate of 74.76 percent in 2017, and assumes that in the long term, the hotel can maintain the average occupancy rate at 70 percent over the forecast period.

Table 5-17: Occupancy rate assumptions

Occupancy Rate (Percent)	2017A	2018A	2019A	2020A	2021F	2022F	2023F	2024F	2025F	2026F - 2038F
Thailand ¹	70.58	71.16	71.38	29.52	40.00	50.00	60.00			
North ¹	60.22	62.54	61.74	37.81						
Chiang Mai ²	73.93	76.02	74.28	41.80						
ibis Styles Chiang Mai	74.76	64.90	54.54	27.86	30.00	40.00	50.00	60.00	70.00	70.00

Source: 1. Bank of Thailand and Krungsri Research

2. Ministry of Tourism and Sports (attachment 2 hotel industry conditions)

Remark: Occupancy rate of accommodation including hotels, resorts, guesthouse, and others

Average Daily Rate: ADR

From past information, the ADR dating back from 2017 to 2020 is THB 900, THB 917, THB 886 and THB 875, respectively. The continuing decreases is due to the high competition of accommodation business in Chiang Mai and the increasing proportion of Thai customers who have less spending than foreigners in 2017 – 2019. The decrease in 2020 is due to the COVID-19 outbreak. The Independent Financial Advisor set the average room price in 2021 to be equal to the year 2020 at THB 875, since the average room price in 2020 has already reflected the impact of the pandemic, while in 2021, despite the new outbreak no full lockdown measures were taken by the

government and people have started to adapt to life in the contagion. In addition, management advised that the hotel does not have a price competition policy, so the IFA stipulates that the average room rate will not fall from the previous year in 2020 and then determines the average room rate increase equal to projected inflation (details in Attachment 3) until the end of the projection period because Chiang Mai is still a popular destination and the hotel should benefit from the confidence as an international branded hotel.

1.2 Revenue from food and beverages

Food and beverage revenues consist of food and beverages sold in the hotel restaurants and meals customers order to their room while food and drinks at banquets are not included. The Independent Financial Advisor determines the proportion of food and beverage income at 41.21 percent of the accommodation revenue based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.

1.3 Revenue from banquet

Banquet revenues consist of income from using the hotel area as the venue for organizing banquets, seminar along with food and beverage services. The IFA determines the portion of the banquet income at 10.80 percent of accommodation income based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.

1.4 Revenue from other services

Other revenue from services such as laundry and telephone income, etc., the Independent Financial Advisor determines the proportion of revenue from other services at 0.22 percent of accommodation income based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.

1.5 Other income

Other income is income that does not arise from the main activities of the hotel business, i.e. revenues from the sale of old or damaged items, the IFA refers to the 2020 actual figures and sets the rate for growth equal to the inflation forecast throughout the projection period. (Details in Attachment 3)

From the above assumptions, revenue estimates can be summarized as follows:

Table 5-18: Proportion of revenue during 2018 – 2020

Unit: THB million	2018A	%	2019A	%	2020A	%
Revenue from room sales	45.19	64.58	36.69	65.74	18.55	66.78
Revenue from food and beverage	20.32	29.05	14.91	26.71	7.05	25.40
Revenue from banquets	4.40	6.29	4.15	7.44	2.11	7.58
Revenue from other services	0.06	0.08	0.06	0.11	0.07	0.24
Revenue from hotel operations	69.98	100.00	55.82	100.00	27.77	100.00

Table 5-19: Summary of assumptions on room revenue during 2021 - 2038

Assumptions	Unit	2021F	2022F	2023F	2024F	2025F	2026F
No. of room	Rooms	208	208	208	208	208	208
No. of room available for sale in a year	Rooms	75,920	75,920	75,920	76,128	75,920	75,920
Occupancy rate	Percent	30.00	40.00	50.00	60.00	70.00	70.00
No. of room sold	Rooms	22,776	30,368	37,960	45,677	53,144	53,144
Average room rate	Baht / Night	875	883	895	909	925	939
Revenue from room sales	THB million	19.92	26.82	33.97	41.53	49.18	49.92

Assumptions	Unit	2027F	2028F	2029F	2030F	2031F	2032F
No. of room	Rooms	208	208	208	208	208	208
No. of room available for sale in a year	Rooms	75,920	76,128	75,920	75,920	75,920	76,128
Occupancy rate	Percent	70.00	70.00	70.00	70.00	70.00	70.00
No. of room sold	Rooms	53,144	53,290	53,144	53,144	53,144	53,290
Average room rate	Baht / Night	953	968	982	997	1,012	1,027
Revenue from room sales	THB million	50.67	51.57	52.20	52.99	53.78	54.74

Assumptions	Unit	2033F	2034F	2035F	2036F	2037F	2038F
No. of room	Rooms	208	208	208	208	208	208
No. of room available for sale in a year	Rooms	75,920	75,920	75,920	76,128	75,920	56,940
Occupancy rate	Percent	70.00	70.00	70.00	70.00	70.00	70.00
No. of room sold	Rooms	53,144	53,144	53,144	53,290	53,144	39,858
Average room rate	Baht / Night	1,043	1,058	1,074	1,090	1,107	1,123
Revenue from room sales	THB million	55.41	56.24	57.08	58.10	58.81	44.77

Table 5-20: Summary of revenue projection during 2021 - 2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Revenue from room sales	19.92	26.82	33.97	41.53	49.18	49.92
Revenue from food and beverage	8.21	11.05	14.00	17.11	20.27	20.57
Revenue from banquets	2.15	2.90	3.67	4.49	5.31	5.39
Revenue from other services	0.04	0.06	0.07	0.09	0.11	0.11
Revenue from hotel operations	30.32	40.84	51.71	63.22	74.88	76.00
Other income	0.15	0.15	0.15	0.15	0.16	0.16
Total revenue	30.47	40.99	51.86	63.37	75.03	76.16

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Revenue from room sales	50.67	51.57	52.20	52.99	53.78	54.74
Revenue from food and beverage	20.88	21.25	21.51	21.84	22.16	22.56
Revenue from banquets	5.47	5.57	5.64	5.72	5.81	5.91
Revenue from other services	0.11	0.11	0.11	0.12	0.12	0.12
Revenue from hotel operations	77.14	78.51	79.47	80.66	81.87	83.33
Other income	0.16	0.16	0.17	0.17	0.17	0.18
Total revenue	77.30	78.67	79.64	80.83	82.04	83.50

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Revenue from room sales	55.41	56.24	57.08	58.10	58.81	44.77
Revenue from food and beverage	22.83	23.18	23.52	23.94	24.23	18.45
Revenue from banquets	5.99	6.08	6.17	6.28	6.35	4.84
Revenue from other services	0.12	0.12	0.12	0.13	0.13	0.10
Revenue from hotel operations	84.35	85.61	86.90	88.44	89.52	68.15
Other income	0.18	0.18	0.18	0.19	0.19	0.14
Total revenue	84.52	85.79	87.08	88.63	89.71	68.29

2. Cost Projection

Table 5-21: Summary of assumptions for cost projections of hotel operations

Cost type	Assumptions
1. Direct costs of room sale	<ul style="list-style-type: none"> ▪ The direct costs associated with room sale include the commission paid to the agency, as well as the cost of room supplies such as soap, shampoo, drinking water, etc., as well as cleaning supplies and equipment. ▪ The IFA determines the proportion of direct costs from accommodation service is 18.69 percent of the accommodation revenue based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
2. Direct costs for food and beverages	<ul style="list-style-type: none"> ▪ The direct costs of food and beverages comprise the cost of food and beverages and the cost of raw materials used in preparation of meals for sale. ▪ The IFA determines the proportion of direct costs for food and beverages at 51.42 percent of the food and beverage revenues based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
3. Direct costs from banquet services	<ul style="list-style-type: none"> ▪ The direct costs of banquet services consist of food, drinks, and the cost of materials and equipment used in catering and seminars. ▪ The IFA determines the proportion of direct costs from banquet services equal to 37.48 percent of revenue from catering events based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
4. Direct costs from other services	<ul style="list-style-type: none"> ▪ The direct costs of other services comprise the cost of laundry supplies and phone bills.

	<ul style="list-style-type: none"> The IFA determines the proportion of direct costs from rendering other services at 24.85 percent of the revenue from other services based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
5. Utility costs	<ul style="list-style-type: none"> Utility costs include water, electricity. The IFA determines the proportion of utility costs at 10.59 percent of the total revenue from hotel operations based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
6. Employee salary and expenses	The IFA based these on 2021 figures derived from management's projections which were adjusted down from 2020 due to the adoption of a no-recruiting policy despite staff resignations, combined with the measure to pay a 75% salary during the period of approximately 2 months during the closure of the hotel. After 2021, the IFA sets the rate of salary increase in accordance with the inflation forecast. (Details in Attachment 3)

Table 5-22: Retrospective proportion of cost during the years 2018 – 2020

Unit: THB million	2018A	%	2019A	%	2020A	%
Direct costs of room sale	7.13	16.22	6.39	16.24	4.24	16.25
Direct costs of food and beverages	9.97	22.70	7.46	18.96	3.89	14.90
Direct costs of banquet services	1.48	3.37	1.52	3.87	0.89	3.40
Direct costs from other services	0.01	0.02	0.01	0.03	0.03	0.10
Utility costs	5.75	13.09	5.38	13.66	3.87	14.80
Employee salary and expenses	19.58	44.59	18.58	47.24	13.20	50.54
Total cost of hotel operations	43.92	100.00	39.34	100.00	26.12	100.00

Table 5-23: Summary of cost projection for the years 2021 - 2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Direct costs of room sale	3.72	5.01	6.35	7.76	9.19	9.33
Direct costs of food and beverages	4.22	5.68	7.20	8.80	10.42	10.58
Direct costs of banquet services	0.81	1.09	1.38	1.68	1.99	2.02
Direct costs from other services	0.01	0.01	0.02	0.02	0.03	0.03
Utility costs	3.21	4.32	5.48	6.70	7.93	8.05
Employee salary and expenses	10.40	10.51	10.64	10.81	11.01	11.17
Total cost of hotel operations	22.38	26.63	31.06	35.77	40.57	41.18

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Direct costs of room sale	9.47	9.64	9.76	9.90	10.05	10.23
Direct costs of food and beverages	10.74	10.93	11.06	11.23	11.40	11.60
Direct costs of banquet services	2.05	2.09	2.11	2.15	2.18	2.22
Direct costs from other services	0.03	0.03	0.03	0.03	0.03	0.03
Utility costs	8.17	8.31	8.42	8.54	8.67	8.82
Employee salary and expenses	11.34	11.51	11.68	11.86	12.04	12.22
Total cost of hotel operations	41.80	42.51	43.06	43.71	44.36	45.12

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Direct costs of room sale	10.35	10.51	10.67	10.86	10.99	8.37
Direct costs of food and beverages	11.74	11.92	12.10	12.31	12.46	9.49
Direct costs of banquet services	2.24	2.28	2.31	2.35	2.38	1.81
Direct costs from other services	0.03	0.03	0.03	0.03	0.03	0.02
Utility costs	8.93	9.07	9.20	9.37	9.48	7.22
Employee salary and expenses	12.40	12.59	12.78	12.97	13.16	10.02
Total cost of hotel operations	45.70	46.39	47.09	47.89	48.51	36.93

3. Selling and Administrative Expense Projection

Table 5-24: Summary of assumptions for projection of selling and administrative expenses

Expenses types	Assumptions
Selling expenses	
1. Employee salary and expenses	The IFA based these on 2021 figures derived from management's projections which were adjusted down from 2020 due to the adoption of a no-recruiting policy despite staff resignations combined with the measure to pay a 75% salary during the period of approximately 2 months during the closure of the hotel. After 2021, the IFA sets the rate of salary increase in accordance with the inflation forecast. (Details in Attachment 3)
2. Marketing expenses	<ul style="list-style-type: none"> ▪ Marketing expenses consist of both online and offline advertising costs, and other marketing fees. ▪ The IFA determines the proportion of marketing expenses at 3.32 percent of the hotel operating income based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.
Administrative expenses	
3. Employee salary and expenses	The IFA based these on 2021 figures derived from management's projections which were adjusted down from 2020 due to the adoption of a no-recruiting policy despite staff resignations, combined with the measure to pay a 75% salary during the period of approximately 2 months during the closure of the hotel. After 2021, the IFA sets the rate of salary increase in accordance with the inflation forecast. (Details in Attachment 3)
4. General administrative expenses	<ul style="list-style-type: none"> ▪ General administrative expenses such as travel expenses, audit fees, office supplies, etc. ▪ The IFA based these on 2020 actual figures and sets the rate for growth equal to the inflation forecast. (Details in Attachment 3) Throughout the projection period.
5. Property management and maintenance expenses	<ul style="list-style-type: none"> ▪ Property management and upkeep expenses such as repair, maintenance, equipment and facility expenses, security and termite control costs, etc. ▪ The IFA sets the proportion of property management and maintenance expenses at 3.96 percent of hotel operating income based on the historical average proportion in 2018-2020 and fixed throughout the forecast period.
6. Information technology costs	<ul style="list-style-type: none"> ▪ The IT cost is the cost of the software used in the office and the hotel database. ▪ The IFA determines the proportion of IT expenses at 1.89 percent of hotel operating income based on the historical average proportion in the years 2018 - 2020 and fixed throughout the forecast period.

Expenses types	Assumptions
7. Management fee	7.1) Base fee <ul style="list-style-type: none"> The Independent Financial Advisor determines the base fee ratio at 2.50 percent of hotel operating income throughout the projection period based on the employment contract with Accor. 7.2) Incentive fee <ul style="list-style-type: none"> The IFA set the incentive fee at 7.00 percent of the profit from the hotel operation throughout the projection period based on the employment contract with Accor.
8. Insurance expenses	<ul style="list-style-type: none"> Insurance premiums consist of property risk insurance premium, interruption of business insurance premium and third party liability insurance premium. The IFA refers to the insurance premiums under the insurance contracts.
9. Land and building tax	The IFA refers to the calculation of land and building tax according to the criteria of the responsible government agency.
10. Rental of land and buildings	The IFA refers to the calculation of the rental of land and buildings under the lease agreement.

Table 5-25: Retrospective proportion of selling expenses during 2018 – 2020

Unit: THB million	2018A	%	2019A	%	2020A	%
Employee salary and expenses	2.86	55.12	2.54	58.47	1.55	62.10
Marketing expenses	2.33	44.88	1.80	41.53	0.95	37.90
Selling expenses	5.18	100.00	4.34	100.00	2.50	100.00

Table 5-26: Summary of selling expense projection for the years 2021 - 2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Employee salary and expenses	1.37	1.39	1.41	1.43	1.45	1.48
Marketing expenses	1.01	1.36	1.72	2.10	2.49	2.52
Selling expenses	2.38	2.74	3.12	3.53	3.94	4.00

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Employee salary and expenses	1.50	1.52	1.54	1.57	1.59	1.61
Marketing expenses	2.56	2.61	2.64	2.68	2.72	2.77
Selling expenses	4.06	4.13	4.18	4.24	4.31	4.38

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Employee salary and expenses	1.64	1.66	1.69	1.71	1.74	1.32
Marketing expenses	2.80	2.84	2.89	2.94	2.97	2.26
Selling expenses	4.44	4.51	4.57	4.65	4.71	3.59

Table 5-27: Retrospective proportion of administrative expenses during 2018 - 2020

Unit: THB million	2018A	%	2019A	%	2020A	%
Employee salary and expenses	10.77	44.89	9.28	40.12	6.90	44.45
General administrative expenses	3.93	16.39	4.97	21.50	2.61	16.80
Property management and maintenance costs	2.49	10.39	2.18	9.43	1.22	7.87
Information technology expenses	0.94	3.90	0.71	3.09	0.85	5.49
Management fee - Base fee	1.60	6.65	1.28	5.52	0.64	4.09
Management fee - Incentive fee	0.32	1.33	-	-	-	-
Insurance expenses	0.38	1.57	0.33	1.43	0.31	2.02
Land and building tax	0.40	1.68	0.40	1.74	0.05	0.31
Rental of land and buildings	3.17	13.22	3.97	17.16	2.94	18.97
Total administrative expenses	24.00	100.00	23.13	100.00	15.52	100.00

Table 5-28: Summary of administrative expense projection for the years 2021 - 2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Employee salary and expenses	6.25	6.31	6.39	6.49	6.61	6.71
General administrative expenses	2.65	2.68	2.72	2.76	2.81	2.85
Property management and maintenance costs	1.20	1.62	2.05	2.50	2.96	3.01
Information technology expenses	0.57	0.77	0.98	1.20	1.42	1.44
Management fee - Base fee	0.76	1.02	1.29	1.58	1.87	1.90
Management fee - Incentive fee	-	-	-	-	0.26	0.33
Insurance expenses	0.30	0.30	0.30	0.30	0.30	0.30
Land and building tax	0.05	0.49	0.49	0.49	0.51	0.51
Rental of land and buildings	2.93	3.62	3.87	3.88	3.98	4.24
Total administrative expenses	14.71	16.81	18.09	19.20	20.72	21.29

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Employee salary and expenses	6.81	6.91	7.01	7.12	7.23	7.33
General administrative expenses	2.89	2.94	2.98	3.03	3.07	3.12
Property management and maintenance costs	3.05	3.11	3.14	3.19	3.24	3.30
Information technology expenses	1.46	1.49	1.51	1.53	1.55	1.58
Management fee - Base fee	1.93	1.96	1.99	2.02	2.05	2.08
Management fee - Incentive fee	0.40	0.47	0.53	0.59	0.64	0.70
Insurance expenses	0.30	0.30	0.30	0.30	0.30	0.30
Land and building tax	0.51	0.51	0.54	0.54	0.54	0.54
Rental of land and buildings	4.26	4.36	4.66	4.67	4.79	5.10
Total administrative expenses	21.62	22.05	22.66	22.97	23.41	24.06

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Employee salary and expenses	7.44	7.56	7.67	7.78	7.90	6.02
General administrative expenses	3.16	3.21	3.26	3.31	3.36	2.56
Property management and maintenance costs	3.34	3.39	3.44	3.50	3.54	2.70
Information technology expenses	1.60	1.62	1.65	1.68	1.70	1.29
Management fee - Base fee	2.11	2.14	2.17	2.21	2.24	1.70
Management fee - Incentive fee	0.75	0.79	0.84	0.89	0.92	0.73
Insurance expenses	0.30	0.30	0.30	0.30	0.30	0.23
Land and building tax	0.56	0.56	0.56	0.56	0.59	0.44
Rental of land and buildings	5.13	5.25	5.61	5.62	5.75	4.55
Total administrative expenses	24.39	24.83	25.50	25.85	26.30	20.22

4. Corporate income tax

20 percent tax rate of net profit before tax over the projection period, taking into account the accumulated net loss from the past 5 years that can be offset to the net profit before tax calculation in the year of profit.

5. Net Working Capital

The Independent Financial Advisor refers to the 3-year average of the historical ratio calculated from the financial statements for the Ibis Styles Chiang Mai hotel business for the years ended 31 December 2018 - 2020, as such ratios are based on the analysis of past operating results and, therefore, effectively reflects the current situation and is close to the property's working capital management policy.

Items	Assumptions
Assets	
- Trade receivables	Collection period 11 days
- Inventories	Days inventories held before selling 11 days
- Prepaid expenses	Days of prepayment 31 days
Liabilities	
- Trade payables	Payment period 33 days
- Accrued expenses	Payment period 97 days

6. Capital Expenditure

The Independent Financial Advisor specifies the investment expenditures for furniture, fixtures, and equipment at 1.00 percent of hotel operating income which is an investment that occurs every year according to the historical average of capital expenditure. As such, in the financial projection, the Independent Financial Advisor did not include the capital expenditure for hotel major renovation. From management interview, the required amount can be so high and does not appear to be worth the Hotel's achievable performance.

7. Summary of financial projections for the assets of ibis Styles Chiang Mai Hotel

From the assumptions about revenue estimates and the above expenses, the financial projections of the hotel operation of the ibis Styles Chiang Mai Hotel from 2021 - 2038 are detailed below.

Table 5-29: Summary of Financial Projections for the Year 2021 - 2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Revenue from hotel operations	30.32	40.84	51.71	63.22	74.88	76.00
Other income	0.15	0.15	0.15	0.15	0.16	0.16
Total revenue	30.47	40.99	51.86	63.37	75.03	76.16
Cost of hotel operations	22.38	26.63	31.06	35.77	40.57	41.18
Selling expenses	2.38	2.74	3.12	3.53	3.94	4.00
Administrative expenses	11.78	13.19	14.21	15.32	16.74	17.05
Total expenses	36.54	42.56	48.40	54.62	61.25	62.23
Depreciation expenses	15.30	14.08	13.00	12.04	11.20	10.38
Profit (loss) before tax	(21.36)	(15.66)	(9.53)	(3.29)	2.58	3.55
Income tax	-	-	-	-	-	-
Profit (loss) after tax	(21.36)	(15.66)	(9.53)	(3.29)	2.58	3.55

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Revenue from hotel operations	77.14	78.51	79.47	80.66	81.87	83.33
Other income	0.16	0.16	0.17	0.17	0.17	0.18
Total revenue	77.30	78.67	79.64	80.83	82.04	83.50
Cost of hotel operations	41.80	42.51	43.06	43.71	44.36	45.12
Selling expenses	4.06	4.13	4.18	4.24	4.31	4.38
Administrative expenses	17.36	17.69	18.00	18.31	18.62	18.95
Total expenses	63.21	64.33	65.24	66.26	67.29	68.45
Depreciation expenses	9.62	8.91	8.25	7.63	7.06	6.54
Profit (loss) before tax	4.47	5.43	6.14	6.95	7.70	8.51
Income tax	0.08	0.43	0.59	0.91	1.16	1.36
Profit (loss) after tax	4.38	5.00	5.55	6.03	6.54	7.15

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Revenue from hotel operations	84.35	85.61	86.90	88.44	89.52	68.15
Other income	0.18	0.18	0.18	0.19	0.19	0.14
Total revenue	84.52	85.79	87.08	88.63	89.71	68.29
Cost of hotel operations	45.70	46.39	47.09	47.89	48.51	36.93
Selling expenses	4.44	4.51	4.57	4.65	4.71	3.59
Administrative expenses	19.27	19.58	19.89	20.24	20.56	16.81
Total expenses	69.41	70.47	71.55	72.77	73.78	57.32
Depreciation expenses	6.06	5.63	5.23	4.87	4.54	4.02
Profit (loss) before tax	9.06	9.69	10.30	10.98	11.39	6.95
Income tax	1.25	0.89	0.94	1.07	1.13	0.48
Profit (loss) after tax	7.81	8.80	9.36	9.91	10.26	6.47

8. Discount Rate)

The IFA determines the discount rate that is used to calculate the present value of cash flows from the Weighted Average Cost of Capital (WACC) of ibis Styles Chiang Mai Hotel is 7.94 percent per year (details of calculation are in Attachment 4).

9. 9. Asset Value under the Present Value of Discounted Cash Flow Approach

The net cash flows from hotel operations from the financial forecast assumptions by the Independent Financial Advisor are detailed as follows:

Table 5-30: Summary of projected net cash flows for the years 2021-2038

Unit: THB million	2021F	2022F	2023F	2024F	2025F	2026F
Net operating profit after tax (NOPAT)	(24.29)	(19.28)	(13.41)	(7.17)	(1.40)	(0.69)
Non-cash items	15.30	14.08	13.00	12.04	11.20	10.38
Change in net working capital	(2.76)	0.25	0.18	0.19	1.55	(1.22)
Capital expenditure	(0.30)	(0.41)	(0.52)	(0.63)	(0.75)	(0.76)
Net cash flow	(12.06)	(5.36)	(0.74)	4.43	10.60	7.71
Cash flow from liquidation at the end of rental contract						
Present value of net cash flow	(11.17)	(4.60)	(0.59)	3.26	7.23	4.87

Unit: THB million	2027F	2028F	2029F	2030F	2031F	2032F
Net operating profit after tax (NOPAT)	0.12	0.64	0.89	1.37	1.75	2.05
Non-cash items	9.62	8.91	8.25	7.63	7.06	6.54
Change in net working capital	0.07	0.06	0.08	0.07	0.07	0.06
Capital expenditure	(0.77)	(0.79)	(0.79)	(0.81)	(0.82)	(0.83)
Net cash flow	9.04	8.84	8.43	8.26	8.05	7.81
Cash flow from liquidation at the end of rental contract						
Present value of net cash flow	5.30	4.79	4.24	3.84	3.47	3.12

Unit: THB million	2033F	2034F	2035F	2036F	2037F	2038F
Net operating profit after tax (NOPAT)	2.68	3.56	3.75	4.29	4.52	1.92
Non-cash items	6.06	5.63	5.23	4.87	4.54	4.02
Change in net working capital	0.08	0.07	0.07	0.06	0.08	0.35
Capital expenditure	(0.84)	(0.86)	(0.87)	(0.88)	(0.90)	(0.68)
Net cash flow	7.98	8.40	8.18	8.34	8.25	5.61
Cash flow from liquidation at the end of rental contract						34.00
Present value of net cash flow	2.95	2.88	2.60	2.46	2.25	10.20

From the sum of the present value of net cash flow from the hotel operations, the value of the assets of ibis Styles Chiang Mai will be equal to THB 47.11 million.

10. Sensitivity Analysis

The Independent Financial Advisor has performed a sensitivity analysis by changing the main assumptions that significantly affect the value of hotel assets as follows:

- Occupancy rate estimates at a $\pm 2.50\%$ change to reflect the effect of critical assumptions in financial projections.
- Weighted average cost of capital (WACC) at $\pm 0.5\%$ to cover the possible change of variables.

Table 5-31: Summary of the sensitivity analysis of the variation of the main assumptions

Hotel operating value (THB million)		Weighted average cost of capital (WACC)				
		8.44%	8.19%	7.94%	7.69%	7.44%
Change in occupancy rate	-2.50%	34.56	35.86	37.21	38.61	40.05
	-1.25%	39.69	41.08	42.51	44.00	45.53
	0.00%	44.15	45.61	47.11	48.67	50.27
	1.25%	49.56	51.11	52.72	54.37	56.08
	2.50%	54.90	56.54	58.24	59.99	61.80

From the above table when a sensitivity analysis is conducted, the value of hotel assets calculated will be between THB 34.56 - 61.80 million.

5.2. Income Approach by the Independent Financial Advisor

In this valuation method the Independent Financial Advisor has considered the asset appraisal reports of two independent appraisers that have been approved by the SEC, namely Chartered Surveyor (Thailand) Company Limited and Siam Appraisal & Service Co., Ltd., which reported the property valuation of independent appraisers, with the objective to determine the current market value for public purposes, using 1) income approach and 2) cost approach.

The appraisal of assets used by independent appraisers is revenue-based analysis. By discounting the cash flow as a basis for valuation, the Independent Financial Advisor found that the assumptions for estimating the net cash flow of the independent appraiser are different from the assumptions that the IFA uses in the discounted cash flow valuation method, leading to different value results. The IFA has studied the independent appraiser's report and interviewed said appraisers in order to learn of the principles and background of the appraisal assumptions. The value of the assessable property and the hypotheses used can be summarized as follows:

5.2.1. Novotel Chumphon Beach Resort and Golf Hotel Property

Table 5-32: Summary of assumptions for the financial projection of Novotel Chumphon Beach Resort and Golf Hotel by the independent appraisers and the IFA.

	Charter Valuation and Consultant Limited (1st independent appraiser)	Siam Appraisal and Services Co., Ltd. (2nd independent appraiser)	Independent Financial Advisor
Evaluation date	9 September 2020	21 January 2021	31 December 2020
Appraisal value / Present value of cash flow (Baht)	84,329,000	88,750,000	(60,341,415)
Transaction Price (Baht)	87,000,000	87,000,000	87,000,000
Transaction price relative to evaluated value	+3.17%	-1.97%	Cannot calculate
Common Size Analysis (Percentage of revenue from hotel operations)			
Revenue from hotel operations	100.00	100.00	100.00
Cost of sales	(37.76)	(25.97)	(46.00)
Employee salary and expenses	(15.00)	(37.60) – (24.79)	(56.80) – (31.96)
Variable costs	(12.50)	(17.00)	(23.78)
Other fixed costs	(13.07) – (8.12)	(4.45) – (2.60)	(16.97) – (12.25)
Profit (loss)	21.68 – 26.62	14.98 – 29.64	(43.55) – (13.99)
Capital expenditure	2.00	3.00	1.00

	Charter Valuation and Consultant Limited (1 st independent appraiser)	Siam Appraisal and Services Co., Ltd. (2 nd independent appraiser)	Independent Financial Advisor
Key Assumptions			
1) Financial forecast period	18 years From 1 October 2020 to 30 September 2038	18 years From 1 October 2020 to 30 September 2038	17 years 9 months From 1 January 2021 to 30 September 2038
2) Occupancy rate	<ul style="list-style-type: none"> ▪ Year 1: 40.00% ▪ Year 2: 40.00% ▪ Year 3: 50.00% ▪ Year 4: 50.00% ▪ Year 5: 50.00% Thereafter, add 5% every 3 years to 75.00% at the end of the forecast.	<ul style="list-style-type: none"> ▪ Year 1: 25.00% ▪ Year 2: 35.00% ▪ Year 3: 45.00% ▪ Year 4: 55.00% ▪ Year 5: 55.00% Thereafter, remain constant at 55.00% throughout the forecast.	<ul style="list-style-type: none"> ▪ Year 1: 40.00% ▪ Year 2: 45.00% ▪ Year 3: 50.00% ▪ Year 4: 55.00% ▪ Year 5: 60.00% Thereafter, remain constant at 60.00% throughout the forecast.
3) Average Daily Rate (ADR)	THB 1,400 and grow at an average rate of 3.00% each year throughout the forecast	THB 1,350 and grow at an average rate of 10.00% every 3 years throughout the forecast	THB 1,473 and grow at an average rate of 2.50% each year throughout the forecast
4) Other types of income	Revenue from food and beverages <ul style="list-style-type: none"> ▪ 60.00% of accommodation income Other service income <ul style="list-style-type: none"> ▪ 5.00% of accommodation income 	Revenue from food and beverages <ul style="list-style-type: none"> ▪ 65.00% of accommodation income Other service income ¹ <ul style="list-style-type: none"> ▪ 5.00% of accommodation income 	Revenue from food and beverages <ul style="list-style-type: none"> ▪ 37.99% of accommodation income Revenue from events <ul style="list-style-type: none"> ▪ 26.24% of accommodation income Other service income <ul style="list-style-type: none"> ▪ 3.53% of accommodation income
5) Selling cost	Cost of accommodation service <ul style="list-style-type: none"> ▪ 20.00% of accommodation income Cost of food and beverage sales <ul style="list-style-type: none"> ▪ 35.00% of revenue from sale of food and beverages Cost of other services <ul style="list-style-type: none"> ▪ 30.00% of income from other services Utility costs	Cost of accommodation service <ul style="list-style-type: none"> ▪ Not included in the estimate Cost of food and beverage sales <ul style="list-style-type: none"> ▪ 45.00% of revenue from sale of food and beverages Cost of other services ¹ <ul style="list-style-type: none"> ▪ 60.00% of income from other services Utility costs	Cost of accommodation service <ul style="list-style-type: none"> ▪ 16.68% of accommodation income Cost of food and beverage sales <ul style="list-style-type: none"> ▪ 46.89% of revenue from sale of food and beverages Banquet cost <ul style="list-style-type: none"> ▪ 29.08% of banquet income Cost of other services

	Charter Valuation and Consultant Limited (1st independent appraiser)	Siam Appraisal and Services Co., Ltd. (2nd independent appraiser)	Independent Financial Advisor
	<ul style="list-style-type: none"> ▪ 12.00% of revenue from hotel operation 	<ul style="list-style-type: none"> ▪ 7.00% of revenue from hotel operation 	<ul style="list-style-type: none"> ▪ (124.20) % of income from other services Utility costs ▪ 18.18% of revenue from hotel operation
6) Employee salary and expenses	15.00% of revenue from hotel operation	Year 1 is based on salary and headcount based on market data for similar hotels. Thereafter, the rate is set to grow at 2.00% per year until the end of the forecast.	Year 1 is based on management's estimate including the impact of the pandemic and downgraded according to the Company's policy. Thereafter, set to grow in line with inflation expectations.
7) Selling expenses	5.00% of revenue from hotel operation	3.00% of revenue from hotel operation	2.81% of revenue from hotel operation
8) General administrative expenses	These are included in the salaries and expenses of the employees.	10.00% of revenue from hotel operation	Year 1 is based on the actual figures in the latest financial statements and set to grow in line with inflation expectations.
9) Property management and maintenance expenses	5.00% of revenue from hotel operation	4.00% of revenue from hotel operation	9.46% of revenue from hotel operation
10) Insurance premiums	0.01% of replacement cost	0.01% of replacement cost	Based on the insurance contracts.
11) Hotel management fees by branded international hotel chain	Basic fee <ul style="list-style-type: none"> ▪ 2.50% of total revenue from hotel operation Incentive fee <ul style="list-style-type: none"> ▪ 7.00% of profit from the operation of the hotel business 	Hotel management fees are not included in the estimate.	Basic fee <ul style="list-style-type: none"> ▪ 2.70% of total revenue from hotel operation Incentive fee <ul style="list-style-type: none"> ▪ 7.00% of profit from the operation of the hotel business
12) Rental of land and buildings	Calculated according to the lease of land and buildings	Calculated according to the lease of land and buildings, excluding the rental of land for golf the course ¹	Calculated according to the lease of land and buildings
13) Land and building tax	Calculated according to the criteria of responsible government agencies	Calculated according to the criteria of responsible government agencies	Calculated according to the criteria of responsible government agencies

	Charter Valuation and Consultant Limited (1st independent appraiser)	Siam Appraisal and Services Co., Ltd. (2nd independent appraiser)	Independent Financial Advisor
14) Capital expenditures (CAPEX)	2.00% of revenue from hotel operation	3.00% of revenue from hotel operation	1.00% of revenue from hotel operation
15) Change in net working capital	Not included in the estimate.	Not included in the estimate.	Calculated from historical average working capital ratio in 2018 - 2020
16) Net Cash from liquidation as of estimated end date	Not included in the estimate.	Not included in the estimate.	Calculated from the book value of the asset, less the carrying amount remaining at the end of the estimate.
17) Discount rate	11.00%	11.00%	7.94% whereby the IFA chooses to use WACC as the discount rate.

Note: 1. The second independent appraiser excludes income and expenses related to the provision of golf course services in the estimate.

Due to the appraisal by the cash flow discount method by the IFA, the value of the hotel assets is quite different from the value by the two independent appraisers, whose valuation is the reference value used in setting the price for entering into the transaction, the IFA interviewed the 2 independent appraisers to understand the principles and background of the assumptions. The estimation methodology of the independent appraisers that is different from the independent financial advisor can be summarized as follows:

- 1.) The independent appraisers estimate occupancy rates based on industry analysis and tourism statistics after which the assumption was adjusted according to the perspective of the independent appraiser, where the first independent appraiser had a more positive view. The independent financial advisor's assumption is between the two independent appraisers.
- 2.) The independent appraisers estimate the average daily rate using the method of comparison with comparable counterparts, looking at the ADR of the same hotel class and in the vicinity of the property. The IFA uses a retrospective analysis method and looks at industry trends from research, including the view of hotel management.
- 3.) The independent appraisers estimate most of the costs and expenses as variable with the total income. The proportion of costs and expenditures used is derived from market data of the independent appraisers who have previously evaluated hotels at various hotels, as well as based on industry research that the independent appraisers have, and making adjustments to be reasonable with the perspective of independent appraisers. Their reasons for choosing to use proportions according to market data are based on the view that properties with similar characteristics would have similar cost

- management potential. As for the IFA, it is mainly based on past performance because, in financial estimates, manageability should be included as a factor in the calculation.
- 4.) The independent appraisers assessed the value by discounting the profit of the hotel property. The profit of the independent appraisers is not equal to the cash flow in business finance definition which the IFA uses since it does not take into account the change in working capital and non-cash expenses such as depreciation in the calculation.
 - 5.) The second independent appraiser excludes income and expenses from golf course services as these were viewed as not being related to the value of the hotel operation. However, the IFA included this in the forecast because it is part of the hotel operation.
 - 6.) Both independent appraisers did not include some expenses in the calculations. This is because the definition of expenses is different. For example, general administrative expenses were regarded by the independent appraisers as being included in the salary and employee expenses, etc. In addition, it was also mentioned that there were limitations in obtaining information such as not getting the insurance contracts. Therefore the appraisers opted to use the estimation method from replacement cost, etc.
 - 7.) The discount rate of the independent appraisers uses the method to add the increment of the various risks with risk-free yield based on the 18-year government bond yield, referencing the risk-free yield of the Appraisers Association of Thailand, and adjusting accordingly, unlike the WACC calculation which the IFA uses. (Details of the calculation as per Attachment 4)

The IFA believes that the background and the rationale of the two independent appraisers' assumptions do not reflect actual cash flows as they are discounted from profit margins. This does not reflect changes in working capital and non-cash expenses, including the management ability of the hotel manager and past performance. Therefore, the income approach by the independent appraisers is not appropriate.

5.2.2. Ibis Styles Chiang Mai Hotel property

Table 5-33: Summary of assumptions for the financial projection of Ibis Styles Chiang Mai Hotel by independent appraisers and the Independent Financial Advisor

	Charter Valuation and Consultant Limited (1st independent appraiser)	Siam Appraisal and Services Co., Ltd. (2nd independent appraiser)	Independent Financial Advisor
Evaluation date	1 October 2020	12 October 2020	31 December 2020
Appraisal value / Present value of cash flow (Baht)	174,900,000	168,606,000	47,113,245
Transaction Price (Baht)	185,000,000	185,000,000	185,000,000

	Charter Valuation and Consultant Limited (1st independent appraiser)	Siam Appraisal and Services Co., Ltd. (2nd independent appraiser)	Independent Financial Advisor
Transaction price relative to evaluated value	+5.77%	+9.72%	+293.67%
Common Size Analysis (Percentage of revenue from hotel operations)			
Revenue from hotel operations	100.00	100.00	100.00
Cost of sales	(27.14)	(29.92)	(39.48)
Employee salary and expenses	(12.00)	(26.31) – (14.26)	(59.43) – (25.47)
Variable costs	(8.00)	(6.50)	(8.35)
Other fixed costs	(7.87) – (3.78)	(12.20) – (4.79)	(19.56) – (12.49)
Profit (loss)	41.08 – 36.99	22.48 – 27.13	(25.82) – 14.21
Capital expenditure	2.00	1.00	1.00
Key Assumptions			
1) Occupancy rate	<ul style="list-style-type: none"> ▪ Year 1: 40.00% ▪ Year 2: 40.00% ▪ Year 3: 50.00% ▪ Year 4: 50.00% ▪ Year 5: 50.00% Thereafter, add 5% every 3 years to 75.00% at the end of the forecast.	<ul style="list-style-type: none"> ▪ Year 1: 30.00% ▪ Year 2: 50.00% ▪ Year 3: 60.00% ▪ Year 4: 60.00% ▪ Year 5: 60.00% ▪ Years 6 – 8: 70.00% Thereafter, remain constant at 80.00% throughout the forecast.	<ul style="list-style-type: none"> ▪ Year 1: 30.00% ▪ Year 2: 40.00% ▪ Year 3: 50.00% ▪ Year 4: 60.00% ▪ Year 5: 70.00% Thereafter, remain constant at 70.00% throughout the forecast.
2) Average daily rate (ADR) ¹	THB 1,047 and grow at an average rate of 10.00% every 3 years throughout the forecast	THB 952 and grow at an average rate of 10.00% every 3 years throughout the forecast	THB 875 and grow at forecast inflation rate every year until the end of the forecast
3) Other types of income	Revenue from food and beverages <ul style="list-style-type: none"> ▪ 30.00 % of accommodation income Other service income <ul style="list-style-type: none"> ▪ 10.00% of accommodation income 	Revenue from food and beverages <ul style="list-style-type: none"> ▪ 45.00% of accommodation income Other service income <ul style="list-style-type: none"> ▪ 5.00% of accommodation income 	Revenue from food and beverages <ul style="list-style-type: none"> ▪ 41.21% of accommodation income Revenue from events <ul style="list-style-type: none"> ▪ 10.80% of accommodation income Other service income <ul style="list-style-type: none"> ▪ 0.22% of accommodation income
4) Selling cost	Cost of accommodation service	Cost of accommodation service	Cost of accommodation service

	Charter Valuation and Consultant Limited (1st independent appraiser)	Siam Appraisal and Services Co., Ltd. (2nd independent appraiser)	Independent Financial Advisor
	<ul style="list-style-type: none"> ▪ 20.00% of accommodation income Cost of food and beverage sales ▪ 50.00% of revenue from sale of food and beverages Cost of other services ▪ 30.00% of income from other services Utility costs ▪ 8.00% of revenue from hotel operation 	<ul style="list-style-type: none"> ▪ 20.00% of accommodation income Cost of food and beverage sales ▪ 50.00% of revenue from sale of food and beverages Cost of other services ▪ 50.00% of income from other services Utility costs ▪ 10.00% of revenue from hotel operation 	<ul style="list-style-type: none"> ▪ 18.69% of accommodation income Cost of food and beverage sales ▪ 51.42% of revenue from sale of food and beverages Banquet cost ▪ 37.48% of banquet income Cost of other services ▪ 24.85% of income from other services Utility costs ▪ 10.59% of revenue from hotel operation
5) Employee salary and expenses	12.00% of revenue from hotel operation	Year 1 is based on salary and headcount based on market data for similar hotels. Thereafter, the rate is set to grow at 5.00% per year until the end of the forecast.	Year 1 is based on management's estimate including the impact of the pandemic and downgraded according to the Company's policy. Thereafter, set to grow in line with inflation expectations.
6) Selling expenses	3.00% of revenue from hotel operation	3.00% of revenue from hotel operation	3.32% of revenue from hotel operation
7) General administrative expenses	1.00% of revenue from hotel operation	Not included in the estimate.	Year 1 is based on the actual figures in the latest financial statements and set to grow in line with inflation expectations.
8) Property management and maintenance expenses	3.50% of revenue from hotel operation	1.00% of revenue from hotel operation	5.85% of revenue from hotel operation
9) Insurance premiums	0.01% of replacement cost	0.01% of replacement cost	Based on the insurance contracts.
10) Hotel management fees by branded international hotel chain	Basic fee <ul style="list-style-type: none"> ▪ 2.50% of total revenue from hotel operation Incentive fee	Basic fee <ul style="list-style-type: none"> ▪ 2.50% of total revenue from hotel operation Incentive fee <ul style="list-style-type: none"> ▪ Not included in the estimate 	Basic fee <ul style="list-style-type: none"> ▪ 2.50% of total revenue from hotel operation Incentive fee

	Charter Valuation and Consultant Limited (1st independent appraiser)	Siam Appraisal and Services Co., Ltd. (2nd independent appraiser)	Independent Financial Advisor
	<ul style="list-style-type: none"> ▪ 7.00% of profit from the operation of the hotel business 		<ul style="list-style-type: none"> ▪ 7.00% of profit from the operation of the hotel business
11) Rental of land and buildings	Calculated according to the lease of land and buildings	Calculated according to the lease of land and buildings	Calculated according to the lease of land and buildings
12) Land and building tax	Calculated according to the criteria of responsible government agencies	Calculated according to the criteria of responsible government agencies	Calculated according to the criteria of responsible government agencies
13) Capital expenditures (CAPEX)	2.00% of revenue from hotel operation	1.00% of revenue from hotel operation	1.00% of revenue from hotel operation
14) Change in net working capital	Not included in the estimate	Not included in the estimate	Calculated from historical average working capital ratio in 2018 - 2020
15) Net Cash from liquidation as of estimated end date	Not included in the estimate	Not included in the estimate	Calculated from the book value of the asset, less the carrying amount remaining at the end of the estimate.
16) Discount rate	11.00%	11.00%	7.94% whereby the IFA chooses to use WACC as the discount rate.

Note: 1. The ADR is calculated from 198 rooms due to the independent appraiser counting twin rooms that can be opened into one room as one room, while the IFA considers the rooms to be sold separately. Therefore, the average room price was calculated based on the number of 208 rooms whereby the figures in the table of the independent appraiser are already adjusted to be on the base of the same number of 208 rooms.

Because the results are assessed using the discounted cash flow method by an independent financial advisor. The hotel assets were quite different from the value of the two independent appraisers. The Independent Financial Advisor interviewed 2 independent appraisers to understand the principles and background of the assumptions. The estimation methodology of the independent appraiser that is different from the independent financial advisor can be summarized as follows:

- 1.) The independent appraisers estimate occupancy rates based on industry analysis and tourism statistics after which the assumption was adjusted according to the perspective of the independent appraiser, where the first independent appraiser had a more positive view compared to the IFA.
- 2.) The independent appraisers estimate the average daily rate using the method of comparison with comparable counterparts, looking at the ADR of the same hotel class and in the vicinity of the property.

- The IFA uses a retrospective analysis method and looks at industry trends from research, including the view of hotel management.
- 3.) The independent appraisers estimate most of the costs and expenses as variable with the total income. The proportion of costs and expenditures used is derived from market data of the independent appraisers who have previously evaluated hotels at various hotels, as well as based on industry research that the independent appraisers have, and making adjustments to be reasonable with the perspective of independent appraisers. Their reasons for choosing to use proportions according to market data are based on the view that properties with similar characteristics would have similar cost management potential. As for the IFA, it is mainly based on past performance because, in financial estimates, manageability should be included as a factor in the calculation.๒
 - 4.) The independent appraisers assessed the value by discounting the profit of the hotel property. The profit of the independent appraisers is not equal to the cash flow in business finance definition which the IFA uses since it does not take into account the change in working capital and non-cash expenses such as depreciation in the calculation.
 - 5.) Both independent appraisers did not include some expenses in the calculations due to the difference in the definition of the expenses. For example, the independent appraisers regarded general administrative expenses as being included in the salary and employee expenses, etc. In addition, it was also mentioned that there were limitations in obtaining information such as not getting the insurance contracts. Therefore the appraisers opted to use the estimation method from replacement cost, etc.
 - 6.) The discount rate of the independent appraisers uses the method to add the increment of the various risks with risk-free yield based on the 18-year government bond yield, referencing the risk-free yield of the Appraisers Association of Thailand, and adjusting accordingly, unlike the WACC calculation which the IFA uses. (Details of the calculation as per Attachment 5)

The IFA believes that the background and the rationale of the two independent appraisers' assumptions do not reflect actual cash flows as they are discounted from profit margins. This does not reflect changes in working capital and non-cash expenses, including the management ability of the hotel manager and past performance. Therefore, the income approach by the independent appraisers is not appropriate.

5.3. Cost approach by the independent appraisers

Asset appraisal using cost analysis method by the independent appraisers considers the assets in 3 parts: the value of land leasehold rights, building value, value of materials and equipment. The total value of all 3 parts is equal to the total property value based on the following principles.

1) Land leasehold right value

In the valuation of land, the appraisers cannot use the market approach directly because they cannot find the same or similar land traded within the appraisal period. The independent appraisers therefore assess the value of the leasehold rights of the tenants. The principle is that the leasehold value of the land arises from the excess profit that the lessee will receive from the lease of the land at the contractual lease rate, and be sub-let at the market rental rate.

Therefore, the independent appraisers proceeded to determine the market rental rate based on data from comparing the rental of land that is similar or the same which were hired or offered for rent within the evaluation period, then deduct the rent amount as specified in the lease including deducting the land and building tax burden to obtain the profit that the tenant receives from the lease of the land under the leasehold for the remaining contract period. This is then discounted back to its present value rendering the leasehold value of the tenant.

2) Building value

In building valuation, the independent appraisers analyze the replacement cost for building a similar new building (replacement cost) and subtracting the depreciation according to age and building structure characteristics as well as maintenance, rendering the value of the building as of the survey date. The appraisers referenced the construction cost standard of the Appraisal Association of Thailand (NRSA) 2020.

3) Value of materials and equipment

In the valuation of materials and equipment, namely office equipment, electrical appliances, furniture and vehicles, the independent appraisers conducted analysis of the replacement cost of materials and equipment included with the property by referring to the market value on the day of valuation.

Details of the valuation by Cost Approach are as follows:

5.3.1. Novotel Chumphon Beach Resort and Golf Hotel property

1. Summary of the asset appraisal of Novotel Chumphon Beach Resort and Golf by cost analysis method by Charter Valuation and Consultant Limited

Table 5-34: Summary of the leasehold value calculation of the Novotel Chumphon Beach Resort and Golf Hotel

Year	Period		Market rental rate (Baht)	Contract rental rate (Baht)	Land and property tax (Baht)	Profit of leasehold right (Baht)	Discount rate 11.00%	Present value (Baht) (Approx.)
	Start date	End date						
1.00	01/10/2020	30/09/2021	4,540,704	2,536,657	28,247	1,975,800	0.8929	1,764,107
2.00	01/10/2021	30/09/2022	4,994,774	2,790,323	282,468	1,921,983	0.7972	1,532,193
3.00	01/10/2022	30/09/2023	4,994,774	2,790,323	282,468	1,921,983	0.7118	1,368,030
4.00	01/10/2023	30/09/2024	4,994,774	2,790,323	282,468	1,921,983	0.6355	1,221,455
5.00	01/10/2024	30/09/2025	5,494,252	3,069,355	310,715	2,114,182	0.5674	1,199,644
6.00	01/10/2025	30/09/2026	5,494,252	3,069,355	310,715	2,114,182	0.5066	1,071,110
7.00	01/10/2026	30/09/2027	5,494,252	3,069,355	310,715	2,114,182	0.4523	956,349
8.00	01/10/2027	30/09/2028	6,044,812	3,376,291	310,715	2,357,806	0.4039	952,278
9.00	01/10/2028	30/09/2029	6,044,812	3,376,291	341,786	2,326,735	0.3606	839,044
10.00	01/10/2029	30/09/2030	6,044,812	3,376,291	341,786	2,326,735	0.3220	749,146
11.00	01/10/2030	30/09/2031	6,649,293	3,713,920	341,786	2,593,587	0.2875	745,594
12.00	01/10/2031	30/09/2032	6,649,293	3,713,920	341,786	2,593,587	0.2567	665,709
13.00	01/10/2032	30/09/2033	6,649,293	3,713,920	375,965	2,559,408	0.2292	586,550
14.00	01/10/2033	30/09/2034	7,313,371	4,085,311	375,965	2,852,095	0.2046	583,595
15.00	01/10/2034	30/09/2035	7,313,371	4,085,311	375,965	2,852,095	0.1827	521,067
16.00	01/10/2035	30/09/2036	7,313,371	4,085,311	375,965	2,852,095	0.1631	465,238
17.00	01/10/2036	30/09/2037	8,045,560	4,493,842	413,561	3,138,157	0.1456	457,055
18.00	01/10/2037	30/09/2038	8,045,560	4,493,842	413,561	3,138,157	0.1300	408,085
Leasehold right value								16,086,252

Source: Appraisal report of Novotel Chumphon Beach Resort and Golf by Charter Valuation and Consultant Limited

Table 5-35: Summary of building value calculation of Novotel Chumphon Beach Resort and Golf Hotel

Item	Type of structure / Development	Area (sq m)	New replacement value (Baht)	Depreciation			Present value (Baht)	% Built	Value according to condition (Baht)
				Years	%	Total			
1	2-storey hotel (Building A)								
	- Indoor usable area	2,029.60	38,783,000						
	- Outdoor area	183.00	1,555,500						
	Total area	2,212.60	40,338,500	29	*	76.0%	9,681,240	100%	9,681,240
2	2-storey hotel (Building B)								
	- Indoor usable area	2,267.40	43,460,900						
	- Outdoor area	216.00	1,836,000						
	Total area	2,483.40	45,296,900	10	5.56%	55.6%	20,111,824	100%	20,111,824
3	Restaurant and Seminar Building								
	- Indoor usable area on ground floor	1,822.50	29,635,000						
	- Indoor usable area on upper floor	585.00	10,970,000						
	- Outdoor usable area	182.00	1,820,000						
	Total area	2,589.50	42,425,000	29	*	76.0%	10,182,000	100%	10,182,000

Item	Type of structure / Development	Area (sq m)	New replacement value (Baht)	Depreciation			Present value (Baht)	% Built	Value according to condition (Baht)
				Years	%	Total			
4	2-storey office building			10	5.6%	55.6%	3,566,874	100%	3,566,874
	- Indoor usable area	634.00	7,449,500						
	- Outdoor area	80.00	584,000						
	Total area	714.00	8,033,500						
5	Swimming Pool A			29	*	76.0%	2,149,428	100%	2,149,428
	Pool area	251.50	5,030,000						
	Pool edge area	580.90	3,194,950						
	Pavilion area	86.00	731,000						
	Total area	918.40	8,955,950						
6	Swimming Pool B			10	5.56%	55.6%	3,464,281	100%	3,464,281
	Pool area	280.24	5,604,800						
	Pool edge area	399.57	2,197,635						
	Total area	679.81	7,802,435						
7	Single-storey gym building			10	5.56%	55.6%	1,755,678	100%	1,755,678
	Fitness area and kids playroom	147.81	2,217,150						
	Bathroom area	69.31	1,247,580						
	Corridor area	97.90	489,500						
	Total area	315.02	3,954,230						
8	Single-storey garbage building			10	5.56%	55.6%	44,400	100%	44,400
	Indoor area	20.00	100,000						
	Total area	20.00	100,000						
9	Single-storey equipment storage building			10	5.56%	55.6%	19,980	100%	19,980
	Indoor area	22.50	45,000						
	Total area	22.50	45,000						
10	Single-storey gas tank storage building			10	5.56%	55.6%	30,525	100%	30,525
	Indoor area	27.50	68,750.00						
	Total area	27.50	68,750						
11	One-story Boiler Building			10	5.56%	55.6%	186,480	100%	186,480
	Indoor area	84.00	420,000						
	Total area	84.00	420,000						
14	Restaurant and golf club building			10	5.56%	55.6%	5,906,976	100%	5,906,976
	- Indoor usable area	604.00	12,080,000						
	- Outdoor area	144.00	1,224,000						
	Total area	748.00	13,304,000						
15	One-story technician building			10	5.56%	55.6%	488,400	100%	488,400
	- Indoor area	200.00	1,100,000						
	Total area	200.00	1,100,000						

Item	Type of structure / Development	Area (sq m)	New replacement value (Baht)	Depreciation			Present value (Baht)	% Built	Value according to condition (Baht)
				Years	%	Total			
16	One-storey wooden building (Baan Karaked) - Indoor area	20.00	240,000	10	5.56%	55.6%	106,560	100%	106,560
	Total area	20.00	240,000						
17	One-storey heat pump building - Indoor area	12.00	42,000	1	5.56%	5.6%	39,665	100%	39,665
	Total area	12.00	42,000						
19	One-storey security guard building - Indoor area	9.00	63,000	10	5.56%	55.6%	27,972	100%	27,972
	Total area	9.00	63,000						
Total structure value inside the buildings		11,055.73	172,189,265				57,762,283		57,762,283
Fire insurance value									156,006,933
20	Structures outside the buildings								
	Concrete road and concrete parking lot	7,633.00	5,724,750	10	5.6%	55.6%	2,541,789	100%	2,541,789
	Brick fence in front of land 1.00 m. height 268.00 m.	268.00	402,000	29	*	76.0%	96,480	100%	96,480
	Brick fencing 467.40 m. height 1.50 m.	701.10	1,051,650	29	*	76.0%	252,396	100%	252,396
Total structure value outside the buildings		8,602.10	7,178,400				2,890,665		2,890,665
Total structural value									60,652,948

Source: Appraisal report of Novotel Chumphon Beach Resort and Golf by Charter Valuation and Consultant Limited

The appraiser chose the straight-line depreciation method by the useful life of the buildings and the remaining contract life. The Independent Financial Advisor is of the opinion that this method is appropriate and reflect the actual value being used rather than using the reference rate in the standard by the Valuers Association of Thailand which depreciate hotel building in the first 10 year by 1 percent per year. The accumulated depreciation by this standard will be too low and the current value of the buildings will be too high in the Independent Financial Advisor's view.

Table 5-36: Asset value of Novotel Chumphon Beach Resort and Golf Hotel assessed by cost method

Price appraisal list	Total appraisal price (Baht)
Land leasehold rights: Leasehold rights of 12 plots of land Remaining rental period 18 years	16,086,252
Structures : 16 items	60,652,948
Total appraisal value of the assets	76,739,200

From interviews with the independent appraiser, it was found that in this assessment the value of materials and equipment of the hotel property was not included in the calculation because the market price of materials and equipment differs and varies according to the age of materials and equipment. If required to include the values of materials and equipment in the calculation, the book value of depreciated materials and equipment is more appropriate. Therefore, the Independent Financial Advisor has adjusted the appraisal results by combining the value of materials and equipment according to the book value as of 31 December 2020, resulting in the value as follows:

Table 5-37: Asset value of Novotel Chumphon Beach Resort and Golf by cost method and adjusted by the IFA

Price appraisal list	Total appraisal price (Baht)
Land leasehold rights: Leasehold rights of 12 plots of land Remaining rental period 18 years	16,086,252
Structures: 16 items	60,652,948
Supplies and Equipment at book value	6,337,177
Total appraisal value of the assets	83,076,337

2. Summary of the asset appraisal of Novotel Chumphon Beach Resort and Golf by cost analysis method by Siam Appraisal and Services Co., Ltd.

Table 5-38: Summary of the leasehold value calculation of the Novotel Chumphon Beach Resort and Golf Hotel

Year	Period		Market rental rate (Baht)	Contract rental rate (Baht)	Profit from leasehold right (Baht)	Discount rate (Baht) (Approx.)	Present value (Baht) (Approx.)
	Start date	End date					
1.00	01/10/2020	30/09/2021	871,728	807,978	63,750	0.9259	59,028
2.00	01/10/2021	30/09/2022	871,728	888,776	-17,048	0.8573	-14,616
3.00	01/10/2022	30/09/2023	871,728	888,776	-17,048	0.7938	-13,533
4.00	01/10/2023	30/09/2024	958,901	888,776	70,125	0.7350	51,544
5.00	01/10/2024	30/09/2025	958,901	977,654	-18,753	0.6806	-12,763
6.00	01/10/2025	30/09/2026	958,901	977,654	-18,753	0.6302	-11,818
7.00	01/10/2026	30/09/2027	1,054,791	977,654	77,137	0.5835	45,009
8.00	01/10/2027	30/09/2028	1,054,791	1,075,419	-20,628	0.5403	-11,145
9.00	01/10/2028	30/09/2029	1,054,791	1,075,419	-20,628	0.5002	-10,319
10.00	01/10/2029	30/09/2030	1,160,271	1,075,419	84,852	0.4632	39,303
11.00	01/10/2030	30/09/2031	1,160,271	1,182,961	-22,690	0.4289	-9,731
12.00	01/10/2031	30/09/2032	1,160,271	1,182,961	-22,690	0.3971	-9,011
13.00	01/10/2032	30/09/2033	1,276,298	1,182,961	93,337	0.3677	34,320
14.00	01/10/2033	30/09/2034	1,276,298	1,301,257	-24,959	0.3405	-8,498
15.00	01/10/2034	30/09/2035	1,276,298	1,301,257	-24,959	0.3152	-7,868
16.00	01/10/2035	30/09/2036	1,403,927	1,301,257	102,670	0.2919	29,968
17.00	01/10/2036	30/09/2037	1,403,927	1,431,382	-27,455	0.2703	-7,420
18.00	01/10/2037	30/09/2038	1,403,927	1,431,382	-27,455	0.2502	-6,871
Leasehold right value							135,582¹
Approximately							100,000

Source: Appraisal report of Novotel Chumphon Beach Resort and Golf by Siam Appraisal and Services Co., Ltd.

Remark: The IFA revised the total number from the table which the appraiser sum to 102,853 Baht which is incorrect. However, the IFA remained the approximate number of 100,000 Baht because it is used in the total result of this appraiser.

Table 5-39: Summary of building value calculation of Novotel Chumphon Beach Resort and Golf Hotel

Item	Type of structure / Development	Area (sq m)	Appraisal Price (Baht / unit)	New replacement value (Baht)	Building age (years)	Remain. lease term (years)	Depreciation per year (%)	Total devaluation (%)	Current value (Baht)
1	2-storey hotel (Building A)								
	- Indoor usable area	2,061.90	17,000	35,052,300	34	18	1.92%	65.38%	12,421,76 0
	- Veranda area	86.20	5,000	431,000					
	- Balcony area	79.40	5,000	397,000					
Total area	2,227.50		35,880,300						
2	2-storey hotel (Building B)								
	- Indoor usable area	2,370.90	17,000	40,305,300					
	- Veranda area	117.20	5,000	586,000					
	- Balcony area	117.20	5,000	586,000					

Item	Type of structure / Development	Area (sq m)	Appraisal Price (Baht / unit)	New replacement value (Baht)	Building age (years)	Remain. lease term (years)	Depreciation per year (%)	Total devaluation (%)	Current value (Baht)
3	Total area	2,605.30		41,477,300	14	18	3.13%	43.75%	23,330,981
	2-storey reception and seminar building								
	- Indoor usable area	3,016.20	15,000	45,243,000					
	- office area	50.00	12,000	600,000					
	- maintenance room area	176.00	10,000	1,760,000					
	- corridor area	130.00	3,500	455,000					
	Total area	3,372.20		48,058,000	34	18	1.92%	65.38%	16,635,462
4	Customer transfer building								
	- Indoor usable area	380.00	10,000	3,800,000					
	- Road area	794.00	1,000	794,000					
	Total area	1,174.00		4,594,000	14	18	3.13%	43.75%	2,584,125
5	2-storey office building								
	- Indoor usable area on ground floor	697.20	11,000	7,669,200					
	- Veranda and balcony area	54.40	3,500	190,400					
	Total area	751.60		7,859,600	14	18	3.13%	43.75%	4,421,025
6	Swimming Pool 1								
	- Pool area	132.00	18,000	2,376,000					
	- Kids Pool area	16.00	15,000	240,000					
	- Rest area	36.00	12,000	432,000					
	- Water filter room area	60.00	7,000	420,000					
	- Pool edge area	336.00	5,000	1,680,000					
	Total area	580.00		5,148,000	34	18	1.92%	65.38%	1,782,000
7	Swimming pool and fitness building								
	- Pool area	132.00	18,000	2,376,000					
	- Kids Pool area	16.00	15,000	240,000					
	- Pool edge area	397.10	5,000	1,985,500					
	- Ground floor corridor area	60.70	3,500	212,450					
	- Indoor usable area	218.70	12,000	2,624,400					
	Total area	824.50		7,438,350	14	18	3.13%	43.75%	4,184,072

Item	Type of structure / Development	Area (sq m)	Appraisal Price (Baht / unit)	New replacement value (Baht)	Building age (years)	Remain. lease term (years)	Depreciation per year (%)	Total devaluation (%)	Current value (Baht)
8	Garbage storage building		6,000		14	18	3.13%	43.75%	54,000
	- Indoor usable area	16.00		96,000					
	Total area	16.00		96,000					
9	Equipment storage building		2,000		14	18	3.13%	43.75%	25,313
	- Indoor usable area	22.50		45,000					
	Total area	22.50		45,000					
10	Gas tank storage building		3,500		14	18	3.13%	43.75%	54,141
	- Indoor usable area	27.50		96,250					
	Total area	27.50		96,250					
11	Boiler building		7,000		14	18	3.13%	43.75%	330,750
	- Indoor usable area	84.00		588,000					
	Total area	84.00		588,000					
Total building value		11,685.10		151,280,800					65,821,972

Source: Appraisal report of Novotel Chumphon Beach Resort and Golf by Siam Appraisal and Services Co., Ltd.

The appraiser chose the straight-line depreciation method by the useful life of the buildings and the remaining contract life. The Independent Financial Advisor is of the opinion that this method is appropriate and reflect the actual value being used rather than using the reference rate in the standard by the Valuers Association of Thailand which depreciate hotel building in the first 10 year by 1 percent per year. The accumulated depreciation by this standard will be too low and the current value of the buildings will be too high in the Independent Financial Advisor's view.

Table 5-40: Asset value of Novotel Chumphon Beach Resort and Golf assessed by cost method

Price appraisal list	Total appraisal price (Baht)
Land leasehold rights: Leasehold rights of 12 plots of land Remaining rental period 18 years	100,000
Structures : 11 items	65,821,972
Supplies and Equipment at Market Value	22,660,800
Total appraisal value of the assets	88,582,772

From interviews with this independent appraiser, it was found that this assessment does not include the leasehold value and the building value in connection with the golf course service, however, the IFA views the golf course as part of the hotel operation. Therefore, it should be included in the valuation of hotel assets. As such, the IFA excludes the value by cost analysis method by this independent appraiser in determining the property value.

Table 5-41: Summary of property appraisal price of Novotel Chumphon Beach Resort and Golf by cost analysis method

	Charter Valuation and Consultant Limited	Siam Appraisal and Services Co., Ltd.
Appraisal value	76,739,200 Baht	88,582,772 Baht
Appraisal value adjusted by the IFA	83,076,337 Baht (See Table 5-37)	Not appropriate and no data for adjustment available

5.3.2. Ibis Styles Chiang Mai Hotel property

1. Summary of the asset appraisal of ibis Styles Chiang Mai by cost-analysis method by Charter Valuation and Consultant Limited

Table 5-42: Summary of the calculation of the land leasehold right value of ibis Styles Chiang Mai Hotel

Year	Period		Market rental rate (Baht)	Contract rental rate (Baht)	Land and property tax (Baht)	Profit of leasehold right (Baht)	Discount rate 11.00%	Present value (Baht) (Approx.)
	Start date	End date						
1.00	01/10/2020	30/09/2021	3,591,000	3,073,455	487,614	29,931	0.9009	26,965
2.00	01/10/2021	30/09/2022	3,591,000	3,073,455	487,614	29,931	0.8116	24,293
3.00	01/10/2022	30/09/2023	3,950,100	3,380,801	487,614	81,685	0.7312	59,727
4.00	01/10/2023	30/09/2024	3,950,100	3,380,801	487,614	81,685	0.6587	53,808
5.00	01/10/2024	30/09/2025	3,950,100	3,380,801	511,995	57,305	0.5935	34,008
6.00	01/10/2025	30/09/2026	4,345,110	3,718,881	511,995	114,235	0.5346	61,075
7.00	01/10/2026	30/09/2027	4,345,110	3,718,881	511,995	114,235	0.4817	55,022
8.00	01/10/2027	30/09/2028	4,345,110	3,718,881	511,995	114,235	0.4339	49,570
9.00	01/10/2028	30/09/2029	4,779,621	4,090,769	537,594	151,258	0.3909	59,130
10.00	01/10/2029	30/09/2030	4,779,621	4,090,769	537,594	151,258	0.3522	53,271
11.00	01/10/2030	30/09/2031	4,779,621	4,090,769	537,594	151,258	0.3173	47,992
12.00	01/10/2031	30/09/2032	5,257,583	4,499,844	537,594	220,144	0.2858	62,926
13.00	01/10/2032	30/09/2033	5,257,583	4,499,844	564,474	193,264	0.2575	49,768
14.00	01/10/2033	30/09/2034	5,257,583	4,499,844	564,474	193,264	0.2320	44,836
15.00	01/10/2034	30/09/2035	5,783,306	4,949,830	564,474	269,001	0.2090	56,222
16.00	01/10/2035	30/09/2036	5,783,306	4,949,830	564,474	269,001	0.1883	50,651
17.00	01/10/2036	30/09/2037	5,783,306	4,949,830	592,698	240,778	0.1696	40,844
18.00	01/10/2037	30/09/2038	6,361,696	5,372,813	592,698	396,185	0.1528	60,546
Leasehold right value								890,654

Source: Appraisal report of ibis Styles Chiang Mai hotel by Charter Valuation and Consultant Limited

Table 5-43: Summary of building value calculation at ibis Styles Chiang Mai Hotel

Item	Type of structure / Development	Area (sq.m.)	New replacement value (Baht)	Depreciation			Present value (Baht)	% built	Value in present condition (Baht)
				Years	%	Total			
1	6-storey hotel building - Indoor usable area, floors 1 - 6 - Passenger lifts (Unit: lift)	3,607.39 3	56,419,690	9	3.7%	33.3%	40,633,433	100%	40,633,433
			4,106,400 60,919,690						
2	8-storey hotel building with 1 basement floor - Indoor usable area, basement – 8 th floor - Passenger lifts (Unit: lift)	8,430.33 3	146,026,140	10	3.6%	36.0%	97,296,730	100%	97,296,730
			6,000,000 152,026,140						
3	7-storey hotel building with mezzanine - Indoor usable area, floors 1 - 7 - Passenger lifts (Unit: lift)	2,286.85 3	49,329,490	10	3.6%	36.0%	35,410,874	100%	35,410,874
			6,000,000 55,329,490						
Total building value		14,324.57	268,275,320				173,341,036		173,341,036

Source: Appraisal report of ibis Styles Chiang Mai hotel by Charter Valuation and Consultant Limited

The appraiser chose the straight-line depreciation method by the useful life of the buildings and the remaining contract life. The Independent Financial Advisor is of the opinion that this method is appropriate and reflect the actual value being used rather than using the reference rate in the standard by the Valuers Association of Thailand which depreciate hotel building in the first 10 year by 1 percent per year. The accumulated depreciation by this standard will be too low and the current value of the buildings will be too high in the Independent Financial Advisor's view.

Table 5-44: Asset value of Ibis Styles Chiang Mai hotel assessed by cost-analysis method

Price appraisal list	Total appraisal price (Baht)
Land leasehold rights: Leasehold rights of 9 plots of land Remaining rental period 18 years	890,654
Structures : 3 items	173,341,036
Total appraisal value of the assets	174,231,690

From interviews with the independent appraiser, it was found that in this assessment the value of materials and equipment of the hotel property was not included in the calculation because the market price of materials and equipment differs and varies according to the age of materials and equipment. If the values of materials and equipment are required to be included in the calculation, the book value of depreciated materials and equipment is

more appropriate. Therefore, the Independent Financial Advisor has adjusted the appraisal results by combining the value of materials and equipment according to the book value as of 31 December 2020, the value is as follows:

Table 5-45: Asset value of Ibis Styles Chiang Mai hotel assessed by cost-analysis method and adjusted by the IFA

Price appraisal list	Total appraisal price (Baht)
Land leasehold rights: Leasehold rights of 9 plots of land Remaining rental period 18 years	890,654
Structures : 3 items	173,341,036
Supplies and Equipment at Book Value	4,553,854
Total appraisal value of the assets	178,785,544

2. Summary of the asset appraisal of ibis Styles Chiang Mai Hotel by cost-analysis method by Siam Appraisal and Services Co., Ltd.

Table 5-46: Summary of building value calculation at ibis Styles Chiang Mai Hotel

Item	Type of structure / development	Area (sqm.)	Appraisal price (Baht/unit)	Building Age (years)	New replacement value (Baht)	Depreciation (%)	Value in present condition (Baht)
1	7-storey hotel with basement No. 7/9						
	- General usable area on floors 1 and 4 - 7	1,877	20,000		37,540,000		
	- Veranda, footpath, balcony area	833	4,500		3,748,500		
	- Usable area in basement	138	15,000		2,070,000		
	- general usable area on floors 2 - 3	832	18,000		14,976,000		
	Total (round the hundredth place)	3,680	57,500	11.00	58,334,500	12%	51,334,400
2	6-storey hotel building						
	- General usable area	3,305	20,000		66,100,000		
	- Veranda, footbath area	191	4,500		859,500		
	Total (round the hundredth place)	3,496	24,500	10.00	66,959,500	10%	60,263,600
3	8-storey hotel with basement No. 8/5						
	- General usable area	5,503	21,500		118,314,500		
	- Balcony, restaurant area	85	6,000		510,000		
	- 1 st floor parking and basement area	2,306	15,000		34,590,000		
	- Pool area	100	18,000		1,800,000		
	- Pool edge walkway area	57	6,000		342,000		
		8,051	66,500	11.00	155,556,500	12%	136,889,700
Total					280,850,500		248,487,700

Source: Appraisal report of ibis Styles Chiang Mai hotel by Siam Appraisal and Services Co., Ltd.

The appraiser chose the depreciation method by using the reference rate in the standard by the Valuers Association of Thailand which depreciate hotel building in the first 10 year by 1 percent per year. The accumulated depreciation by this standard will be too low and the current value of the buildings will be too high in the Independent Financial Advisor's view.

Table 5-47: Asset value of Ibis Styles Chiang Mai hotel assessed by cost-analysis method

Price appraisal list	Total appraisal price (Baht)
Structures : 3 items	248,487,700
Supplies and Equipment at Market Value	11,752,490
Total appraisal value of the assets	260,240,190

From interviews with the independent appraiser, it was found that in this assessment the independent appraiser did not include the land leasehold right value. The Independent Financial Advisor views that the significant value proportions are excluded and cannot be calculated. In addition, the depreciation in the appraisal of the replacement value based on the property's condition that independent appraiser uses based on the standard price list of the Appraisers Association of Thailand 2020 - 2021 yields too low accumulated depreciation. As a result, the building's value is quite high. Therefore, the Independent Financial Advisor excludes the value by cost analysis method by this independent appraiser in determining the asset value.

Table 5-48: Summary of the appraisal price of ibis Styles Chiang Mai by cost analysis method

	Charter Valuation and Consultant Limited	Siam Appraisal and Services Co., Ltd.
Appraisal value	174,231,690 Baht	260,240,190 Baht
Appraisal value adjusted by the IFA	178,785,544 Baht (See Table 5-45)	Not appropriate and no data for adjustment available

5.4. Summary of Assessment of the Appropriateness of the Transaction Price

The Independent Financial Advisor has considered the fairness of the price using the discounted cash flow method by the IFA, revenue analysis method by the independent appraisers and cost analysis methods by the independent appraisers whereby the valuation in each method can be summarized as follows.

Table 5-49: Summary of hotel property appraisal results

Valuation method	Value of hotel asset (Baht)	
	Novotel Chumphon Beach Resort and Golf	ibis Styles Chiang Mai
1) Discounted Cash Flow Approach		
▪ Base case	(60,341,416)	47,113,245
▪ Value range	(70,496,356) – (50,909,895)	34,555,569 – 61,797,722
2) Income Approach by the independent appraisers	84,329,000 – 88,750,000	168,606,000 – 174,900,000
3) Cost Approach by the independent appraisers ¹	83,076,337	178,785,544
Transaction price	87,000,000	185,000,000

Source: 1. Figures after adjustment by the independent financial advisor.

From the valuation results according to the table, the Independent Financial Advisor is of the opinion that:

- 1) **Discounted Cash Flow Approach by the IFA** is the way to reflect the performance and business potential of hotel assets to generate revenue and profit from hotel operations in the future. This is considered an appropriate method for valuation of hotel assets. However, as in the IFA's assessment results, the present value of the cash flow of the Novotel Chumphon Beach Resort and Golf property is negative, the IFA is of the opinion that the results of the assessment using cost analysis method must also be considered. According to the principle of Highest and Best Use, if the cash flow value from the hotel operation is less than the value of the sale of the property at the replacement cost price, the cost-based analysis method is more appropriate. Therefore, the discounted cash flow value **is not appropriate** in this case.
- 2) **Income Approach by the independent appraisers** is the way that independent appraisers discount profit from estimated revenue and expenses from hotel operation. This is not equivalent to the cash flow according to the business finance definition, which the IFA deems to be more appropriate. Moreover, many of the financial assumptions of the independent appraisers are very different from the assumptions of the IFA because the independent appraisers choose to mainly use the market comparison method while the IFA mainly considers past performance. In addition, the assumption of the independent appraisers does not include some expenses. This is due to the limitation of information. Therefore, the

Independent Financial Advisor is of the opinion that the income analysis method by the independent appraisers **is not appropriate**.

- 3) **Cost Approach by the independent appraisers** is a method of determining the value of land leasehold rights and the cost of building replacement including materials and equipment which the Independent Financial Advisor is of the view that this **is an appropriate method** in determining the hotel property value this time. This is because the valuation by the discounted cash flow method from the hotel operation gives less value than the value from the sale of land leasehold rights and the cost of building replacement including materials and equipment. Therefore, it reflects the best current value of the hotel assets.

The Independent Financial Advisor is of the opinion that the most appropriate valuation method for this transaction is the Cost Approach adjusted by the independent financial advisor which is determining the value of land leasehold rights and the cost of building replacement including materials and equipment based on the principle of highest and best use due to the fact that the value of discounted cash flow from the hotel operation is less than the value of the sale of the property at the current price. Chumphon Beach Resort and Golf is 83.08 million baht and the value of Ibis Styles Chiang Mai is 178.76 million baht, totaling 261.86 million baht, which is lower than the offering value of 272 million baht by 10.14 million baht. Thus, the transaction price is reasonable.

6. Summary of the opinion of the Independent Financial Advisor

The Board of Directors Meeting No. 1/2021 of R&B Food Supply Public Company Limited (“RBF” or “the Company” or “Business”) dated 25 February 2021 (not including Dr. Somchai Ratanapoompinyo, Mrs. Petchara Ratanapoompinyo, Lt. Col. Dr. Janjida Ratanapoompinyo, and Dr. Sanathorn Ratanapoompinyo, the 4 directors with interests neither attend the meeting nor vote on the Board of Directors Meeting) has resolved to assist a company to propose to the Annual General Meeting of Shareholders for the year of 2021, in order to approve the disposition of leasehold rights of land and buildings (rights of the lessee), buildings, materials and equipment of 2 hotels (referred to as “the hotel business” from now on) as follows:

- 1) Novotel Chumphon Beach. Resort & Golf
- 2) ibis Styles Chiang Mai Hotel

This disposal of assets is part of the group's business restructuring. It is the implementation of the company's strategy and policy to focus on operating the core business that the company has expertise, namely the business of producing and distributing raw materials used as Food Ingredients and to reflect performance of the main business clearly. Moreover, the disposal of assets this time makes the company group free from the loss incurred by both hotels and the impact of the current COVID-19 outbreak and economic downturn which directly affect the hotel business. The Company expects the hotel business to recover in 2 – 3 years. This disposal also reduces the impact from asset impairment to be recognised in the future.

Opinion of the Independent Financial Advisor

The Independent Financial Advisor has considered the fairness of the price using 3 methods: the discounted cash flow method by the IFA, income approach by the independent appraisers and cost approach by the independent appraisers whereby the valuation in each method can be summarized as follows.

Table 6-1: Summary of hotel property value by 3 methods

Valuation method	Appropriateness	Novotel Chumphon Beach Resort and Golf	ibis Styles Chiang Mai
Offering price		87,000,000	185,000,000
1. Discounted cash flow approach			
Base case	✘	(60,341,416)	47,113,245
Sensitized range		(70,496,356) – (50,909,895)	34,555,569 – 61,797,722
2. Income approach by independent appraisers	✘	84,329,000.00-88,750,000	168,606,000-174,900,000
3. Cost approach by independent appraisers adjusted by the IFA	✓	83,076,337	178,785,544

From the valuation results above, the Independent Financial Advisor is of the opinion that in normal situation the Discounted Cash Flow approach is the most appropriate. However, the value of Novotel Chumphon Beach Resort and Golf is negative by this method. Thus, the Independent Financial Advisor considers the cost approach as appropriate in this situation according to the principle of the highest and best use of the asset. If the

discounted cash flow from hotel operations less than its replacement cost at present, the result of cost approach is more appropriate in the Independent Financial Advisor's view.

According to consideration about appropriateness of price, the Independent Financial Advisor can summarise the results of the hotel business disposal as below table:

Table 6-2: Gain (loss) from the hotel business disposal

Assets to be disposed	Hotel asset value (Baht)		
	Novotel Chumphon Beach Resort and Golf	ibis Styles Chiang Mai	Total
Book value as of 31 December 2020 (1)	78,293,884	241,301,763	319,595,647
Unrealised impairment loss (which will be recognised if the Company does not enter the transaction) (2)	-	(62,259,918)	(62,259,918)
Book value after recognising impairment loss (in case the Company does not enter the transaction) ^{1/} (1)-(2) (3)	78,293,884	179,041,845	257,335,729
Offering price (4)	87,000,000	185,000,000	272,000,000
Average appraisal value according to income approach by the independent appraisers (5)	86,539,500	171,753,000	258,292,500
Fairness value by the Independent Financial Advisor (6)	83,076,337	178,785,544	261,861,881
Gain (loss) from entering the transaction (4)-(1) (7)	8,706,116	(56,301,763)	(47,595,647)
Difference between offering price and book value in case the Company does not enter the transaction (4)-(3) (8)	8,706,116	5,958,155	14,664,271
Difference between offering price and average value evaluated by the independent appraisal (4)-(5) (9)	460,500	13,247,000	13,707,500
Difference between offering price and fairness value by the IFA (4)-(6) (10)	3,923,663	6,214,456	10,138,119

Remark: 1/ Book value in reference to the information memorandum of the asset disposal and connected transaction of RBF

According to the above table, we can see that if the Company does not enter the transaction in the hotel business disposal, it will eventually incur loss from asset impairment of THB 62.26 million (2) because the financial statement of Premium Foods Co., Ltd. (the subsidiary of RBF with 99.99 percent holding) already recognised the loss from ibis Styles Chiang Mai impairment of THB 62.26 million which the Company opted to not include the impact of COVID-19 pandemic in its financial statement for the accounting period of 2020 according to temporary relief measure by Federation of Accounting Professions. Thus, in case that the Company enter the transaction to dispose its hotel business, it will incur loss from asset disposal because of asset being marked to market amounting to THB 56.30 million (7). After including the gain from disposal of Novotel Chumphon Beach Resort and Golf of THB 8.71 million, the net loss will be THB 47.60 million (7) which is lower than the loss from not entering the transaction for THB 14.66 million (8). This does not account for the impact of new wave of COVID-19 in early 2021 yet which may cause the impairment loss to worsen. In addition, the offering price is higher than both the appraisal price by the Independent Appraisers for THB 13.71 million (9) and the fairness value by the Independent Financial Advisor for THB 10.14 million (10). Therefore, the offering price is considered as appropriate price.

The Independent Financial Advisor has considered and analyzed various data such as the conditions of the transaction, advantages and disadvantages of entering into the transaction and not entering into the transaction,

including the risks that may arise from entering into the transaction as mentioned above in various parts of this IFA report, which can be summarized as following.

Entering into this transaction will give the Company income from the sale of the hotel business in the amount of THB 272 million and would save on future rent to be paid for 17 years and 3 months from the transaction date that the ownership will be transferred within 30 June 2021 of which the total value is approximately THB 154.31 million (the value is not discounted). Furthermore, the Company would not have to bear the loss from impairment of ibis Style Chiang Mai of approximately THB 5.96 million and would not have to invest in hotel renovations according to the standards of the hotel management service provider. In addition, there is also no risk of future loss of the hotel business due to such factors as the effects of the economic downturn, the COVID-19 pandemic or prevalence of PM2.5 dust particles. The disposal of assets this time is not only a sale at a higher value than the book value, the appraisal value by the Independent Appraisers and the fairness value by the Independent Financial Advisor as abovementioned, it also allows the Company to receive the net benefit of approximately THB 14.66 million (before deducting fees and transfer expenses divided in half for both parties and the tax expenses incurred on the transfer date) instead of incurring loss from impairment of ibis Style Chiang Mai of THB 62.26 million.

However, in this transaction, the Company will have to pay income tax from the disposal of property. In addition, if tourism and the hotel businesses rebound, the Company may lose the opportunity to profit from a more profitable sale of the hotel business than at the moment. Given the global COVID-19 pandemic and economic slowdown, however, it is expected to take 2-3 years before the hotel business can recover. In addition, it can be seen that there has been continuous operating losses since before the outbreak of COVID-19, so the opportunity to sell the hotel business to be more profitable in a short time is low. Similarly, there may be a possibility of getting a higher price but it may take a longer time to sell as well and success cannot be guaranteed.

Entering into this transaction qualifies as a connected transaction. Hence, there may be doubts about the fairness of the transaction which the Company involved 2 independent appraisers to give the reference price that should remedy the doubts about the fairness of price. Moreover, entering into the transaction with the connected person enables the Company to negotiate more quickly than with external parties. The Company received the waiver from the Accor Group for its Right of First Refusal to buy the hotel and did not receive any competing bid from other property agents.

Although there is reason for entering into this transaction, there is still a risk if the transaction is not approved by the Company's shareholders which may result in the Company not receiving remuneration from the sale of the hotel business in the amount of THB 272 million and having to pay the rent for the next 17 years and 3 months (from the transfer date as at 30 June 2021), totaling approximately THB 154.31 million (the value is not discounted) while still bearing the loss from impairment of property value of approximately THB 62.26 million in the

first quarter of 2021. In addition, the Company will have to continue operating the hotel business in a situation that is still affected by the COVID-19 pandemic and PM2.5 dust pollution.

According to the offering price in this transaction, although the Company will incur loss on asset disposal of approximately THB 47.60 million, it is still less than the loss from asset impairment which could have incurred at THB 62.26 million if the Company did not sell off its hotel business due to being marked down to the market value.

The Independent Financial Advisor has assessed the fairness of the offering price for the hotel business and found that the offering price is higher than the book value after recognising the impairment loss and the value by the Independent Financial Advisor for THB 14.66 million and THB 10.14 million, respectively. The Independent Financial Advisor is of opinion that the offering price at THB 272 million is appropriate. In addition, the Independent Financial Advisor consider the conditions of entering the transaction which require 1) the full payment on the transfer date 2) the equal division for responsibility of fees and expenses relating to the ownership transfer 3) the agreement about employee transfer and 4) the requirement for shareholder approval. Therefore, from all the above reasons the Independent Financial Advisor is of the opinion that entering into the above transaction **is reasonable** and the shareholders should approve the connected transaction at this time.

However, the decision to approve the transaction depends mainly on the discretion of the shareholders. Shareholders should carefully study and consider the reasons, advantages, disadvantages, risks, and other opinions of the Independent Financial Advisor within this report, information memorandum related to the abovementioned transaction, including the opinion of the Independent Directors along with the documents attached to an invitation letter of the Ordinary General Meeting of Shareholders No. 1/2021 for consideration of the whole transaction. The Independent Financial Advisor deems that the assumptions used in the preparation of financial projections are reasonable. They are based on economic conditions and data available during the period under study and any change or future occurrence may be a factor that affects the opinion of the Independent Financial Advisor.

Grant Thornton Services Ltd. as the Independent Financial Advisor of the Company certifies that it is as of the responsibilities, duties, and the thorough studies of information according to the professional standards and upon the reasonable and fair analysis with due regard to the benefits of the shareholders of the Company.

Yours faithfully,

- Adulpol Charukesnunt -

Mr. Adulpol Charukesnunt
Supervisor
Grant Thornton Services Ltd.

- Julaporn Namchaisiri -

Ms. Julaporn Namchaisiri
Managing Director – Investment Bank
Grant Thornton Services Ltd.

7. Attachment

Attachment 1 General Information of RBF

7.1. General Information

Table 7-1: General Information of RBF

Items	Details
Name	R&B Food Supply Public Company Limited
Address	3395 Lat Phrao 101 Alley (Wat Bueng Thonglang), Lat Phrao Road, Khlong Chan Sub-district, Bang Kapi District, Bangkok Metropolis 10240
Tel.	+66 (0) 2946 6812 – 21
Fax	+66 (0) 2183 5705
Company Registration Number	0107561000374
Website	https://www.rbsupply.co.th
Stock Exchange	Stock Exchange of Thailand (SET)
Industry	Agro & Food
Business Description	Manufactures and distributes of food ingredients to customers in the form of made-to-order and under their own brands

7.2. General Information from Annual Report and Financial Statement

The R&B Food Supply Public Company Limited (“the Company” or “RBF”) and its subsidiaries engage in the business of manufacturing and distributing food ingredients, divided into several product groups as follows: (1) Flavour agents and food colouring including flavouring agents used in perfumes and cosmetics (2) Flour and sauces (3) Dehydrated products (4) Frozen food products (5) Plastic packaging and (6) Purchased products for sale which are food additives such as preservatives, antifungal agents, citric acid, etc., as well as milk powder and sausage casings purchased from other manufacturers or imported from abroad. The products are sold to customers in the food and beverage, pharmaceutical and animal feed industries.

The Company and its subsidiaries mainly manufacture and sell Made to Order Products to create diversity and meet the needs of customers thoroughly. In addition, they manufacture and sell products in the form of OEM (Original Equipment Manufacturer) under the customer's brand and products that are standard formulas under the brand "Uncle Barnes," "Best Odour," "Super-find," "Copy Chan", "Haeyo", "Angelo" and "Aroi Mak Mak".

The Company and its subsidiaries have a research and development team consisting of knowledgeable personnel, expertise, and experience in long-term analysis of food smell and taste which enables the company and its subsidiaries to manufacture products in a way that meet specific customers' need. This results in the products that are so unique and varied that they gain popularity in both domestic and international customers.

In addition, the subsidiaries have invested in two hotels: (1) The Novotel Chumphon Beach Resort and Golf, through Thai Flavors and Fragrant Co., Ltd. (TFF) and (2) ibis Styles Chiang Mai through Premium Foods

Co., Ltd (PFC) because the company and its subsidiaries have outstanding liquidity and see investment opportunities in hotel businesses. Both hotels managed by the Accor Group (ACCOR).

7.3. Major Changes and Developments

Year	Month	Major Changes and Developments
1985	May	Thai Flavors and Fragrances Company Limited ("TFF") was established with an initial registered capital of 4.00 million baht, divided into 800,000 ordinary shares with a par value of 5 baht per share to operate the business of flavouring agents for food, selling flavouring agents for perfumes and cosmetics, food colouring and some food additives, with J.P.S. Holding Company Limited holding 51% of the shares and foreign companies holding 49% of the shares. Its head office was located at No.27/550, Village No.1, Lat Phrao Road, Khlong Chan Sub-district, Bang Kapi District, Bangkok before moving to the new headquarters at No. 3, Pho Kaew 3 Alley, 17 Sub-alley, Klong Chan Sub-district, Bang Kapi District, Bangkok. Later, in April 2003, foreign companies had sold all of the TFF's shares to Dr. Somchai. As a result, Dr. Somchai and Mrs. Petchara held 100% of the shares.
1991	November	R&B Supply Company Limited ("the Company" or "RBF") was established by Dr. Somchai Ratanapoompinyo and Mrs. Petchara Ratanapoompinyo with an initial registered capital of 1.00 million baht, divided into 10,000 ordinary shares with a par value of 100 baht per share to operate the business of manufacturing and selling flavouring agents, cooking flour, breadcrumbs, seasoning sauces and dipping sauces and food additives. Its head office and factory were located at No.32/11, Village No.7, Sukhaphiban 1 Alley, Lat Phrao Road, Klong Chan Sub-district, Bang Kapi District, Bangkok which was later changed to No.3395, Lat Phrao 101 Alley, Lat Phrao Road, Khlong Chan Sub-district, Bang Kapi District, Bangkok.
1993	December	Best Odour Company Limited ("BO") was established by Dr. Somchai Ratanapoompinyo with an initial registered capital of 1.00 million baht, divided into 10,000 ordinary shares with a par value of 100 baht per share to operate the business of manufacturing and distributing food colouring and some food additives under the brand "Best Odour" with its head office at No.704/7, Pattanakarn Road, Khlong Ton Sub-district, Khlong Toei District, Bangkok and its factory at No.32/10, Samakhom Phaet Alley, Sukhaphiban 1 Road, Village No. 7, Khlong Chan Sub-district, Bang Kapi District, Bangkok before moving to the new headquarters at No. 3397, Lat Phrao 101 Alley, Lat Phrao Road, Khlong Chan Sub-district, Bang Kapi District, Bangkok.
1998	September	TFF increased its registered capital from 4.00 million baht to 29.00 million baht by issuing 5,000,000 ordinary shares with a par value of 5 baht per share and offered to its existing shareholders to be used as working capital in business.
2002		Dr. Somchai Ratanapoompinyo and Mrs. Petchara Ratanapoompinyo acquired ordinary shares of Premium Foods Co., Ltd. ("PFC") from the existing shareholders who had no relationship with the company's shareholders, directors, and management. The company operated the business of manufacturing and distributing dehydrated products and frozen food products. The head office and factory were located at No. 258, Village No. 3, Chiang Mai-Phrao Road, Mae Faek Sub-district, San Sai District, Chiang Mai Province.

Year	Month	Major Changes and Developments
2003	November	PFC increased its registered capital from 40.00 million baht to 52.00 million baht by issuing 20,000 ordinary shares with a par value of 100 baht and offered to its existing shareholders to be used as working capital in business.
2004	September	RBF bought a plastic packaging factory from individuals who had no relationship with the company's directors, executives, and major shareholders.
2005	March	RBF received the Good Manufacturing Practice (GMP) standard system certification regarding health and production requirements and the Hazard Analysis & Critical Control Points (HACCP) standard system certification in the production of dried breadcrumbs, fresh bread and dice bread from Bureau Veritas Certification (Thailand) Co., Ltd. (Bureau Veritas Certification).
	July	TFF invested in other businesses, namely Novotel Chumphon Beach Resort & Golf, managed by the Accor Group (ACCOR) and opened in 2008.
	December	<ul style="list-style-type: none"> ● PFC received the Good Manufacturing Practice (GMP) standard system certification for air dry and spray dry products from the SGS (Thailand) Co., Ltd. ● PFC received the Hazard Analysis & Critical Control Points (HACCP) standard system certification for air dry and spray dry products from SGS (Thailand) Company Limited.
2007	July	RBF increased its registered capital from 1.00 million baht to 20.00 million baht by issuing 190,000 newly issued ordinary shares with a par value of 100 baht and offered to its existing shareholders to be used as working capital in business.
2008	December	RBF's plastic packaging factory for food, beverage and electronic components opened for commercial operation at the Hi-Tech Industrial Estate in Phra Nakhon Si Ayutthaya Province and received the certification of quality management system (ISO 9001) for plastic packaging products from the United Registrar of Systems (Thailand) Company Limited (URS).
2009	July	The production plant at the Wang Noi Mini Factory Project, under the operation of RBF, received the Good Manufacturing Practice (GMP) and the Hazard Analysis & Critical Control Points (HACCP) certification in production of flour products and seasonings from the Bureau Veritas Certification (Thailand) Co., Ltd. (Bureau Veritas Certification).
	August	RBF production facility in Lat Phrao 101 received the British Retail Consortium (BRC) certification for the production of breadcrumbs and bakery products (mini buns and sandwiches) from the Bureau Veritas Certification (Thailand) Co., Ltd. (Bureau Veritas Certification).
	September	<ul style="list-style-type: none"> ● RBF increased its registered capital from 20.00 million baht to 35.00 million baht by issuing 150,000 newly issued ordinary shares with a par value of 100 baht and offered to its existing shareholders and new shareholders who are the members of Ratanapoompinyo family to be used as working capital. ● RBF changed the company name to R&B Food Supply Co., Ltd.
2010		PFC invested in other businesses, namely ibis Styles Chiang Mai, managed by the Accor Group (ACCOR), and opened in 2011.
	June	RBF opened a flour production plant at Wang Noi Factory Land Project, No. 130/160 - 161, Village No. 3, Wang Chula Sub-district, Wang Noi District, Phra Nakhon Si Ayutthaya Province.
	August	The production plant at the Wang Noi Mini Factory Project, under the operation of RBF, received standard system certification of the British Retail Consortium (BRC) for the production of flour products and seasonings from the Bureau Veritas Certification (Thailand) Co., Ltd. (Bureau Veritas Certification).

Year	Month	Major Changes and Developments
2011	June	The production plant at Lat Phrao 101, under the operation of the RBF, was certified for the Good Manufacturing Practice (GMP) and the Hazard Analysis & Critical Control (Hazard Analysis & Critical Control) Points: HACCP) certification in the production of breadcrumbs and bakery products (mini buns and sandwiches) from Bureau Veritas Certification (Thailand) Co., Ltd. (Bureau Veritas Certification).
	August	RBF expanded its market to Vietnam by establishing a representative office in Ho Chi Minh City, Vietnam as a channel for promoting and marketing the company's products in Thailand. (The representative office in Vietnam is now closed since the company opened its subsidiary in Vietnam in 2013.)
2013	January	The production plant at Lat Phrao 101, under the operation of RBF, received the Good Manufacturing Practice (GMP) certification and the Hazard Analysis certification & Critical Control Points: HACCP) in manufacturing flavouring agents (liquid type) from Intertek Group Thailand.
	March	RBF established R&B FOOD SUPPLY VIETNAM LIMITED LIABILITY COMPANY ("RBVN") in Vietnam with a registered capital of 21,000.00 million Vietnamese Dong or approximately 27.85 million baht for distribution of flavouring agents, breadcrumbs, cooking flour, seasoning sauces and dipping sauces, food colouring, dehydrated products, frozen food and food additive products in Vietnam, with RBF holding 100.00% of its shares. Its office is in Ho Chi Minh City and the factory is currently under construction and importing machinery. RBVN was established to produce and sell breadcrumbs in Long An, Vietnam. It was expected to generate revenue from its production and distribution within the third quarter of 2019.
	July	The plastic packaging factory at the Hi-Tech Industrial Estate under the operation of RBF, received the Good Manufacturing Practice (GMP) certification and the Hazard Analysis & Critical Control Points (HACCP) certification in plastic packaging production from the United Registrar of Systems (Thailand) Company Limited (URS).
	September	TFF had increased its registered capital from 29.00 million baht to 31.00 million baht by issuing 400,000 newly issued ordinary shares with a par value of 5 baht per share and offered to its existing shareholders.
	October	RBF expanded its business to Myanmar by establishing a representative office in Yangon Myanmar as a channel for promoting and marketing the company's products in Thailand. (Currently, the representative office in Myanmar has been closed since the company is able to market its products directly from Thailand with no need of a representative office.)
2014	June	PFC received the British Retail Consortium (BRC) certification for freeze-dried and frozen food products from the SGS (Thailand) Co., Ltd.
	August	PFC received the Food Safety System Certification (FSSC) 22000 to produce air dry and spray dry products from the Bureau Veritas Certification (Thailand) Co., Ltd. (Bureau Veritas Certification).
	December	RBF increased its registered capital from 35.00 million baht to 62.00 million baht by issuing 270,000 ordinary shares with a par value of 100 baht and offered to its existing shareholders to be used as working capital in business.
2015	October	BO expanded its food colouring production base from Lat Phrao 101 to factories in the Hi-Tech Industrial Estate, No. 136, Village No. 5, Ban Wa Sub-district, Bang Pa-in District, Phra Nakhon Si Ayutthaya Province.

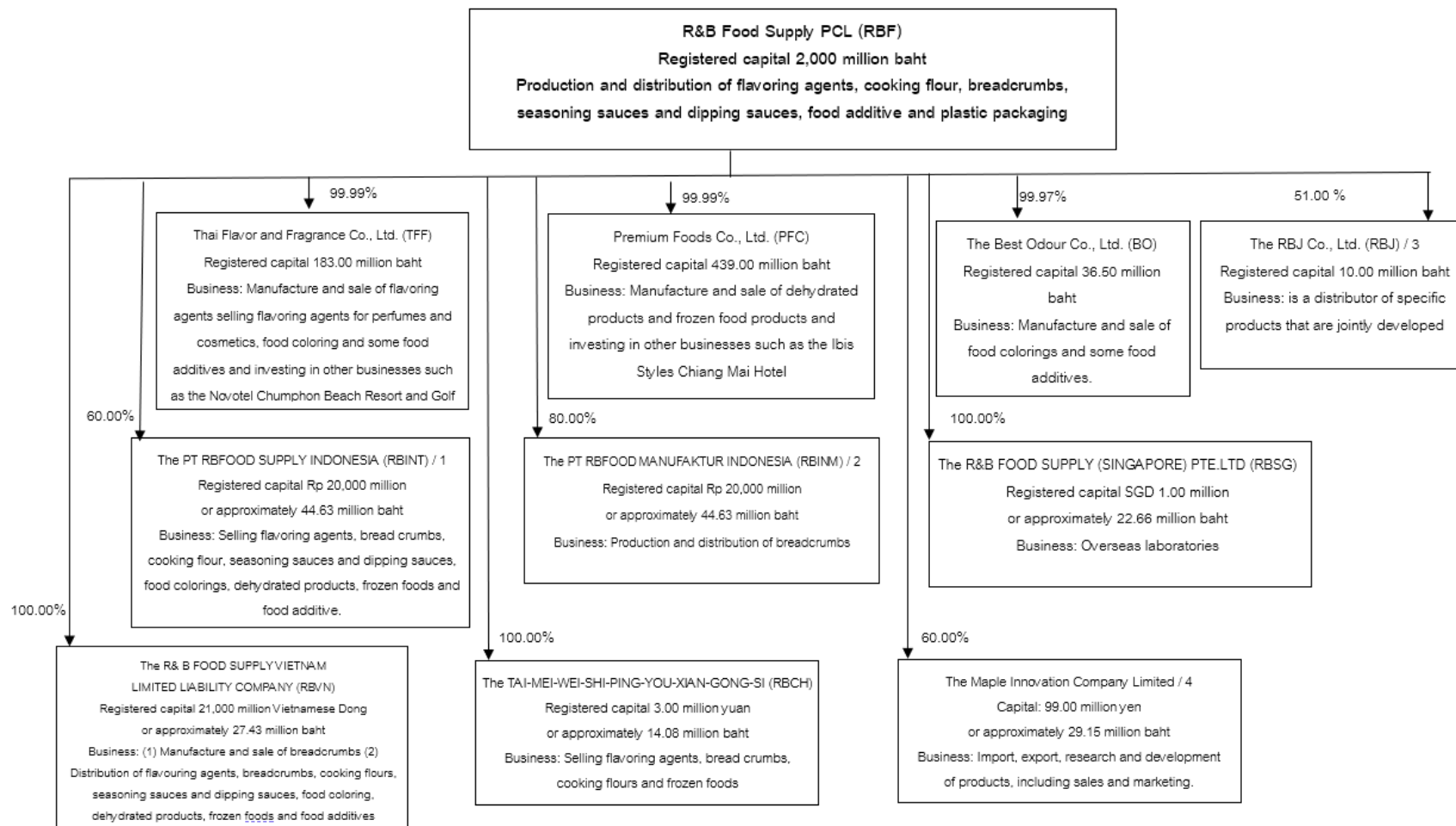
Year	Month	Major Changes and Developments
2016	March	<ul style="list-style-type: none"> ● RBF established PT RBFOOD SUPPLY INDONESIA ("RBINT") in Indonesia with a registered capital of 20,000.00 million rupiah or approximately 46.04 million baht, divided into 20,000 ordinary shares with a par value of 1,000,000 rupiah per share or approximately 2,301.80 baht for selling flavouring agents, breadcrumbs, cooking flour, seasoning sauces and dipping sauces, food colouring, dehydrated products, frozen food and food additive in Indonesia, with RBF holding 60% of its shares and PT NADASA MULYA PRATANA, which had no relationship with shareholders, directors and executives of the Company, holding 40% of its shares. Its office was located in Jakarta, Indonesia and started generating commercial income in December 2016. ● The production plant at the Wang Noi Mini Factory Project under the operation of RBF, received the Food Safety System Certification (FSSC) 22000 to produce flour products and seasonings from the Bureau Veritas Certification (Thailand) Co., Ltd. (Bureau Veritas Certification). ● PFC received the Hazard Analysis & Critical Control Points (HACCP) certification in the production of frozen fried duck and frozen fried chicken from the Department of Livestock Development.
	May	<p>The food flavouring agents plant under the operation of TFF opened its commercial operation. The plant was located at the Hi-tech Industrial Estate No. 136/1, Village No. 5, Ban Wa Sub-district, Bang Pa-in District, Phra Nakhon Si Ayutthaya Province. Moreover, the production plant at Lat Phrao 101, under the operation of RBF received the Food Safety System Certification (FSSC) 22000 to produce breadcrumbs, bakery (mini buns and sandwiches) products from the Bureau Veritas Certification (Thailand) Co., Ltd. (Bureau Veritas Certification).</p>
	December	<ul style="list-style-type: none"> ● The production plant at the Hi-Tech Industrial Estate, under the operation of TFF, received the Good Manufacturing Practice (GMP) standard system certification regarding health and production requirements and the Hazard Analysis & Critical Control Points (HACCP) certification standards to produce flavouring agents from the United Registrar of Systems (Thailand) Company Limited (URS). ● PFC invested in a hotel, namely ibis Styles Chiang Mai from the River Kwai Botanic Gardens Company Limited to eliminate conflicts of interest.
2017	May	<ul style="list-style-type: none"> ● RBF opened a production plant of cooking flour, breadcrumbs, seasonings, sauces and dipping sauces at the Hi-tech Industrial Estate, No. 989, Village No. 1, Ban Lane Sub-district, Bang Pa-in District, Phra Nakhon Si Ayutthaya Province. ● The Extraordinary General Meeting of Shareholders of TFF, No. 2/2017, the BO No. 6/2017 and PFC No. 2/2017 on May 28, 2017 resolved to allow TFF, BO, and PFC to pay dividends to their shareholders to organise the company group structure for preparation of listing on the Stock Exchange of Thailand.
	June	<ul style="list-style-type: none"> ● The Extraordinary General Meeting of Shareholders No. 3/2017 on 14 June 2017 had the following important resolutions: <ul style="list-style-type: none"> ○ Approved RBF to increase its registered capital from 62.00 million baht to 320.00 million baht by issuing 2,580,000 newly issued ordinary shares with a par value of 100 baht per share in order to structure the company group for preparation of listing on the SET. ○ Approved RBF to purchase ordinary shares from the shareholders of TFF, BO, and PFC by paying with the company's newly issued ordinary shares to organise the group structure for preparation of listing on the Stock Exchange of Thailand. As a result, RBF shareholdings in TFF, BO, and PFC equaled to 99.99%, 99.97% and 99.99% of registered capital of TFF, BO, and PFC, respectively.

Year	Month	Major Changes and Developments
		<ul style="list-style-type: none"> ● The Extraordinary General Meeting of Shareholders of TFF No. 3/2017, BO No. 7/2017 and PFC No. 3/2017 on 28 June 2017, resolved to allow the TFF, BO, and PFC to increase their registered capital to organise the group structure for preparation of RBF's listing on the SET, details as follows: <ul style="list-style-type: none"> ○ TFF increased its registered capital from 31.00 million baht to 183.00 million baht by issuing 30,400,000 ordinary shares with a par value of 5 baht per share, with RBF holding 99.99% of its shares. ○ BO increased its registered capital from 1.00 million baht to 36.50 million baht by issuing 355,000 ordinary shares with a par value of 100 baht, with RBF holding 99.97% of its shares. ○ PFC increased its registered capital from 52.00 million baht to 121.00 million baht by issuing 690,000 ordinary shares with a par value of 100 baht, with the RBF holding 99.99% of its shares.
	July	<ul style="list-style-type: none"> ● The Extraordinary General Meeting of RBF No. 5/2017 on 24 July 2017 resolved to approve RBF to increase its registered capital from 320.00 million baht to 638.00 million baht by issuing 3,180,000 ordinary shares with a par value of 100 baht per share and offered to its existing shareholders to be used as payment for PFC's newly issued ordinary shares. ● The Extraordinary General Meeting of PFC No. 4/2017 on 26 July 2017 resolved to approve PFC to increase its registered capital from 121.00 million baht to 439.00 million baht by issuing 3,180,000 ordinary shares with a par value of 100 baht per share and offered to its existing shareholders to be used as working capital in business.
	August	<ul style="list-style-type: none"> ● The Board of Directors Meeting of RBF No. 2/2017 on 11 August 2017 had the following important resolutions: <ul style="list-style-type: none"> ○ Approved the establishment of the PT RBFOOD MANUFAKTUR INDONESIA ("RBINM") with a registered capital of Rs 20,000.00 million or approximately 46.04 million baht, divided into 20,000 ordinary shares with a par value of 1,000,000 rupiah or approximately 2,301.80 baht to be a manufacturer and distributor of breadcrumbs, with RBF holding 80% of its shares and MR. HARIJADI SOEDARJO, an Indonesian who had no relationship with shareholders, directors and executives of the company holding 20% of its shares. Its office and factory were located in Jakarta, Indonesia. ○ Approved the establishment of the TAI-MEI-WEI-SHI-PING-YOU-XIAN-GONG-SI company ("RBCH") with registered capital of 3.00 million yuan or about 13.58 million baht to sell flavouring agents, breadcrumbs, cooking flour and frozen food in China, with RBF holding 100% of its shares. Its offices were located in Guangzhou, China. ● The production plant at the Hi-Tech Industrial Estate under the operation of RBF, received the HALAL product certification to produce flour and seasonings from the Office of the Central Islamic Committee of Thailand. ● The production plant at the Hi-Tech Industrial Estate under the operation of RBF, received the British Retail Consortium (BRC) certification to produce flour products, seasoning sauces, and dipping sauces from the Bureau Veritas Certification (Thailand) Co., Ltd. (Bureau Veritas Certification).
	September	The production plant at the Hi-Tech Industrial Estate under the operation of RBF received the Good Manufacturing Practice (GMP) and the Hazard Analysis & Critical Control Points (HACCP) certification to produce flour products, seasoning sauces and dipping sauces from the Bureau Veritas Certification (Thailand) Co., Ltd. (Bureau Veritas Certification)
	October	PFC received the HALAL product certification to produce syrup, air dry, spray dry and freeze-dried products, and frozen food products from the Office of the Central Islamic Committee of Thailand.

Year	Month	Major Changes and Developments
	December	The production plant in Lat Phrao 101 under the operation of RBF received the HALAL product certification to produce flavouring agent products, breadcrumbs, bakery (mini buns and sandwiches), seasoning sauces and dipping sauces from the Office of the Central Islamic Committee of Thailand.
2018	March	RBF established PT RBFOOD MANUFaktur INDONESIA ("RBINM") with a registered capital of Rs 20,000.00 million or approximately 46.04 million baht to be a manufacturer and distributor of breadcrumbs with RBF holding 80% of its shares and MR. HARIJADI SOEDARJO who did not have any relationship with shareholders, directors, and executives of the company, holding 20% of its shares. Its office and factory were located in Jakarta, Indonesia.
	April	<ul style="list-style-type: none"> ● The Annual General Meeting of RBF on 10 April 2018 resolved to approve the following important matters: <ul style="list-style-type: none"> ○ Approved to pay dividend for the operating results of 2017 for 6,380,000 ordinary shares totaling 1,436.20 million baht. The said dividend was paid on 10 April 2018. ○ Approved RBF to increase its registered capital from 638.00 million baht to 1,480.00 million baht by issuing 8,420,000 ordinary shares with a par value of 100 baht per share and offered to its existing shareholders to organise the shareholding structure and to be used as working capital in business.
	May	RBF established TAI-MEI-WEI-SHI-PING-YOU-XIAN-GONG-SI company ("RBCH") with registered capital of 3.00 million yuan or about 13.58 million baht to sell flavouring agents, breadcrumbs and cooking flour in China with RBF holding 100% of its shares. Its office was located in Guangzhou, China. Currently, the registered capital has been paid in full amount.
	August	<ul style="list-style-type: none"> ● The Extraordinary General Meeting of RBF No. 2/2018 on 29 August 2018 resolved to approve important matters as follows: <ul style="list-style-type: none"> ○ Approved the conversion from a private company to a public company ○ Approved to change the par value of 100 baht from 14,800,000 shares to 1 baht, resulting in the number of ordinary shares to be 1,480,000,000 shares ○ Approved to increase its registered capital of 520.00 million baht from the registered capital of 1,480.00 million baht to the registered capital of 2,000.00 million baht by issuing 520,000,000 new ordinary shares at the par value of 1 baht per share for the initial public offering (IPO). ○ Approved the listing of the company's ordinary shares as listed securities on the Stock Exchange of Thailand.
	November	<ul style="list-style-type: none"> ● The Extraordinary General Meeting of RBF No. 2/2018 (after the conversion) on 12 November 2018 resolved to approve the following important matters: <ul style="list-style-type: none"> ○ Acknowledged the purchase of land and buildings from the Daphne Co., Ltd. and the Portland Flavor and Aerometric Co., Ltd. to eliminate any conflicts of interest.
2019	May	The Annual General Meeting of RBF on 8 May 2019 resolved to pay dividends for the operating results of 2018 for 1,480,000,000 ordinary shares, totaling 250.00 million baht. The said dividend was paid on 30 May 2019.
	October	<ul style="list-style-type: none"> ● On 21 October 2019, the company registered an increase in paid capital to 2,000.00 million baht, receiving funds from the initial public offering of 1,665.14 million baht after deducting costs of the securities offering to be used as capital for investing in the construction of overseas factories, improving and purchasing machinery, investing in overseas agencies and laboratories, payment for the loan to the major shareholder as well as to be used as working capital in business.

Year	Month	Major Changes and Developments
		<ul style="list-style-type: none"> ● On 24 October 2019, the company's ordinary shares started trading on the Stock Exchange of Thailand (SET) in the food and beverage business category under the Agro and Food industry.
2020	February	<ul style="list-style-type: none"> ● The Board of Directors Meeting of RBF No. 1/2020 on 21 February 2020 had the following important resolutions: <ul style="list-style-type: none"> ○ Approved to establish R&B Food Supply (Singapore) Co., Ltd. with registered capital of SGD 1,000,000 (SGD) or approximately 22,650,200 baht, divided into 1,000,000 ordinary shares at par value of SGD 1 per share (SGD) or approximately 22.6502 with RBF holding 100% of the shares to be an overseas laboratory. The office was located at Harper Point, Harper Road, Singapore. ○ Approved to establish Maple Creation Company Limited with registered capital of 99,000,000 Yen or approximately 28,227,375 baht divided into 198,000 ordinary shares with a par value of 500 Yen per share or approximately 142.5625 baht with RBF holding 60% of the shares and Eiger Company Limited, which had no relationship with shareholders, directors and executives of the company, holding 40% of the shares to be an importer, exporter, research and development of products, including sales and marketing in Japan. The office was located in Nihonbashi, Tokyo, Japan (Subsequently, the Board of Directors' Meeting No. 6/2020 approved the change of subsidiary company name from the original Maple Creation Co., Ltd. to be Maple Innovation Co., Ltd.).
	April	PT RBFOOD MANUFAKTUR INDONESIA ("RBINM"), under the operation of RBF, completed the construction of a production plant and started operations of the flour and sauce products.
	October	<ul style="list-style-type: none"> ● The Board of Directors Meeting of RBF No. 6/2020 on 21 October 2020, had the following important resolutions: <ul style="list-style-type: none"> ○ Approved to establish RBJ Company Limited with registered capital of 10,000,000 baht, divided into 100,000 ordinary shares with a par value of 100 baht per share, with RBF holding 51% of the shares, the BJ Food Group Co., Ltd., holding 24% of the shares, Miss Wanna Suechuaksakul holding 13% of the shares and Miss Rujee Lawanjantorn holding 12% of the shares to jointly develop the licensed products with expertise in production process and product research and development, to purchase products for sale and to act as a marketing agent both domestically and abroad. These other shareholders had no relationship with shareholders, directors, and executives of the company. Its office was located at No. 9, Pho Kaeo 3 Alley, 17 Sub-alley, Khlong Chan Sub-district, Bang Kapi District, Bangkok.
	November	R&B FOOD SUPPLY VIETNAM LIMITED LIABILITY COMPANY (RBVN), under the operation of RBF, completed the construction of a production plant and started production of flour and sauce products.

7.4. Company Group Structure



- Note:
- / 1 The remaining 40% of RBINT's shareholders are PT NADASA MULYA PRATANA, which have no relationship with shareholders, directors, and executives of the company.
 - / 2 The remaining 20% of RBINM's shareholders are MR. HARIJADI SOEDARJO, who has no relationship with shareholders, directors, and executives of the company. Mr. HARIJADI SOEDARJO is a director and a shareholder of PT NADASA MULYA PRATANA, holding 53.33 percent of MRS. DEWI KUSUMAWATI SOEDARJO (Younger sister of MR. HARIJADI SOEDARJO) holding 40 percent of PT NADASA MULYA PRATANA and one another person who has shareholding in PT NADASA MULYA PRATANA 6.67% of the registered capital of PT NADASA MULYA PRATANA company.
 - / 3 The remaining shareholders of RBJ 49% are BJ Food Group Company Limited holding 24%, Miss Wanna Media Chuayakul holds 13% and Miss Rujee Lawanjantorn holds 12%. The rest of the partners do not have any relationship with shareholders, directors, and executives of the company.
 - / 4 The remaining 40% of Maple Innovation Company Limited's shareholders are Eiger Company Limited ("EG"), which has no relationship with shareholders, directors, and executives of the company.

Subsidiary Companies

1) Thai Flavor and Fragrance Company Limited (“TFF”)

Registration date	:	3 May 1985
Registration and paid-up capital	:	183,000,000 Baht (Par value 5 baht per share)
Office location	:	No. 3, Pho Kaew 3 Alley, 17 Sub-alley, Khlong Chan Sub-district, Bang Kapi District, Bangkok
Factory location	:	No. 136/1 Village No. 5, Ban Wa Sub-district, Bang Pa-in District, Phra Nakhon Si Ayutthaya Province
Hotel location	:	No. 110 Village No. 4, Pak Nam Sub-district, Mueang Chumphon District, Chumphon Province
Nature of business	:	Production and distribution of flavouring agents for perfumes and cosmetics, food colouring and some food additives and investing in other businesses, namely Novotel Chumphon Beach Resort & Golf
Director	:	1) Dr. Somchai Ratanapoompinyo 2) Mrs. Petchara Ratanapoompinyo 3) Miss Daoarun Unhachok 4) Lt. Col. Dr. Janjida Ratanapoompinyo 5) Dr. Sanathorn Ratanapoompinyo
Authorised director	:	Dr. Somchai Ratanapoompinyo signed together with Miss Daoarun Unhachok and affixed the Company's seal.
Relationship with the company	:	TFF is a subsidiary of RBF, where RBF holds 36,599,976 shares, accounting for 99.99 percent of its registered capital and has joint directors with RBF, namely Dr. Somchai Ratanapoompinyo and Mrs. Petchara Ratanapoompinyo.

2) Best Odour Co., Ltd. (“BO”)

Registration date	:	6 December 1993
Registration and paid-up capital	:	36,500,000 Baht (Par value 100 baht per share)
Office location	:	No. 3397, Lat Phrao 101 Alley (Wat Bueng Thonglang), Khlong Chan Sub-district, Bang Kapi District, Bangkok
Factory location	:	No. 136, Village No. 5 Ban Wa Sub-district, Bang Pa-in District, Phra Nakhon Si Ayutthaya Province
Nature of business	:	Manufacture and sale of food colouring and some food additives
Director	:	1) Dr. Somchai Ratanapoompinyo 2) Mr. Teerapat Yanatornkul 3) Mrs. Petchara Ratanapoompinyo
Authorised director	:	Dr. Somchai Ratanapoompinyo signed together with Mr. Teerapat Yanatornkul and affixed the Company's seal.

Relationship with the company	:	BO is a subsidiary of RBF, where RBF holds 364,889 shares, accounting for 99.97 percent of BO's registered capital and has common directors with RBF, namely Dr. Somchai Ratanapoompinyo and Mr. Teerapat Yanatornkul.
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3) Premium Foods Co., Ltd. ("PFC")

Registration date	:	26 June 1995
Registration and paid-up capital	:	439,000,000 Baht (Par value 100 baht per share)
Office location	:	No. 258, Village No. 3, Chiang Mai – Phrao Road, Mae Faek Sub-district, San Sai District, Chiang Mai Province
Factory location	:	No. 258, Village No. 3, Chiang Mai – Phrao Road, Mae Faek Sub-district, San Sai District, Chiang Mai Province
Hotel location	:	No. 7/9, 8/5, Village No. 1, Chang Phueak Sub-district, Mueang Chiang Mai District, Chiang Mai Province
Nature of business	:	Manufacture and sale of dried products and frozen food products and investing in other businesses, namely ibis Styles Chiang Mai Hotel
Director	:	1) Dr. Somchai Ratanapoompinyo 2) Mrs. Petchara Ratanapoompinyo 3) Mr. Suranart Kittirattanadetch 4) Lt. Col. Dr. Janjida Ratanapoompinyo
Authorised director	:	Mr. Suranart Kittirattanadetch signed and affixed the company's seal
Relationship with the company	:	PFC is a subsidiary of RBF, where RBF holds 1,209,990 shares, accounting for 99.99% of PFC's registered capital and has common directors with RBF, namely Dr. Somchai Ratanapoompinyo, Mrs. Petchara Ratanapoompinyo, Mr. Suranart Kittirattanadetch and Lt. Col. Dr. Janjida Ratanapoompinyo.

4) R&B FOOD SUPPLY VIETNAM LIMITED LIABILITY COMPANY ("RBVN")

Registration date	:	23 March 2013
Registration capital	:	21,000,000,000 VND (or 27.49 Million Baht)
Registration and paid-up capital	:	15,680,380,000 VND (or 22.76 Million Baht)
Office location	:	No. 309 B-3 1 1, 6th floor, Annex Building PARKROYAL Saigon, Nguyen Van Troy Road, Tan Binh District, Ho Chi Minh City, Vietnam
Factory location	:	Workshop B 2-4 A Finished warehouse, B side, Longhu Industrial Estate, Khan Gioh District, Long An City, Vietnam
Nature of business	:	(1) Manufacture and sale of breadcrumbs (2) Selling flavouring and flavoring substances, breadcrumbs, cooking flour, seasoning sauces and dipping sauces, food colouring, drying products, frozen food products and food additives

Legal representative	:	1) Dr. Somchai Ratanapoompinyo 2) Ms.Thai Son Anh (RBVN Officer)
Relationship with the company	:	RBVN is a subsidiary of RBF, with RBF holding 100% of RBVN's registered capital.

Note : - Reference foreign exchange rate as of 30 December 2020, Bank of Thailand: 100 Vietnamese Dong equals 0.1306 baht (selling rate).

5) PT RBFOOD SUPPLY INDONESIA ("RBINT")

Registration date	:	6 March 2016
Registration capital	:	20,000,000,000 Rupiah (or 44.63 Million Baht) (Par value of 1,000,000 Rupiah per share or approximately 2,231.70 Baht)
Registration and paid-up capital	:	8,108,010,000 Rupiah (or approximately 20.18 Million Baht)
Office location	:	Room 1 04 , Wisma Area Building, Hos Street Korkeominoto 8 1 , Mentang, Central Jakarta, Indonesia 10310
Nature of business	:	Selling flavouring and flavouring substances, breadcrumbs, cooking flour, seasoning sauces and dipping sauces, food colouring, drying products, frozen food products and food additives
Director	:	1) Dr. Somchai Ratanapoompinyo 2) Mr. Harijadi Soedarjo
Authorised director	:	Dr. Somchai Ratanapoompinyo signed and affixed the company's seal
Relationship with the company	:	RBINT is a subsidiary of RBF, where RBF holds 12,000 shares, accounting for 60 percent of RBINT's registered capital, and has joint directors with RBF, namely Dr. Somchai Ratanapoompinyo.

Note : - MR. HARIJADI SOEDARJO is a director and shareholder of PT NADASA MULYA PRATANA, holding 53.33% of MRS. DEWI

KUSUMAWATI SOEDARJO (Younger sister of MR. HARIJADI SOEDARJO) holds 40% of PT NADASA MULYA PRATANA

and 1 other person, holding shares in PT NADASA MULYA PRATANA, holding 6.67 percent of the registered capital of PT NADASA MULYA PRATANA.

- Reference the foreign exchange rate as of 30 December 2020, Bank of Thailand: 1000 rupiah equals to 2.2317 baht (selling rate).

6) PT RBFOOD MANUFaktur INDONESIA ("RBINM")

Registration date	:	1 March 2018
Registration capital	:	20,000,000,000 Rupiah (or approximately 44.63 Million Baht) (Par value of 1,000,000 Rupiah per share or approximately 2,231.70 Baht)
Registration and paid-up capital	:	16,066,082,783 Rupiah (or approximately 38.48 Million Baht)

Office location	:	Room 104, Wisma Area Building, Hos Street Korkeominoto 81, Mentang, Central Jakarta, Indonesia 10310
Factory location	:	Block P-6B Factory Building of Jaba Bekasi Karang Industrial Estate, Bekasi District, Jakarta, Indonesia
Nature of business	:	Production and distribution of breadcrumbs
Director	:	1) Dr. Somchai Ratanapoompinyo 2) Mr. Harjadi Soedarjo 3) Lt. Col. Dr. Janjida Ratanapoompinyo 4) Dr. Sanathorn Ratanapoompinyo 5) Mr. Teerapat Yanatornkul
Authorised director	:	Dr. Somchai Ratanapoompinyo signed and affixed the company's seal
Relationship with the company	:	RBINM is a subsidiary of RBF, where RBF holds 16,000 shares, representing 80 percent of RBINM's registered capital, and has joint directors with RBF, namely Dr. Somchai Ratanapoompinyo, Lt. Col. Dr. Janjida Ratanapoompinyo, Dr. Sanathorn Ratanapoompinyo, and Mr. Teerapat Yanatornkul.

Note : - Reference foreign exchange rate as of 30 December 2020, Bank of Thailand: 1,000 rupiah equal to 2.2317 baht (selling rate).

7) TAI-MEI-WEI-SHI-PING-YOU-XIAN-GONG-SI ("RBCH")

Registration date	:	31 May 2018
Registration capital	:	3,000,000 Yuan (or approximately 14.08 Million Baht)
Registration and paid-up capital	:	3,000,000 Yuan (or approximately 14.08 Million Baht)
Office location	:	Room 2202, No. 65, Songshan 7 Road, Liwan District, Guangzhou, China
Nature of business	:	Sell flavouring and flavouring substances, breadcrumbs, cooking flour and frozen food
Legal representative	:	Lt. Col. Dr. Janjida Ratanapoompinyo
Relationship with the company	:	RBCH is a subsidiary of RBF, where RBF holds 100% of RBCH's registered capital and has a common director with RBF, namely Dr. Somchai Ratanapoompinyo.

Note : - Reference foreign exchange rate as of December 30, 2020, Bank of Thailand: 1 yuan equals 4.6927 baht (selling rate)

8) RBJ COMPANY LIMITED (RBJ)

Registration date	:	2 November 2020
Registration capital	:	10,000,000 Baht amount 100,000 shares, par value 100 Baht
Registration and paid-up capital	:	-
Office location	:	No. 3, Pho Kaew 3 Alley, 17 Sub-alley, Khlong Chan Sub-district, Bang Kapi District, Bangkok
Nature of business	:	Distributing specific products that are jointly developed
Director	:	1) Dr. Somchai Ratanapoompinyo

		2) Lt. Col. Dr. Janjida Ratanapoompinyo 3) Mr. Nattanan Phanthuwong
Authorised director	:	Mr. Nattanan Phanthuwong signed together with Mr. Somchai Ratanapoompinyo or Ms. Janjida Ratanapoompinyo together as two people and affixed the company's seal
Relationship with the company	:	RBJ is a subsidiary of RBF, where RBF holds 51,000 shares, accounting for 51.00 percent of RBJ registered capital, and has a common director with RBF, namely Dr. Somchai Ratanapoompinyo and Lt. Col. Dr. Janjida Ratanapoompinyo.

9) R&B FOOD SUPPLY (SINGAPORE) PTE. LTD ("RBSG")

Registration date	:	6 April 2020
Registration capital	:	1,000,000 SGD (or approximately THB 22.95 million) (par value of SGD 1 per share or approximately THB 22.95)
Registration and paid-up capital	:	100 SGD (or approximately 2,295.40 Baht)
Office location	:	Harper Point, Harper Road, Singapore
Nature of business	:	Laboratories abroad
Director	:	1) Dr. Somchai Ratanapoompinyo 2) Lt. Col. Dr. Janjida Ratanapoompinyo 3) Ms. Ko Chiew Hong, Yvonne
Authorised director	:	Dr. Somchai Ratanapoompinyo
Relationship with the company	:	RBSG is a subsidiary of RBF, where RBF holds 100% of RBSG registered capital and has a common director with RBF, namely Dr. Somchai Ratanapoompinyo and Lt. Col. Dr. Janjida Ratanapoompinyo.

Note : - Reference foreign exchange rate as of 30 December 2020, Bank of Thailand: 1 Singapore Dollar equals to 22.9540 baht (selling rate).

10) Maple Innovation Company Limited

Registration date	:	(In the process of establishing)
Registration capital	:	99,000,000 Yen (or approximately 29.15 million Baht) (par value of 500 Yen per share or approximately 147.24 Baht)
Registration and paid-up capital	:	(In the process of establishing)
Office location	:	Nihonbashi, Tokyo Metropolis, Japan
Nature of business	:	Import, export, product research and development, including sales and marketing
Director	:	1) Dr. Somchai Ratanapoompinyo 2) Mr. Suranart Kittirattanadetch 3) Lt. Col. Dr. Janjida Ratanapoompinyo 4) Mr. Shiro Takahashi 5) Mr. Yoichiro Takahashi

Authorised director	:	Mr. Yoichiro Takahashi
Relationship with the company	:	Maple Innovation Company Limited is a subsidiary of RBF, with RBF holding 60% of Maple Innovation Company Limited's registered capital and has joint directors with RBF, namely Dr. Somchai Ratanapoompinyo, Mr. Suranart Kittirattanadetch and Lt. Col. Dr. Janjida Ratanapoompinyo.

Note : - Reference exchange rate as of 30 December 2020, Bank of Thailand: 100 yen equals 29.4484 baht (selling rate).

- Mr. Yoichiro Takahashi is a spouse of Lt. Col. Dr. Janjida Ratanapoompinyo (Director).

7.5. Business Nature

The R&B Food Supply Public Company Limited (“the Company” or “RBF”) and its subsidiaries engage in the business of manufacturing and distributing food ingredients, divided into several product groups as follows (1) Flavouring agents and food colouring, including flavouring agents used in perfumes and cosmetics. (2) Flour and Sauce (3) Dehydrated products (4) Frozen food products (5) Plastic packaging and (6) Purchased products for sale which are food additive such as preservatives, anti-mold agents, citric acid, etc., including milk powder and sausage casings purchased from other manufacturers or imported from abroad. The products are sold to customers in the food and beverage, pharmaceutical and animal feed industries. In the production and distribution of products, the Company and its subsidiaries mainly manufacture and sell Made to Order Products to create diversity and meet the needs of customers thoroughly. In addition, they manufacture and sell products in the form of OEM (Original Equipment Manufacturer) under the customer's brand and products that are standard formulas under the brand "Uncle Barnes," "Best Odour," "Super-find," "Copy Chan", "Haeyo", "Angelo" and "Aroi Mak Mak". These product types include flour, breadcrumbs, flavouring agents, food colouring, concentrated nectar, and frozen food.

The customers of the company and its subsidiaries are both domestic and international enterprises in the industries of food, instant food, beverages, snacks, pet food, cosmetics, household products such as laundry detergent, soap, shampoo, and mouthwash, etc., as well as large retail businesses or general retailers.

In addition to the business as already mentioned the subsidiaries have also invested in two hotels: The ibis Styles Chiang Mai and the Novotel Chumphon Beach Resort & Golf.

For clarity on the business operations of the RBF's subsidiaries, the type of business and the proportion of shares held by the company is summarized in the below table:

Subsidiary Company	Type of business	Proportion of the company shareholdings
Thai Flavor and Fragrance Company Limited (“TFF”)	Production and distribution of flavouring agents, distributing of flavouring agents for perfumes and cosmetics, food colouring and some food additives and investing in other businesses namely Novotel Chumphon Beach Resort & Golf	RBF holds 36,599,976 shares, accounting for 99.99 percent of the TFF's registered capital.

Subsidiary Company	Type of business	Proportion of the company shareholdings
Best Odour Company Limited ("BO")	Manufacture and sale of food colouring and types of food additives	RBF holds 364,889 shares, accounting for 99.97 percent of the BO's registered capital.
Premium Foods Co., Ltd. ("PFC")	Manufacture and sale of dehydrated and frozen food products and investing in other businesses namely ibis Styles Chiang Mai Hotel	RBF holds 1,209,990 shares, accounting for 99.99 percent of the PFC's registered capital.
R&B FOOD SUPPLY VIETNAM LIMITED LIABILITY COMPANY ("RBVN")	(1) Manufacture and sale of breadcrumbs (2) Distribution of flavouring agents, breadcrumbs, cooking flour, seasoning sauce, dipping sauces, food colouring, dehydrated products, frozen food products and food additives	RBF holds 100% of the RBVN registered capital.
PT RBFOOD SUPPLY INDONESIA ("RBINT")	Selling flavouring agents, breadcrumbs, cooking flour, seasoning sauces and sauces, food colouring, dehydrated products, frozen food products and food additives	RBF holds 12,000 shares, representing 60 percent of the RBINT's registered capital.
PT RBFOOD MANUFAKTUR INDONESIA ("RBINM")	Production and distribution of breadcrumbs	RBF holds 16,000 shares, representing 80 percent of the RBINM's registered capital.
TAI-MEI-WEI-SHI-PING-YOU-XIAN-GONG-SI ("RBCH")	Selling odour and flavouring agents, breadcrumbs, cooking flour and frozen food products	RBF holds 100% of the RBCH's registered capital.
RBJ Company Limited ("RBJ")	A distributor of specific products that are jointly developed	RBF holds 51,000 shares, representing 51.00 percent of the RBJ registered capital.
R&B FOOD SUPPLY (Singapore) PTE. LTD ("RBSG")	Laboratories abroad	RBF holds 100% of the RBSG registered capital.
Maple Innovation Company Limited	Import and export, research and development including sales and marketing	RBF holds 60% of the registered capital of the Maple Innovation Company Limited

The Company and its subsidiaries have a research and development team consisting of knowledgeable personnel, expertise, and experience in long-term analysis of food odour and taste which enables the company and its subsidiaries to manufacture products in a way that meet specific customers' needs. This results in the products of the company and its subsidiaries which are so unique and varied that it gains popularity on both domestic and international customers.

At present, the Company and its subsidiaries have 10 factories that manufacture food ingredients and produce plastic packaging, with 8 factories located in Thailand: 1 place at Lat Phrao 101 Alley, Bangkok, 1 place in the Wang Noi Factory Land Project, Phra Nakhon Si Ayutthaya Province, 5 places in the High-tech Industrial Estates, Phra Nakhon Si Ayutthaya Province, 1 place in San Sai District, Chiang Mai Province, and 2 places overseas, located in Long Hu Industrial Estate, Khanghi Ooc District, Long An City, Vietnam and in the Jaba Bekasi Karang Industrial Estate, Bekasi District, Jakarta Province, Indonesia. Each factory utilises modern machinery and equipment and has manufacturing processes that meet international standards such as the Good Manufacturing Practice (GMP), the Hazard Analysis & Critical Control Points (HACCP) standards, the British Retail Consortium (BRC), the Food Safety System Certification (FSSC) 22000, the HALAL product standard, and the Quality Management System standard (ISO 9001). The products of the Company and its subsidiaries have gained trust of the customers both domestically and abroad.

In 2020, RBF had set up 3 new subsidiaries: 1) R&B Food Supply (Singapore) as an overseas laboratory, with RBF holding 100% of the shares. Its office is located at Harper Point, Harper Road, Singapore 2) The Maple Innovation Company Limited with RBF holding 60% and Eiger Company Limited, the company which had no relationship with shareholders, directors, and executives of the Company, holding 40% of the shares. Its office is located in Nihonbashi, Tokyo, Japan 3) The RBJ Co., Ltd., with RBF holding 51%, BJ Food Group Co., Ltd. holding 24%, Miss Wanna Suechuaisakul holding 13%, and Miss Rujilawan Chanton holding 12% of the shares. These shareholders have no relationship with shareholders, directors, and executives of the Company. Its head office is located at No. 9, Pho Kao 3 Alley, 17 Sub-alley, Khlong Chan Subdistrict, Bang Kapi District, Bangkok. In addition, PT RBFOOD MANUFAKTUR INDONESIA (“RBINM”) completed the construction of a factory and started manufacturing flour and sauce products in April 2020. R&B FOOD SUPPLY VIETNAM LIMITED LIABILITY COMPANY (“RBVN”) also completed the construction of a production plant in Vietnam and started production of flour and sauce products in December 2020.

At present, the Company has 10 subsidiaries, consisting of 4 subsidiaries in Thailand, 1 subsidiary in Vietnam, 2 subsidiaries in Indonesia, 1 subsidiary in China, 1 subsidiary in Singapore, and 1 subsidiary in Japan. The Company and its subsidiaries also export their products to Malaysia, Indonesia, Laos, Cambodia, Vietnam, Myanmar, Middle East, and South Asia including UAE, Kuwait, India, Pakistan, Australia, Japan, China, Russia, UK, Germany, and USA etc.

In addition, the subsidiaries have invested in two hotels: (1) The Novotel Chumphon Beach Resort and Golf, through Thai Flavors and Fragrant Co., Ltd. (TFF) and (2) ibis Styles Chiang Mai through Premium Foods Co., Ltd (PFC) because the company and its subsidiaries have outstanding liquidity and see investment opportunities in hotel businesses. Both hotels managed by the Accor Group (ACCOR).

7.6. Revenue Structure

In year 2018, 2019 and 2020, the Company and its subsidiaries have the following revenue structures:

Revenue structure by product type	Year 2018	Year 2019	Year 2020
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	Million Baht	%	Million Baht	%	Million Baht	%
Sales revenue	2,632.52	95.74%	2,776.38	96.34%	3,116.38	97.78%
1) Flavouring agents and food colouring	995.54	36.21%	1,038.82	36.05%	1,185.49	37.19%
2) Flour and sauce	948.69	34.50%	1,025.71	35.59%	1,147.36	36.00%
3) Dehydrated products	156.69	5.70%	172.31	5.98%	178.23	5.59%
4) Frozen food products	101.13	3.68%	98.81	3.43%	87.97	2.76%
5) Plastic packaging ^{/1}	44.48	1.61%	41.16	1.43%	24.30	0.76%
6) Purchase-for-sale ^{/2}	385.99	14.04%	399.57	13.86%	493.02	15.47%
Revenue from hotel business	105.73	3.85%	88.28	3.06%	55.70	1.75%
Revenue from business operations	2,738.25	99.59%	2,864.66	99.40%	3,172.08	99.52%
Other income ^{/3}	11.34	0.41%	17.18	0.60%	15.19	0.48%
Total revenue	2,749.59	100.00%	2,881.84	100.00%	3,187.27	100.00%

Note : /1 The Company and its subsidiaries manufacture and distribute plastic packaging as a made-to-order and OEM for customers in the food and beverage industry, electronic part manufacturers, and retailers.

/2 Purchase-for-sale products include milk powder, sausage casings and food additives such as citric acid, preservative (Zodium Benzoate), fungicide (Calcium Propionate), etc.

/3 Other income comprises gain and loss from foreign exchange, transportation and service income, interest income, commission income, and income from selling uniforms to employees.

7.7. Products and Services

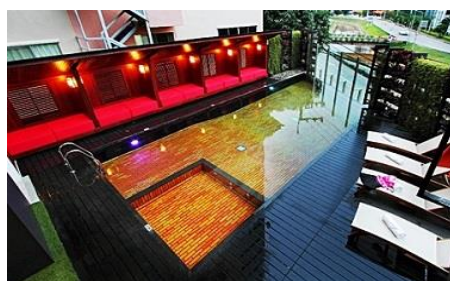
The Company and its subsidiaries operate business as a manufacturer and distributor of food ingredients, with a wide range of products, including odouring and flavouring agents, cooking flour, breadcrumbs, seasonings, seasoning sauces and dipping sauces, food colouring, dehydrated products, frozen food, purchase-for-sale food additive products. Such products are used in the food and beverage, pharmaceutical and animal feed industries. In addition, the Company and its subsidiaries also manufacture and distribute flavouring agents that are used as ingredients in perfumes and cosmetics and plastic packaging. The products can be divided according to sales revenue into 6 groups: 1) Flavouring agents and food colouring 2) Flour and sauces 3) Dehydrated products 4) Frozen food products 5) Plastic packaging. And 6) Purchased-for-sale product. In addition to the aforementioned businesses, the subsidiaries have also invested in two hotels, namely: ibis Styles Chiang Mai Hotel and Novotel Chumphon Beach Resort & Golf.

7.8. Investment in Hotel Business

The company's subsidiaries invested in two hotels, namely ibis Styles Chiang Mai Hotel in Chiang Mai Province and Novotel Chumphon Beach Resort & Golf in Chumphon Province. The hotels are invested through PFC and TFF, respectively and managed by the Accor Group, a hotel chain from France, with over 5,100 hotels in more than 110 countries worldwide under 39 hotel brands covering all target groups with boutique hotels that are currently popular. These investment opportunities were taken due to the popular and successful tourism in Thailand in recent years, with more and more tourists coming to Thailand, along with PFC's and TFF's outstanding liquidity available. The details of each hotel are summarized as follow:

1) ibis Styles Chiang Mai Hotel

ibis Styles Chiang Mai Hotel is one of the hotel brands of the Accor Group (ACCOR) opened in 2011 under the operation of the PFC. ibis Styles Chiang Mai is located at 7/9, 8/5, Village No. 1 Chang Phueak Sub-district, Mueang Chiang Mai District, Chiang Mai Province, 50300 on an area of over 2 rai, which is considered an affordable and modern hotel, near Phu Kham Intersection, not far from Chiang Mai International Airport and close to Chiang Mai University and Chiang Mai attractions such as the Chiang Mai National Museum, Chiang Mai Zoo, Chiang Mai City Arts & Cultural Center, Wat Phra That Doi Suthep and Nimmanhaemin Road. ibis Styles Chiang Mai consists of 3 buildings, 6 floors, 7 floors and 8 floors, with total 208 rooms, 3 restaurants, 4 banquet rooms and other facilities. It includes car park, swimming pool, internet access and free wi-fi service in and around the hotel. It is suitable for business and leisure travel. Occupancy rate in 2018 – 2020 was 65.68%, 54.54% and 27.86 %, respectively.



2) Novotel Chumphon Beach Resort and Golf

Novotel Chumphon Beach Resort and Golf is one of the hotel brands of the Accor Group (ACCOR), opened in 2008 under the operation of TFF. Novotel Chumphon Beach Resort and Golf is decorated as contemporary style, located at No. 110, Village No. 4, Paradonpab Beach, Pak Nam Sub-

district, Muang District, Chumphon Province 86180 on an area of over 130 rai on Paradonpab Beach which is one of the tourist attractions in Chumphon Province and close to other tourist attractions such as Krom Luang Chumphon Shrine Khet Udomsak and the Mu Ko Chumphon National Park. Novotel Chumphon Beach Resort & Golf Hotel comprises 86 rooms, 2 restaurants, 5 banquet halls and other facilities include car park, 2 outdoor swimming pools, 9-hole golf course, fitness centre, full-service spa, kids club, diving activities and boat excursions. This hotel is ideal for business, travel and vacation with family or friends. Occupancy rate in 2018 – 2020 is 43.76%, 41.10% and 38.53 %, respectively.



7.9. Shareholding Structure

As of 31 December 2020, the Company and its subsidiaries have registered capital of THB 2,000,000,000 which comprises 2,000,000,000 shares at par value of THB 1 each. Paid-up capital was THB 2,000,000,000 which comprises paid-up shares at par value of THB 1 each.

Top 10 major shareholders as of the book closing date as of 12 March 2021 are as follows:

Table 7-2: Shareholding Structure of RBF

No.	Name	Number of shares	% Shareholding
1	Mrs. Petchara Ratanapoompinyo	556,031,000	27.80
2	Dr. Somchai Ratanapoompinyo	556,030,900	27.80
3	Lt. Col. Dr. Janjida Ratanapoompinyo	160,159,000	8.01
4	Dr. Sanathorn Ratanapoompinyo	160,159,000	8.01
5	Thai NVDR Company Limited	110,289,009	5.51
6	San-Ei Gen F.F.I., Inc.	60,000,000	3.00
7	SCB Dividend Stock 70/30 Long Term Equity Fund	15,745,500	0.79

No.	Name	Number of shares	% Shareholding
8	Mr. Paniang Pongsatha	14,033,700	0.70
9	Mr. Chai Manopas	12,280,000	0.61
10	Mr. Somchai Pitakkampol	12,280,000	0.54
11	Others	1,657,008,109	17.23
	Total	2,000,000,000	100.00

Source: SET

As of 10 March 2020, TFF has registered and paid-up capital of THB 183,000,000 which comprises 36,599,976 shares at par value of THB 5 each.

Major shareholders as of the book closing date as of 10 March 2020 are as follows:

Table 7-3: Shareholding structure of TFF

No.	Name	Number of shares	% Shareholding
1	R&B Food Supply Public Company Limited	36,599,976	99.99
2	Lt. Col. Dr. Janjida Ratanapoompinyo	6	0.00
3	J.P.S. Holding Company Limited	6	0.00
4	Dr. Sanathon Ratanapoompinyo	6	0.00
5	Dr. Somchai Ratanapoompinyo	6	0.00
	Total	36,600,000	100.00

Source: RBF

As of 11 March 2020, PFC has registered and paid-up capital of THB 439,000,000 which comprises 4,390,000 shares at par value of THB 100 each.

Major shareholders as of the book closing date as of 11 March 2020 are as follows:

Table 7-4: Shareholding Structure of PFC

No.	Name	Number of shares	% Shareholding
1	R&B Food Supply Public Company Limited	4,389,965	100.00
2	Lt. Col. Dr. Janjida Ratanapoompinyo	7	0.00
3	Miss Jarunee Tunkham	7	0.00
4	Mrs. Busakorn Manotkun	7	0.00
5	Dr. Sanathon Ratanapoompinyo	7	0.00
6	Mr. Suranart Kittirattanadetch	7	0.00
	Total	4,390,000	100.00

Source: RBF

7.10. The Board of Directors

The list of the Board of Directors as of 31 December 2020 has 9 members as follows:

No.	Name	Position
1.	Mrs. Benjawan Ratanaprayul	Chairman of the Board of Directors / Independent Director / Audit Committee
2.	Dr. Somchai Ratanapoompinyo	Company Director
3.	Mrs. Petchara Ratanapoompinyo	Company Director
4.	Lt. Col. Dr. Janjida Ratanapoompinyo	Company Director
5.	Dr. Sanathorn Ratanapoompinyo	Company Director
6.	Mr. Suranart Kittirattanadetch	Company Director
7.	Mr. Teerapat Yanatornkul	Company Director
8.	Mr. Rut Dankul	Company Directors / Independent Director / Chairman of the Audit Committee
9.	Asst. Prof. Suppasin Suriya	Company Director / Independent Director / Audit Committee

Source: RBF

7.11. The highest and lowest share price of the business in each quarter for the past 3 years

Table 7-1: The highest and lowest share price of the business in each quarter for the past 3 years

Year	Quarter	Highest and Lowest Price (THB per share)	
		Highest Price	Lowest Price
2019	24 Oct 2019 – 31 Dec 2019	4.88	4.04
2020	1 st Quarter	5.25	2.88
	2 nd Quarter	8.35	3.68
	3 rd Quarter	11.20	8.45
	4 th Quarter	10.70	8.95
2021	1 Jan 2021 – 12 Mar 2021	18.50	8.55

7.12. Financial Position and Operating Performance of RBF

(1) Statement of financial position

Statement of financial position	Consolidated financial statements (Audited version)					
	As of 31 December 2018		As of 31 December 2019		As of 31 December 2020	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Assets						
Current assets						
Cash and cash equivalents	249.42	7.23%	1,234.41	27.98%	613.65	12.57%
Short-term investment	13.19	0.38%	6.09	0.14%	-	-
Trade and other receivables	636.12	18.45%	726.92	16.47%	841.66	17.24%

Statement of financial position	Consolidated financial statements (Audited version)					
	As of 31 December 2018		As of 31 December 2019		As of 31 December 2020	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Financial assets (fixed deposits) measured at amortised cost	-	-	-	-	400.10	8.19%
Inventories	746.04	21.64%	682.51	15.47%	756.99	15.50%
Other current assets	3.39	0.11%	9.24	0.21%	15.18	0.31%
Total current assets	1,648.16	47.81%	2,659.17	60.27%	2,627.58	53.81%
Non-current assets						
Deposit at bank pledged as collateral	9.16	0.27%	3.16	0.07%	3.16	0.06%
Investment properties	-	-	67.13	1.52%	67.13	1.37%
Property, plant, and equipment	1,721.62	49.94%	1,622.61	36.77%	1,377.78	28.21%
Right-of-use assets	-	-	-	-	751.40	15.39%
Intangible assets	23.70	0.69%	11.31	0.26%	4.47	0.09%
Deferred tax assets	30.40	0.88%	32.87	0.74%	34.38	0.70%
Other non-current assets	14.62	0.42%	16.06	0.36%	17.50	0.36%
Total non-current assets	1,799.50	52.19%	1,753.14	39.73%	2,255.82	46.19%
Total assets	3,447.66	100.00%	4,412.31	100.00%	4,883.40	100.00%
Liabilities and equity						
Current liabilities						
Short-term borrowings from financial institutions	225.00	6.53%	-	-	-	-
Trade and other payables	338.26	9.81%	311.77	7.07%	366.00	7.49%
Current portion of lease liabilities	0.77	0.02%	0.07	0.00%	10.89	0.22%
Current portion of long-term borrowings from financial institutions	27.79	0.81%	13.76	0.31%	-	-
Current portion of long-term borrowings from related parties	34.35	1.00%	12.49	0.28%	-	-
Income tax payable	35.36	1.03%	26.14	0.59%	50.25	1.03%
Other current liabilities	8.52	0.25%	10.91	0.25%	9.50	0.19%
Total current liabilities	670.05	19.44%	375.14	8.50%	436.64	8.94%
Non-current liabilities						
Long-term borrowings from financial institutions	74.27	2.15%	40.33	0.91%	-	-
Lease liabilities	34.67	1.01%	35.08	0.80%	296.12	6.06%

Statement of financial position	Consolidated financial statements (Audited version)					
	As of 31 December 2018		As of 31 December 2019		As of 31 December 2020	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Long-term borrowings from related parties	538.43	15.62%	37.51	0.85%	-	-
Employee benefit obligations	38.48	1.12%	54.38	1.23%	61.83	1.27%
Total non-current liabilities	685.85	19.89%	167.30	3.79%	357.95	7.33%
Total liabilities	1,355.90	39.33%	542.44	12.29%	794.59	16.27%
Equity						
Share capital						
Authorised share capital	2,000.00	58.01%	2,000.00	45.33%	2,000.00	40.96%
Issued and paid-up share capital	1,480.00	42.93%	2,000.00	45.33%	2,000.00	40.96%
Premium on paid-up capital	93.66	2.72%	1,248.94	28.31%	1,248.94	25.58%
Premium arising from business combination under common control	94.71	2.75%	94.71	2.15%	94.71	1.94%
Retained earnings						
Appropriated						
Legal reserve	77.00	2.23%	110.35	2.50%	130.65	2.68%
Unappropriated	350.50	10.17%	423.93	9.61%	619.52	12.69%
Other components of equity	(3.05)	-0.08%	(7.67)	-0.17%	(2.89)	-0.06%
Total equity attributable to owners of the Company	2,092.83	60.70%	3,870.26	87.72%	4,090.93	83.77%
Non-controlling interests	(1.07)	-0.03%	(0.39)	-0.01%	(2.12)	-0.04%
Total equity	2,091.75	60.67%	3,869.87	87.71%	4,088.81	83.73%
	3,447.66	100.00%	4,412.31	100.00%	4,883.40	100.00%

Financial Position Analysis

Assets

As of 31 December 2020, the Company and its subsidiaries had the total assets of THB 4,883.40 million, increased by THB 471.08 million (YoY 10.68%) compared to 31 December 2019, which the total assets were THB 4,412.31 million.

The significant changes in assets comprised of:

- Decrease in cash and cash equivalents of THB 620.76 million. Mainly due to
 - Net cash flows used in investment activities for payments of plant construction and purchase of machinery and equipment of THB 421.93 million;
 - Net investment in fixed deposits at financial institutions of THB 394 million;

- Dividend payment of THB 300 million;
 - Repayment of borrowings from financial institution and related parties of THB 104.09 million;
and
 - Net cash inflow from operating activities of THB 609.72 million.
- Increase in trade and other receivables of THB 114.74 million, due to the increase in sales and advances for import goods and machinery. The Company and its subsidiaries have average collection period for manufacturing and trading goods business in 2020 longer than 2019 for 2 days.
 - Increase in financial assets of THB 400.10 million from investment in fixed deposit at financial institution.
 - Increase in inventories of THB 74.47 million, in support of the increase in future sale orders, which results in increase in raw materials of THB 75.93 million, increase in packing materials and overhead supply of THB 15.53 million, and net decrease in finished goods of THB 19.56 million.
 - Decrease in property, plant, and equipment of THB 244.83 million, mainly due to reclassification of property, plant, and equipment to right-of-use assets in accordance with TFRS 16 of THB 519.09 million and decrease in depreciation for the year of THB 139.07 million, net of increase in property, plant, and equipment of THB 415.08 million.
 - Increase in right-of-use assets (ROU) for THB 751.40 million according to adoption of TFRS 16 Leases.

As of 31 December 2019, the Company and its subsidiaries had the total assets of THB 4,412.31 million, increased by THB 964.65 million (YoY 27.98%) compared to 31 December 2018, which the total assets were THB 3,447.66 million.

The significant changes in assets comprised of:

- Increase in cash and cash equivalents of THB 985.00 million.
- Increase in trade and other receivables of THB 90.80 million due to the increase in sales of the 4th quarter. The average collection period for manufacturing and trading goods business in 2019 was shorter than 2018 for 7 days.
- Decrease in inventories of THB 63.53 million due to good inventory management. In the meantime, the average days of inventories on hand are 3 days longer than 2018, continuously rising from 2017.
- Property, plant, and equipment was THB 1,622.61 million, decreased by THB 99.01 million from 2018. The main reasons were the unutilized land being transferred to investment property of THB 67.13 million and impairment loss provision being recognized by THB 11.57 million.

As of 31 December 2018, the Company and its subsidiaries had the total assets of THB 3,447.66 million, increased by THB 297.73 million (YoY 9.45%) compared to 31 December 2017, which the total assets were THB 3,149.93 million.

The significant changes in assets comprised of:

- Increase in cash and cash equivalents of THB 29.55 million.
- Increase in trade and other receivables of THB 13.01 million due to the increase in sales of the 4th quarter. The average collection period for manufacturing and trading goods business in 2018 was longer than 2017 for 8 days because of the longer credit term provided to the orders from large customers.
- Decrease in inventories of THB 98.05 million. In the meantime, the average days of inventories on hand are 20 days longer than 2017 because the Company increase its purchase of the finished goods in support of incoming orders by importing the purchase-for-sale products, namely sausage casings.
- Property, plant, and equipment was THB 1,721.62 million, increased by THB 189.84 million from 2017. The Company and its subsidiaries invested in land at Wang Noi Mini Factory and High-tech Industrial Estates in Phra Nakhon Si Ayutthaya Province to expand production plants and warehouses. The Company also acquired land and buildings at High-tech Industrial Estates in Phra Nakhon Si Ayutthaya Province from a related company to eliminate conflicts of interest. Moreover, the new office building has finished, resulting in an increase in production equipment and office furniture. There is also an increase in assets under financial lease agreements, which are leases of land and buildings from related persons and have been effective in October 2018.

Liabilities

As of 31 December 2020, the Company and its subsidiaries had the total liabilities of THB 794.58 million, which was 16.27% of the total assets, increased by THB 252.14 million (YoY 46.48%) compared to 31 December 2019 which the total liabilities were THB 542.44 million, equaled to 12.29% of the total assets.

The significant changes in liabilities comprised of:

- Increase in trade and other payables of THB 54.23 million resulting from increase in raw materials and finished goods of THB 46.88 million to support increase in sales volume and purchases of property, plant, and equipment of THB 8.93 million.
- Decrease in long-term borrowings from financial institutions and related parties of THB 104.09 million from debt repayments.
- Increase in lease liability of THB 271.86 million according to adoption of TFRS 16 Leases.
- Increase in income tax payable of THB 24.12 million from tax expense for 2020.

As of 31 December 2019, the Company and its subsidiaries had the total liabilities of THB 542.44 million, which was 12.29% of the total assets, decreased by THB 813.46 million (YoY -59.99%) compared to 31 December 2018 which the total liabilities were THB 1,355.90 million, equaled to 39.33% of the total assets.

The significant changes in liabilities comprised of:

- Decrease in trade and other payables of THB 26.50 million resulting mainly from decrease in trade payables – related party because the Company cease purchasing raw materials and finished goods from its related parties.
- Decrease in long-term borrowings from financial institutions of THB 33.94 million from debt repayments.
- Decrease in long-term borrowings from related parties of THB 500.92 million from debt repayments.

As of 31 December 2018, the Company and its subsidiaries had the total liabilities of THB 1,355.90 million, which was 39.33% of the total assets, increased by THB 577.19 million (YoY 74.12%) compared to 31 December 2017 which the total liabilities were THB 778.71 million, equaled to 22.59% of the total assets.

The significant changes in liabilities comprised of:

- Increase in bank overdraft and short-term loans from financial institutions of THB 133.11 million
- Decrease in trade and other payables of THB 35.28 million resulting mainly from decrease in trade payables – others because of decrease in unbilled cheque from raw material and goods orders and decrease in customer prepayments.
- Decrease in long-term borrowings from financial institutions of THB 22.01 million from debt repayments.
- Increase in long-term borrowing from related parties of THB 519.43 million. The borrowing was made to restructure the Company's capital structure in preparation of listing on the SET and to acquire land and buildings at High-tech Industrial Estates in Phra Nakhon Si Ayutthaya Province for the Group restructuring, preventing potential conflicts of interest.

Shareholders' Equity

As of 31 December 2020, the Company and its subsidiaries had the total equity attributable to owners of the Company of THB 4,090.93 million, or 83.77% of the total assets. The increase in the total equity attributable to owners of the Company was THB 220.67 million or 5.70% compared to 31 December 2019, which the total equity attributable to owners of the Company was THB 3,870.27 million, equaled to 87.72% of the total assets. The significant changes in Equity were mainly due to the increase in profit for the year attributable to owners of the Company of THB 519.02 million, net of dividend payment of THB 300 million, retrospective adjustments of beginning retained earnings from adoption of TFRS 9 of THB 0.88 million and the increasing from the Other components of equity of THB 4.78 million.

As of 31 December 2019, the Company and its subsidiaries had the total equity attributable to owners of the Company of THB 3,870.27 million, or 87.72% of the total assets. The increase in the total equity attributable to owners of the Company was THB 1,778.26 million or 84.93% compared to 31 December 2018, which the total equity attributable to owners of the Company was THB 2,092.83 million, equaled to 60.70% of the total assets. The significant changes in Equity were mainly due to the increase in profit for the year attributable to owners of the

Company of THB 352.78 million, net of dividend payment of THB 246 million. In addition, the Company increased its capital by issuing ordinary shares for initial public offering with the net amount of 1,675.28.

As of 31 December 2018, the Company and its subsidiaries had the total equity attributable to owners of the Company of THB 2,092.83 million, or 60.70% of the total assets. The decrease in the total equity attributable to owners of the Company was THB 277 million or -11.69% compared to 31 December 2017, which the total equity attributable to owners of the Company was THB 2,369.83 million, equaled to 75.23% of the total assets. The significant changes in Equity were mainly due to the dividend payment of THB 1,436.20 million which was more than the profit for the year.

(2) Statement of Comprehensive Income

Statement of Comprehensive Income	Consolidated Financial Statement (Audited version)					
	For the year ended 31 December 2018		For the year ended 31 December 2019		For the year ended 31 December 2020	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Revenue						
Revenues from sales and rendering services	2,632.52	96.14%	2,776.38	96.92%	3,116.38	98.24%
Revenues from hotel operations	105.73	3.86%	88.28	3.08%	55.70	1.76%
Total revenue	2,738.25	100.00%	2,864.66	100.00%	3,172.08	100.00%
Cost of goods sold and rendering services	(1,627.68)	59.44%	(1,668.38)	58.24%	(1,809.29)	57.04%
Cost of rendering hotel services	(116.49)	4.25%	(105.66)	3.69%	(79.19)	2.49%
Total cost	(1,744.17)	63.70%	(1,774.04)	61.93%	(1,888.48)	59.53%
Gross profit	994.08	36.30%	1,090.62	38.07%	1,283.60	40.47%
Other income ¹	11.34	0.41%	17.34	0.61%	15.19	0.48%
Selling expenses	(191.18)	6.98%	(182.01)	6.35%	(191.66)	6.04%
Administrative expenses	(386.17)	14.10%	(457.10)	15.96%	(440.47)	13.89%
Net impairment losses on financial assets	-	-	-	-	(19.74)	0.62%
Finance costs	(20.71)	0.75%	(25.95)	0.91%	(14.57)	0.46%
Profit before income tax	407.36	14.88%	442.90	15.46%	632.35	19.93%
Income tax expense	(86.25)	3.15%	(89.36)	3.12%	(115.04)	3.63%
Profit for the year	321.11	11.73%	353.54	12.34%	517.31	16.31%
Profit attributable to:						
Owners of the Company	323.75	11.82%	352.78	12.31%	519.02	16.36%
Non-controlling interests	(2.64)	-0.10%	0.76	0.03%	(1.71)	-0.05%
Profit for the year	321.11	11.73%	353.54	12.34%	517.31	16.31%
Earnings per share						
Earnings per share - owners of the Company (Baht/Share) (calculated from the par value of 100 Baht per share)	25.87		22.29		25.95	

Statement of Comprehensive Income	Consolidated Financial Statement (Audited version)					
	For the year ended 31 December 2018		For the year ended 31 December 2019		For the year ended 31 December 2020	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Earnings per share - owners of the Company (Baht/Share) (calculated from the par value of 1 Baht per share) ²	0.26		0.22		0.26	

Remark : /1 Other income consist of earnings and loss from foreign exchange, interest income, transportation income and service, commissions and more.

/2 The Extraordinary General Meeting of Shareholders No. 2/2561, on 29 August 2018, resolved to change the par value of the shares at 100 Baht per share to 1 Baht per share. The calculation of earnings per share for the years 2016 - 2018 and for the period of first 6 months of year 2018 ended 30 June 2018 is based on the number of common shares with the par value of 1 Baht per share for the benefit of comparison with the current earnings per share.

Operating Performance Analysis

Impact of Coronavirus Disease 2019 outbreak

The outbreak of Coronavirus Disease 2019 (“COVID-19”) in early 2020 continuing to the present has adverse effects on operating results of the hotel properties.

The global COVID-19 outbreak initiated government-imposed travelling restrictions and controls as well as upended the normal way of living and economic activities. As a result, revenues of hotel business group significantly dropped by 36.90% compared to 2019. This is due to temporary operational closures from April to June 2020 and resulted in 24% hotel booking cancellation in 2020, a high season for hotel properties as well as previously suspended and currently diminished domestic and international travels. In response, the management has registered the government's tourism stimulus campaign known as Rao Tiew Duay Kan (We Travel Together) to attract customers. The management is now paying close attention to the development of the COVID-19 situation, evaluating its impact on the operation while strategising effective solutions.

In 2020, the Company and its subsidiaries chose to apply the temporary measures to relieve the impact from COVID-19 announced by TFAC for the reporting periods ended between 1 January 2020 and 31 December 2020 by excluding information related to COVID-19 as an indication of the impairment of assets in the cash-generating units of the hotel properties, which, in consequence, may have negative affected to the hotel's future financial position and financial performance. However, the management will continuously monitor the impact of COVID-19 and will take appropriate and timely measures to minimize the negative impact of the COVID-19 pandemic on the hotel's future operations.

Revenues Structure

1. The revenues of manufacturing and distributing of Food Ingredients that are classified into 6 categories as follows:

1.1 Flavour, fragrance and colour products

- 1.2 Food coating products
 - 1.3 Dried products
 - 1.4 Frozen food products
 - 1.4 Plastic packaging
 - 1.6 Trading goods
2. The revenues of hotel business invested by RBF's subsidiaries which consist of 2 hotels:
- 2.1 ibis Styles Chiang Mai
 - 2.2 Novotel Chumporn Beach Resort & Golf

The Revenues from Operations for the year 2020

In 2020, the revenues from operations of the Company and its subsidiaries were THB 3,172.08 million, which increased by THB 307.42 million or 10.73% compared to the year 2019, which the revenues from operations were THB 2,864.66 million.

The significant changes of each type of the revenues can be explained as follows:

1. REVENUES FROM SALES OF MANUFACTURING AND TRADING GOODS

In 2020, the revenues from sales were THB 3,116.38 million, equaled to 98.24% of the total revenues from operations, and increased by THB 340.00 million (YoY 12.25%) compared to the year 2019, which the revenues from sales were THB 2,776.38 million, equaled to 96.92% of the total revenue from operations.

The increase in sales of THB 340.00 million comprised of 2 main segments as follows:

- Increase in domestic sales of THB 352.36 million.
- Decrease in overseas sales of THB 12.36 million.

Considering 6 product categories, the main increase came from Flavour, Fragrance & Color category increased by 146.67 million, Food Coating category increased by THB 121.65 million, and Trading Goods category increased by THB 93.45 million.

2. REVENUES FROM HOTEL OPERATIONS

In 2020, the revenues from hotel operations of the Company and its subsidiaries were THB 55.70 million, equaled to 1.76% of the total revenues from operations. The revenues from hotel operations decreased by THB 32.58 million (YoY -36.90%), mainly due to the outbreak of Coronavirus Disease 2019 ("COVID-19 Pandemic"), resulting in cancellation of hotel booking in a high season and the temporary operational closures of 2 hotels from April to June 2020 as mentioned above.

The Revenues from Operations for the year 2019

In 2019, the revenues from operations of the Company and its subsidiaries were THB 2,864.66 million which increased by THB 126.41 million or by 4.62% compared to 2018, which the revenues from operations were THB 2,738.25 million.

The significant changes of each type of the revenues can be explained as follows:

1. REVENUES FROM SALES OF MANUFACTURING AND TRADING GOODS

In 2019, the revenues from sales of the Company and its subsidiaries were THB 2,776.38 million, equaled to 96.92% of the total revenues from operations, and increased by THB 143.86 million or 5.46% compared to the revenues of 2018.

This is due to the increase in sales of Food Coating, Flavour, Fragrance & Colour, and Dried Product categories, mainly from existing domestic customers and customers of subsidiaries in Vietnam and Indonesia.

2. REVENUES FROM HOTEL OPERATIONS

In 2019, the revenues from hotel operations of the Company and its subsidiaries were THB 88.28 million, equaled to 3.08% of the total revenues from operations. The revenues from hotel operations decreased by THB 17.45 million or -16.50% compared to the revenues of 2018, mainly due to the decrease in Chinese tourists. There were also impacts from partially closed areas for renovation in ibis Styles Chiang Mai in the 3rd quarter of 2019 and pollution crisis in Chiang Mai during the beginning of 2019.

The Revenues from Operations for the year 2018

In 2018, the revenues from operations of the Company and its subsidiaries were THB 2,738.25 million which decreased by THB 177.19 million or by 6.08% compared to 2017, which the revenues from operations were THB 2,915.44 million.

The significant changes of each type of the revenues can be explained as follows:

1. REVENUES FROM SALES OF MANUFACTURING AND TRADING GOODS

In 2018, the revenues from sales of the Company and its subsidiaries were THB 2,632.52 million, equaled to 95.74% of the total revenues from operations, and decreased by THB 175.34 million or -6.24% compared to the revenues of 2017 due to (1) a decline in revenue from trading goods as a result of reduction in sales volume of milk powder and food additives since gross margin was lower than the specified policy (2) a decrease in revenue from food flavouring and colouring products as one of the customers has moved the production base to China causing customers to procure products from local distributors instead, and (3) a decrease in revenue from frozen food products as a result of raw material procurement problem.

2. REVENUES FROM HOTEL OPERATIONS

In 2018, the revenues from hotel operations of the Company and its subsidiaries were THB 105.73 million, equaled to 3.86% of the total revenues from operations, and decreased by THB 2.02 million or -1.88% compared to the revenues of 2017 due to the decline in revenue of ibis Styles Chiang Mai because the oversupply problem from high level of competition in Chiang Mai province. There was also an impact from a decline in the number of Chinese tourists since the Chinese airline added the direct flights to Koh Samui and Phuket so Chinese tourists did not have to stop by at Chiang Mai for flight transfer anymore.

Gross Profit for the year 2020

In 2020, the gross profit was THB 1,283.60 million or 40.47% of the total revenue from operations, which increased by THB 192.98 million (YoY 17.69%) compared to the year 2019 which gross profit was THB 1,090.62 million or 38.07% of total revenue from operations.

The significant changes of the gross profit can be explained as follows:

1. GROSS PROFIT FROM SALES OF MANUFACTURING AND TRADING GOODS

In 2020, the gross profit of Food Ingredient business was THB 1,307.09 million or 41.94% of the total revenue from sales, which increased by THB 199.09 million (YoY 17.97%) compared to the year 2019, which the gross profit was THB 1,108.00 million or 39.91% of the total revenue from operations. The increase in sales of manufacturing and trading goods, resulting in the increase in gross profit.

The main increase came from the increased gross profit of Flavor & Fragrance and Color category for THB 108.57 million, Food Coating category for THB 56.80 million, and Trading goods category for THB 34.36 million.

2. GROSS PROFIT FROM HOTEL OPERATIONS

In 2020, the negative gross margin of hotel operations was THB 23.49 million or -42.17% of the total revenue from hotel business. The hotel operations had the negative gross margin increased by THB 6.11 million, compared to the year 2019 which the negative gross margin was THB 17.38 million or -19.69% of the total revenue from hotel business. This is mainly due to the effect of COVID-19 pandemic.

Gross Profit for the year 2019

In 2019, gross profit was THB 1,090.62 million or 38.07% of the total revenues from operations, which increased by THB 96.54 million or by 9.71% compared to 2018, which gross profit was THB 994.08 million or 36.30% of total revenue from operations.

The significant changes of total revenue can be explained as follows:

1. GROSS PROFIT FROM SALES OF MANUFACTURING AND TRADING GOODS

In 2019, the gross profit of Food Ingredients business was THB 1,108.00 million or 39.91% of the total revenue from sales, which increased by THB 103.16 million or by 10.27% compared to 2018, which the gross profit was THB 1,004.84 million or 38.17% of the total revenue from operations. Mainly increased due to the increase in sales of main product categories, resulting in the increase in gross profit of Food Coating for THB 15.14 million and Flavour & Fragrance for THB 63.86 million.

2. GROSS PROFIT FROM HOTEL OPERATIONS

In 2019, the negative gross margin of hotel operations was THB 17.38 million, equaled to -19.69% of the total revenues from hotel operations. The hotel operations had the negative gross margin increased of THB 6.62 million or by 61.54% compared to 2018. This is mainly due to the decrease in the high volume of tourists from China and from the pollution crisis in Chiang Mai province during the beginning of 2019.

Gross Profit for the year 2018

In 2018, gross profit was THB 994.08 million or 36.30% of the total revenues from operations, which decreased by THB 77.84 million or by -7.26% compared to 2017, which gross profit was THB 1,071.92 million or 36.76% of total revenue from operations.

The significant changes of total revenue can be explained as follows:

1. GROSS PROFIT FROM SALES OF MANUFACTURING AND TRADING GOODS

In 2018, the gross profit of Food Ingredients business was THB 1,004.84 million or 38.17% of the total revenue from sales, which increased by THB 12.93 million or by -1.27% compared to 2017, which the gross profit was THB 1,017.77 million or 36.25% of the total revenue from operations due to the improvement in raw material cost management.

2. GROSS PROFIT FROM HOTEL OPERATIONS

In 2018, the negative gross margin of hotel operations was THB 10.76 million, equaled to -10.18% of the total revenues from hotel operations. The hotel operations had the negative gross margin increased of THB 4.91 million or by 83.93% compared to 2017. This is mainly because the hotel business has high fixed cost, especially the depreciation of hotels and staff salaries. Moreover, the hotel in Chiang Mai has faced high competition in the area, a severe air pollution and a decline in the number of Chinese tourists since the Chinese airline added the direct flights to Koh Samui and Phuket so Chinese tourists did not have to stop by at Chiang Mai for flight transfer anymore. As for Novotel Chumphon Beach Resort & Golf, its location is far from the airport and Chumphon is still a secondary travel destination which prevent the Company from charging the room rate at high price, even though there are limited rooms, resulting in a very high breakeven point.

Selling and Administrative Expenses for the year 2020

In 2020, selling and administrative expenses were THB 632.13 million, equaled to 19.93% of the total revenue from operations. Selling and administrative expenses of the Company and its subsidiaries decreased by THB 6.98 million (YoY -1.09%) compared to the year 2019, which selling and administrative expenses were THB 639.11 million or 22.31% of the total revenue from operations.

The significant changes of the selling and administrative expenses can be explained as follows:

- Decrease in finance advisor fees and press conferences to investors of THB 15.04 million which were recorded in 2019;
- Decrease in provision for employee retirement benefit expense of THB 11.35 million due to record of past service cost from increasing the rate of benefit of employees who have served more than 20 years or more from 300 days to 400 days according to the new Labor Protection Act which was recorded in 2019;
- Decrease in allowance for impairment loss on hotel assets of THB 11.56 million which was recorded in 2019;
- Net of increase in salary expenses of THB 9.75 million;
- Increase in commission and sales promotion expenses of THB 4.83 million;

- Increase in expenses relating to marketing survey and planning for business and related expenses in Singapore of THB 10.67 million.

Selling and Administrative Expenses for the year 2019

In 2019, selling and administrative expenses were THB 639.11 million, equaled to 22.31% of the total revenue from operations. Selling and administrative expenses of the Company and its subsidiaries increased by THB 61.75 million (YoY 10.70%) compared to 2018, which selling and administrative expenses were THB 577.35 million or 21.00% of the total revenue from operations.

The significant changes of the selling and administrative expenses can be explained as follows:

- One-time expenses increased by THB 40.23 million, causing from consulting fee for accounting, legal, roadshow and press conferences to investors approximately THB 8.52 million, allowance for impairment loss on hotel assets of THB 11.56 million, provision for employee retirement benefit of THB 10.23 million, professional fee of THB 8.22 million and other expenses of THB 1.70 million.
- Increase in depreciation expenses by THB 5.19 million.
- Increase in administrative expenses of the subsidiary in Vietnam by THB 4.63 million.
- Increase in administrative expenses of the subsidiary in Indonesia by THB 4.42 million.

Selling and Administrative Expenses for the year 2018

In 2018, selling and administrative expenses were THB 577.35 million, equaled to 21.00% of the total revenue from operations. Selling and administrative expenses of the Company and its subsidiaries increased by THB 81.91 million (YoY 16.53%) compared to 2017, which selling and administrative expenses were THB 495.44 million or 16.99% of the total revenue from operations.

The significant changes of the selling and administrative expenses can be explained as follows:

- Selling expenses were THB 191.18 million, increased by THB 11.42 million. This is mainly due to increase in employee-related expenses such as salary base adjustment and higher sales commission and increase in travelling expenses for sale activities.
- Administrative expenses were THB 386.17 million, increased by THB 70.50 million. This is mainly due to increase in employee-related expenses such as salary base adjustment and higher number of employees. There was also an increase in consulting and professional fees as part of expenses in preparation for security listing on the SET.

Profit for year

In 2020, the profit for the year was THB 517.31 million, equaled to 16.31% of the total revenue from operations, and increased by THB 163.77 million (YoY 46.32%) compared to the year 2019, which profit for the year was THB 353.54 million or 12.34% of the total revenue from operations.

In 2019, the profit for the year was THB 353.54 million, equaled to 12.34% of the total revenue from operations, and increased by THB 32.43 million (YoY 10.10%) compared to the year 2018, which profit for the year was THB 321.11 million or 11.72% of the total revenue from operations.

In 2018, the profit for the year was THB 321.11 million, equaled to 11.72% of the total revenue from operations, and increased by THB 81.5 million (YoY 20.24%) compared to the year 2017, which profit for the year was THB 402.61 million or 13.80% of the total revenue from operations.

(3) Cash Flow Statement

Cash Flow Statement	Consolidated Financial Statement (Audited version)		
	For the year ended	For the year ended	For the year ended
	on 31 December	on 31 December	on 31 December
	2018	2018	2018
	Million Baht	Million Baht	Million Baht
Cash flows from operating activities			
Profit (loss) before income tax	407.36	442.90	632.35
Adjustments for:			
Depreciation of building and equipment	172.22	166.84	139.07
Depreciation of right-of-use assets	-	-	48.93
Reversal depreciation of right-of-use assets from rental reduction	-	-	(1.13)
Amortisation expenses	15.04	14.15	8.85
Impairment charge	-	11.57	-
Net impairment losses on financial assets	-	-	19.74
Reversal allowance for doubtful accounts	(5.28)	(11.25)	-
Written off bad debts	0.04	0.01	-
Decrease in value of inventories (Reversal)	(2.02)	(2.04)	0.88
(Reversal) allowance for inventory obsolescence	17.15	(1.79)	(5.13)
Destruction of inventories	0.63	-	0.08
(Gain) Loss on disposals of equipment	(0.22)	0.40	(0.20)
Written off equipment	0.51	1.08	0.16
Employee benefit expenses	3.46	16.11	4.76
Rental income from investment property	-	0.46	0.46
Difference from rental reduction	-	-	1.43
Interest income	(2.28)	(1.48)	(4.00)
Finance costs	20.71	25.95	14.57
Unrealised loss (gain) on exchange rate	(4.56)	(0.46)	2.14
Gain from disposal of short-term investments	(0.02)	-	-

Cash Flow Statement	Consolidated Financial Statement (Audited version)		
	For the year ended on 31 December 2018	For the year ended on 31 December 2018	For the year ended on 31 December 2018
	Million Baht	Million Baht	Million Baht
Changes in operating assets and liabilities			
Trade and other receivables	(6.51)	(81.67)	(132.51)
Inventories	(113.82)	67.36	(70.30)
Other current assets	1.66	(5.85)	(5.94)
Other non-current assets	(5.14)	(1.44)	(2.68)
Trade and other payables	(41.20)	(29.22)	67.97
Other current liabilities	(0.90)	2.38	(1.41)
Cash flows generated from operations	456.82	614.01	718.09
<u>Less:</u> Employee benefit paid	(0.23)	(0.21)	(0.12)
<u>Less:</u> Interest paid	(19.57)	(27.17)	(16.59)
<u>Less:</u> Income tax paid	(99.94)	(101.06)	(91.66)
Net cash flows generated from operating activities	337.08	485.57	609.72
Cash flow from investing activities			
Payment for purchases of short-term investments	(0.30)	(6.02)	-
Proceeds from disposal of short-term investments	30.66	13.11	-
Payment for purchases of financial assets (fixed deposit) measured at amortised cost	-	-	(500.01)
Proceeds from disposal of financial assets (fixed deposit) measured at amortised cost	-	-	106.00
Proceeds from deposit at bank pledged as collateral	(0.50)	6.00	-
Payment of investment property	-	(0.46)	(0.44)
Payments for purchase of property, plant, and equipment	(322.36)	(145.34)	(421.93)
Proceeds from disposals of property, plant, and equipment	1.39	0.04	1.03
Payments for right-of-use assets	-	-	(2.01)
Payments for purchase of intangible assets	(3.43)	(1.78)	(2.01)
Interest received	2.26	1.49	2.14
Net cash flows used in investing activities	(292.28)	(132.96)	(817.23)
Cash flows from financing activities			
Proceeds from capital increase	842.00	1,716.00	-

Cash Flow Statement	Consolidated Financial Statement (Audited version)		
	For the year ended on 31 December 2018	For the year ended on 31 December 2018	For the year ended on 31 December 2018
	Million Baht	Million Baht	Million Baht
Payment for share issue costs		(40.72)	-
Proceeds from long-term borrowings from financial institutions	37.90	-	-
Payment on long-term borrowings from financial institutions	(65.32)	(47.97)	(54.09)
Proceeds from promissory notes	240.00	519.40	-
Payment from promissory notes	(106.89)	(744.40)	-
Proceeds from short-term borrowings from related parties	842.00	-	-
Proceeds from long-term borrowings from related parties	558.00	-	-
Payment on short-term borrowings from related parties	(852.00)	-	-
Payment on long-term borrowings from related parties	(75.62)	(522.78)	(50.00)
Payment for principal elements of lease payments	(0.15)	-	(10.44)
Cash received for payment of shares of subsidiaries from non-controlling interests	0.24	-	-
Dividend paid	(1,436.20)	(246.00)	(300.00)
Net cash flows generated from (used in) financing activities	(16.04)	633.53	(414.53)
Net increase (decrease) in cash and cash equivalents	28.76	986.14	(622.04)
Opening balance of cash and cash equivalents	219.87	249.42	1,234.42
Exchange gains (losses) on cash and cash equivalents	0.78	(1.14)	1.27
Cash and cash equivalents at the end of the year	249.42	1,234.42	613.65
Non-cash items			
(Decrease) increase in accounts payable from property, plant, and equipment purchased	6.04	2.70	(7.61)
Decrease in accounts payable from intangible assets purchased	0.01	(0.01)	-
Increase in right-of-use assets from existing lease	-	-	25.34
Lease modifications and reassessments	-	-	(0.08)
Lease termination	-	-	(0.12)
Transfers from land to investment property	-	67.13	-

Cash Flow Statement	Consolidated Financial Statement (Audited version)		
	For the year ended on 31 December 2018	For the year ended on 31 December 2018	For the year ended on 31 December 2018
	Million Baht	Million Baht	Million Baht
	Purchase of property, plant, and equipment under financial leases	35.35	-

Cash flows

In 2020, The statement of cash flows can be explained as follows:

- Net cash flows generated from operating activities of THB 609.72 million.
- Net cash flows used in investing activities of THB 817.23 million, mainly for cash payments for property, plant, and equipment of THB 421.93 million, for net investment in fixed deposits at financial institutions of THB 394 million.
- Net cash flows used in financing activities of THB 414.53 million, mainly for the repayment of long-term borrowings of THB 104.09 million, for dividend paid of THB 300 million, and for the repayment of lease liability of THB 10.44 million.
- Cash and cash equivalents as of 31 December 2019 were THB 1,234.42 million and at 31 December 2020 were THB 613.66 million.

In 2019, The statement of cash flows can be explained as follows:

- Net cash flows generated from operating activities of THB 485.57 million.
- Net cash flows used in investing activities of THB 132.96 million which mainly was cash payments for purchase of property, plant, and equipment of THB 145.34 million for plant construction and purchase of machinery of foreign subsidiaries and purchase of warehouse and machinery of the Company and local subsidiaries.
- Net cash flows generated from financing activities of THB 633.52 million.
- The Company and its subsidiaries had cash and cash equivalents at the beginning of 2019 of THB 249.42 million, resulting in cash and cash equivalents at the end of year was THB 1,234.42 million.

In 2018, The statement of cash flows can be explained as follows:

- Net cash flows generated from operating activities of THB 337.08 million.

- Net cash flows used in investing activities of THB 292.28 million. This is mainly because the Company and its subsidiaries purchased land at Wang Noi Mini Factory and High-tech Industrial Estates in Phra Nakhon Si Ayutthaya Province to expand production plants and warehouses.
- Net cash flows used in financing activities of THB 16.04 million.
- The Company and its subsidiaries had cash and cash equivalents at the beginning of 2018 of THB 219.87 million, resulting in cash and cash equivalents at the end of year was THB 249.42 million.

(4) Key Financial Ratios

Financial Ratios	Audited		
	2018	2019	2020
Current ratio (times)	2.46	7.09	6.02
Quick ratio (times)	1.34	5.27	4.28
Cash flow liquidity ratio (times)	0.52	0.93	1.50
Account receivables turnover (times)	4.35	4.32	4.20
Collection period (days)	82.67	83.25	85.74
Inventory turnover ratio (times)	4.56	4.46	5.08
Inventory turnover (days)	78.98	80.63	70.91
Account payables turnover (times)	7.37	8.44	8.72
Payable period (days)	48.86	42.68	41.29
Cash Cycle (days)	112.80	121.20	115.37
Gross profit margin (%)	36.30%	38.07%	40.47%
Manufacturing and sale business	38.17%	39.91%	41.94%
Hotel business	-10.18%	-19.69%	-42.17%
Operating profit margin (%)	15.63%	16.37%	21.02%
Other margin (%)	0.41%	0.60%	0.48%
Cash-to-profit ratio (%)	78.75%	103.47%	91.46%
Net profit margin (%)	11.68%	12.27%	16.23%
Return on equity (%)	14.39%	11.86%	13.00%
Return on assets (%)	9.73%	9.00%	11.13%
Return on fixed assets (%)	30.70%	30.80%	43.52%
Asset turnover (times)	83.35%	73.33%	68.57%
Debt to equity (times)	0.65	0.14	0.19
Interest coverage ratio (times)	21.45	23.14	50.74
Obligation capacity ratio	0.12	0.28	0.79
(Cash Basis) (times)			
Dividend payout ¹ (%)	131.27% ²	85.33% ³	77.81% ⁴
Debt service coverage ratio (times)	9.42	7.38	19.47

Remark : ¹ The dividend ratio is calculated from the annual dividend that divided by the net earnings according to the separate

financial statements after deducting various types of reserves as required by law

- / 2 Ordinary Meeting of Shareholders for the year 2019 on 8 May 2019 resolved to approve the payment of dividends for the operating results of the year 2018 for 1,480,000,000 of ordinary shares at a total of 246.00 million Baht.
- / 3 Ordinary Meeting of Shareholders of the Company on 21 February 2020, resolved to approve the payment of dividends for the operating results of the year 2019 for 2,000,000,000 of ordinary shares at a total of 300.00 million Baht.
- / 4 Ordinary Meeting of Shareholders of the Company on 25 February 2021, resolved to approve the payment of dividends for the operating results of the year 2020 for 2,000,000,000 of ordinary shares at a total of 300.00 million Baht.

7.13. Financial Position and Operating Performance of Hotel Business

Novotel Chumphon Beach Resort and Golf

(1) Statement of Financial Position

Statement of financial position	Financial statement					
	As of 31 December 2018		As of 31 December 2019		As of 31 December 2020	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Assets						
Current assets						
Cash and cash equivalents	8.03	6.77%	7.15	7.20%	5.93	6.75%
Trade and other receivables	2.04	1.72%	1.57	1.58%	1.33	1.51%
Inventories	2.07	1.75%	1.95	1.96%	1.78	2.02%
Other current assets	0.17	0.15%	0.07	0.07%	0.13	0.15%
Total current assets	12.32	10.39%	10.74	10.81%	9.17	10.43%
Non-current assets						
Property, plant, and equipment	105.76	89.23%	88.17	88.73%	78.28	89.06%
Right-of-use assets	-	0.00%	-	0.00%	-	0.00%
Intangible assets	0.02	0.02%	0.03	0.03%	0.02	0.02%
Other non-current assets	0.43	0.36%	0.43	0.43%	0.43	0.49%
Total non-current assets	106.22	89.61%	88.62	89.19%	78.72	89.57%
Total assets	118.53	100.00%	99.37	100.00%	87.90	100.00%
Liabilities and equity						
Current liabilities						
Trade and other payables	506.89	427.63%	519.78	523.08%	533.48	606.95%
Current portion of lease liabilities	-	0.00%	-	0.00%	-	0.00%
Other current liabilities	0.55	0.47%	0.62	0.63%	0.50	0.57%
Total current liabilities	507.44	428.09%	520.40	523.71%	533.99	607.52%
Non-current liabilities						
Lease liabilities	-	0.00%	-	0.00%	-	0.00%
Employee benefit obligations	1.70	1.43%	2.49	2.51%	3.32	3.78%
Total non-current liabilities	1.70	1.43%	2.49	2.51%	3.32	3.78%
Total liabilities	509.14	429.53%	522.89	526.22%	537.31	611.30%
Equity						
Retained earnings	(390.60)	-329.53%	(423.52)	-426.22%	(449.41)	-511.30%

Statement of financial position	Financial statement					
	As of 31 December 2018		As of 31 December 2019		As of 31 December 2020	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Total equity	(390.60)	-329.53%	(423.52)	-426.22%	(449.41)	-511.30%
Total liabilities and equity	118.53	100.00%	99.37	100.00%	87.90	100.00%

(2) Income Statement

Income Statement	Financial Statement					
	For the year ended 31 December 2018		For the year ended 31 December 2019		For the year ended 31 December 2020	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Revenues from hotel operations	35.76	100.00%	32.49	100.00%	27.98	100.00%
Cost of rendering hotel services	(44.78)	-125.23%	(42.40)	-130.52%	(38.61)	-138.00%
Gross profit (loss)	(9.02)	-25.23%	(9.92)	-30.52%	(10.63)	-38.00%
Other income	0.35	0.98%	0.38	1.18%	0.29	1.04%
Selling and administrative expenses	(20.16)	-56.39%	(17.17)	-52.85%	(15.55)	-55.56%
Impairment loss	-	0.00%	(6.22)	-19.14%	-	0.00%
Profit (loss) before interest and income tax	(28.83)	-80.63%	(32.92)	-101.34%	(25.89)	-92.52%
Finance costs	-	0.00%	-	0.00%	-	0.00%
Profit (loss) before interest and income tax	(28.83)	-80.63%	(32.92)	-101.34%	(25.89)	-92.52%

(3) Key Financial Ratios

Financial Ratios	2018	2019	2020
Current ratio (times)	0.02	0.02	0.02
Quick ratio (times)	0.02	0.02	0.01
Cash flow liquidity ratio (times)	17.52	20.65	21.09
Account receivables turnover (times)	20.84	17.67	17.31
Collection period (days)	21.62	21.74	21.69
Inventory turnover ratio (times)	16.89	16.79	16.83
Inventory turnover (days)	0.09	0.08	0.07
Account payables turnover (times)	4,131.86	4,474.21	5,043.37
Payable period (days)	(4,094.14)	(4,439.75)	(5,009.23)

Financial Ratios	2018	2019	2020
Gross profit margin (%)	-25.23%	-30.52%	-38.00%
Profit (loss) margin (%)	-80.63%	-101.34%	-92.52%
Return on assets (%)	-24.32%	-33.13%	-29.45%
Return on fixed assets (%)	-27.14%	-37.15%	-32.88%
Asset turnover (times)	0.30	0.33	0.32

ibis Style Chiang Mai

(1) Statement of Financial Position

Statement of financial position	Financial statement					
	As of 31 December 2018		As of 31 December 2019		As of 31 December 2020	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Assets						
Current assets						
Cash and cash equivalents	4.82	1.66%	4.64	1.74%	5.51	2.00%
Trade and other receivables	4.82	1.66%	1.91	0.72%	1.00	0.36%
Inventories	1.08	0.37%	1.01	0.38%	0.87	0.32%
Other current assets	0.14	0.05%	0.17	0.07%	0.15	0.05%
Total current assets	10.86	3.74%	7.74	2.91%	7.53	2.73%
Non-current assets						
Property, plant, and equipment	277.26	95.55%	255.70	96.07%	179.06	64.97%
Right-of-use assets	-	0.00%	-	0.00%	86.68	31.45%
Intangible assets	1.29	0.45%	1.78	0.67%	1.54	0.56%
Other non-current assets	0.75	0.26%	0.94	0.35%	0.81	0.29%
Total non-current assets	279.30	96.26%	258.42	97.09%	268.08	97.27%
Total assets	290.15	100.00%	266.16	100.00%	275.62	100.00%
Liabilities and equity						
Current liabilities						
Trade and other payables	432.54	149.07%	450.21	169.15%	470.03	170.54%
Current portion of lease liabilities	-	0.00%	0.07	0.03%	0.14	0.05%
Other current liabilities	0.54	0.19%	0.41	0.15%	0.35	0.13%
Total current liabilities	433.08	149.26%	450.69	169.33%	470.52	170.71%
Non-current liabilities						

Statement of financial position	Financial statement					
	As of 31 December 2018		As of 31 December 2019		As of 31 December 2020	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Lease liabilities	-	0.00%	0.24	0.09%	86.86	31.52%
Employee benefit obligations	0.90	0.31%	1.39	0.52%	1.46	0.53%
Total non-current liabilities	0.90	0.31%	1.63	0.61%	88.32	32.05%
Total liabilities	433.97	149.57%	452.32	169.94%	558.84	202.76%
Equity						
Retained earnings	(143.82)	-49.57%	(186.16)	-69.94%	(283.22)	-102.76%
Total equity	(143.82)	-49.57%	(186.16)	-69.94%	(283.22)	-102.76%
Total liabilities and equity	290.15	100.00%	266.16	100.00%	275.62	100.00%

(2) Income Statement

Income Statement	Financial Statement					
	For the year ended 31 December 2018		For the year ended 31 December 2019		For the year ended 31 December 2020	
	Million Baht	Ratio	Million Baht	Ratio	Million Baht	Ratio
Revenues from hotel operations	69.98	100.00%	55.82	100.00%	27.77	100.00%
Cost of rendering hotel services	(71.94)	-102.81%	(63.25)	-113.33%	(44.52)	-160.29%
Gross profit (loss)	(1.97)	-2.81%	(7.44)	-13.33%	(16.75)	-60.29%
Other income	0.24	0.35%	0.28	0.50%	0.15	0.55%
Selling and administrative expenses	(26.54)	-37.93%	(30.47)	-54.58%	(77.59)	-279.36%
Impairment loss	-	0.00%	(5.35)	-9.58%	(62.26)	-224.17%
Profit (loss) before interest and income tax	(28.27)	-40.40%	(42.97)	-76.98%	(156.44)	-563.27%
Finance costs	(6.98)	-9.97%	(4.72)	-8.46%	(2.88)	-10.36%
Profit (loss) before interest and income tax	(35.25)	-50.37%	(47.69)	-85.44%	(159.32)	-573.64%

(3) Key Financial Ratios

Financial Ratios	2018	2019	2020
Current ratio (times)	0.03	0.02	0.02
Quick ratio (times)	0.02	0.01	0.01
Cash flow liquidity ratio (times)	14.51	29.21	27.71

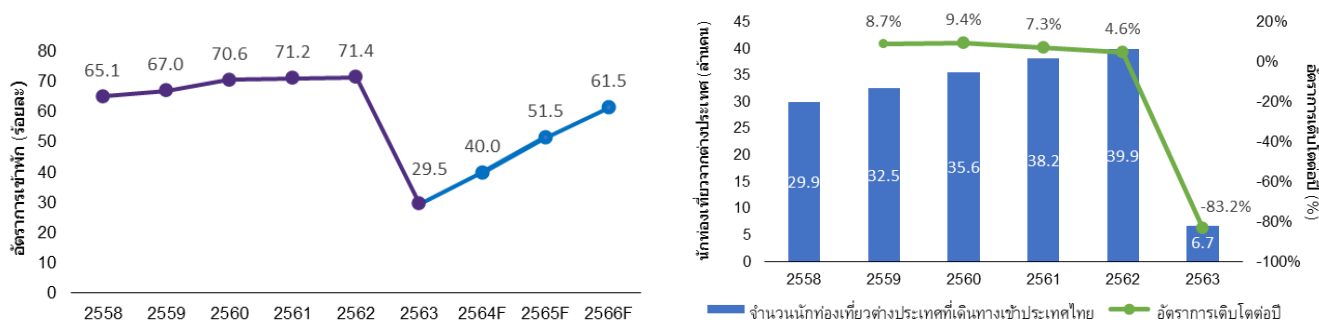
Financial Ratios	2018	2019	2020
Account receivables turnover (times)	25.16	12.49	13.17
Collection period (days)	66.50	62.32	50.91
Inventory turnover ratio (times)	5.49	5.86	7.17
Inventory turnover (days)	0.17	0.14	0.09
Account payables turnover (times)	2,194.48	2,597.89	3,853.59
Payable period (days)	(2,163.83)	(2,579.54)	(3,833.25)
Gross profit margin (%)	-2.81%	-13.33%	-60.29%
Profit (loss) margin (%)	-50.37%	-85.44%	-573.64%
Return on assets (%)	-12.15%	-17.92%	-57.81%
Return on fixed assets (%)	-12.62%	-18.45%	-59.43%
Asset turnover (times)	0.24	0.21	0.10

Attachment 2 Hotel Industry Conditions

From the graph below, the national average occupancy rate has steadily increased from 2016 to 2019 due to the continuous expansion of the number of foreign and Thai tourists. During this period, the average occupancy rate was 69 percent in 2019, with a record 39.9 million tourists and an average growth of 7.47 percent from 2015 to 2019, resulting in the average stay of 71.4 percent in 2019, driven by an increase in both direct and charter airlines. This also includes the growth of low-cost airlines, which are making air travel more accessible to people and tourism promotion measures such as fee waivers (Visa on arrival: VOA) for tourists from 21 countries.

Diagram 7-1: Occupancy rate during 2015-2023 (left diagram)

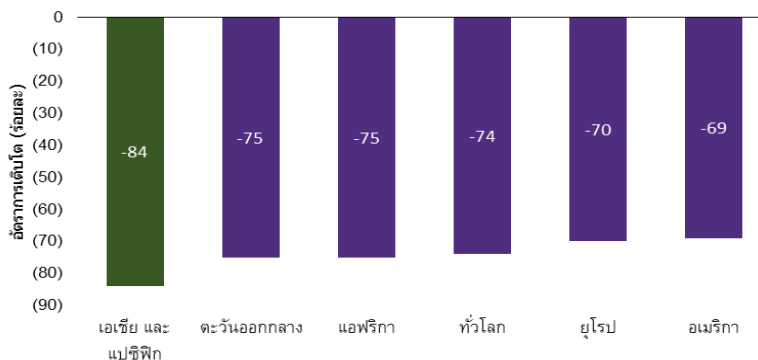
Diagram 7-2: Number of tourists during 2015-2023 (right diagram)



Source: 1. Bank of Thailand 2. Ministry of Tourism and Sports

In 2020, hotel businesses around the world have been impacted by the COVID-19 pandemic due to the announcement government lockdowns of different countries which includes controls on international travel, resulting in a sharp decline in the number of tourists worldwide, as shown in Diagram 7-3, especially in Asia and the Pacific (down 84 percent) e.g. Singapore (down 85.1 percent), Thailand (down 83.2 percent), South Korea (down 85.6 percent) and Japan (down 90 percent).

Diagram 7-3: Growth in tourist numbers during 2019-2020



Source: Krungsri Research

The current situation of the global pandemic is still critical with many countries, including Thailand, having to face new outbreaks. As a result, the number of infections continues to rise, as shown in Diagram 7-4, with foreign tourists expected to return closer to 2019 in 2024 for the following reasons:

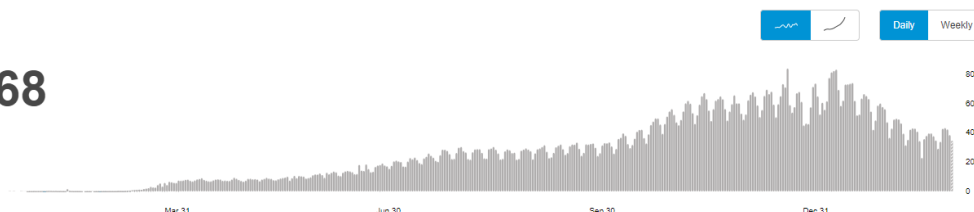
- Vaccine development which includes the effectiveness of infection prevention, production and distribution are still uncertain.
- Although vaccine production and distribution have started in many countries, the World Health Organization (WHO) recommends that achieving herd immunity needs vaccinations to cover 65-70 percent of the population which requires a lot of time and budget.
- People will remain worried about their livelihood for the next three to six months, even if the contagion has stopped, resulting in the confidence of travelers not recovering as quickly as in past crises (Reference: University of California).
- The severe contraction of income and purchasing power means that people will not spend much on tourism because they are considered unnecessary expenses.

Diagram 7-4: Number of new COVID-19 infections globally (daily)

Global Situation

113,820,168

confirmed cases



Source: World Health Organization

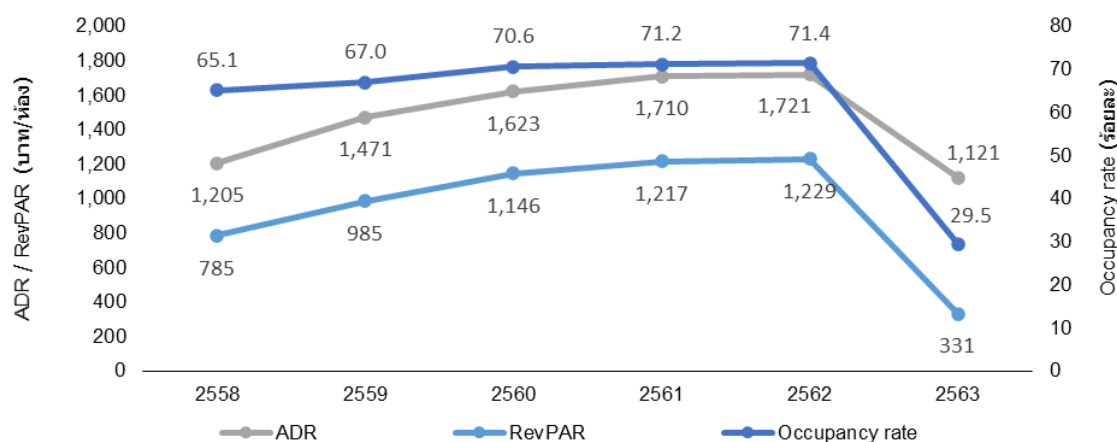
Thailand's tourism business contracted heavily in line with the global tourism environment, with the GDP of accommodation, hotels and food services declining by THB 6.35 billion, a 38.3 percent drop from 2019. The Thai tourism situation can be summarized as follows:

- The number of foreign tourists amounted to 6.7 million, a 83.2 percent decrease from 2019 as a result of the global lockdown measures to curb the spread of COVID-19 disrupting international travel. Thailand has issued a Royal Decree declaring a state of emergency (25 March 2020) and the temporary ban on aircrafts entering Thailand during April - September (3 April 2020 - 30 September 2020) when no foreign tourists arrived in Thailand. However, since October foreign tourists began returning slightly under the Special Tourist Visa (STV) arrangement, subject to stringent restrictions such as a 14-day quarantine, pre / post medical examinations, travel for health checks before / after traveling.
- The total number of rooms at the end of 2019 (the latest information) stood at 7.84,000 rooms, an increase of 5.1 percent from 2018. Regionally, it was found that the southern region had the highest number of rooms 2.26 hundred thousand rooms (an increase of 6.7 percent), accounting for 29

percent of the total number of rooms, while in Bangkok there are 1.60 hundred thousand rooms (an increase of 4.6 percent), accounting for 20 percent.

- The nationwide average occupancy rate for 2020 dropped to 29.5 percent. In April, occupancy rates dropped to a low of 2.3 percent, while room rates dropped 34.9 percent from 2019, causing the average revenue per room (RevPAR) to decrease by 73.1 percent from THB 1,229 to THB 331 in 2020, as shown in Diagram 7-5.

Diagram 7-5: Occupancy rate, room sales (average), average revenue per room nationwide during the year. 2015-2020



Source: 1. Bank of Thailand and 2. Ministry of Tourism and Sport

- Occupancy rate, average daily rate (ADR) and average revenue per room (RevPAR) across the country in each region of Thailand can be summarized as follows: (Note: Novotel Chumphon Beach Resort & Golf is in the South and Ibis Styles Chiang Mai is in Northern Thailand)

Table 7-5: Occupancy rate during 2015-2020

Occupancy rate (Percentage)	2015	2016	2017	2018	2019	2020
Overall Thailand	65.1	67.0	70.6	71.2	71.4	29.5
Central (Including Bangkok)	70.4	72.1	73.5	76.0	76.6	30.7
South	66.7	68.2	69.6	71.4	71.3	21.6
North	54.2	57.0	60.2	62.5	61.7	37.8
North East	53.8	55.7	58.3	61.3	61.7	34.3
Chiang Mai	66.3	69.9	73.9	76.0	74.3	41.8
Chumphong	54.9	58.2	59.9	61.4	60.6	24.7

Source: Ministry of Tourism and Sport

Table 7-6: Average Daily Rate (ADR) during 2015-2020

Average Daily Rate (ADR) (Baht/Room)	2015	2016	2017	2018	2019	2020
Overall Thailand	1,205	1,471	1,623	1,710	1,721	1,121
Central (Including Bangkok)	1,346	1,459	1,570	1,674	1,687	1,155
South	1,699	2,139	2,296	2,306	2,301	1,308
North	1,032	948	1,144	1,290	1,333	988
North East	744	766	800	835	853	658

Source: Ministry of Tourism and Sport

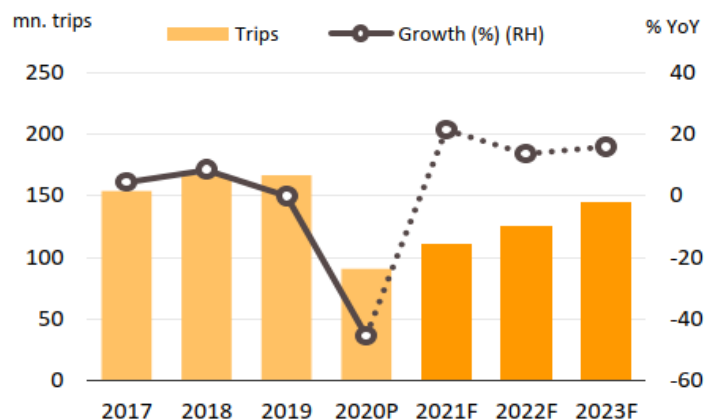
Table 7-7: Revenue per available room (RevPar) during 2015-2020

Revenue per available room (RevPAR) (Baht/Room)	2015	2016	2017	2018	2019	2020
Overall Thailand	785	985	1,146	1,217	1,229	331
Central (Including Bangkok)	947	1,053	1,154	1,271	1,292	355
South	1,133	1,459	1,599	1,645	1,641	283
North	559	540	689	807	823	374
North East	400	427	467	512	527	225

Source: Ministry of Tourism and Sport

Krungsri Research predicts that in the year 2021, Thailand's tourism and hotel businesses still have to rely on Thai tourists to drive business because many countries still have strict measures in place. As a result, traveling abroad is still limited and Thai tourists tend to travel more domestically. It is expected that in 2021, Thai tourists will take 110 million domestic trips and increase to 125 million trips in 2022 and 145 million trips in 2023 (Diagram 7-6) due to the following supporting factors:

- Measures to support continued tourism by the government, such as promoting traveling together, announcing additional long holidays to encourage Thais to travel in the country and tourism tax deduction measures. Such measures are very necessary because foreign tourists are still extremely limited in their entry into Thailand due to COVID-19 preventive measures.
- Infrastructure development to promote the tourism sector such as increasing and expanding airports in major tourist provinces and others to cover the whole country, including other modes of transport such as the expansion of the railway network and motorway system which results in more convenient travel to secondary cities.

Diagram 7-6: Number of domestic trips taken by Thai tourists

Source: Krungsri Research

Competition in the hotel business is likely to increase due to 1) hotel operators (most of whom are large with hotel chains) continuing to expand investment in tourism areas, both by own investment and in management terms, as shown in Tables 7-8; and 2), competition from replacement goods or services such as apartments, serviced apartments and condominiums (which is considered illegal under the Hotel Act 2004), most of which have lower average prices than hotels and also constitutes a negative factor for hotel business income, especially SMEs, as the main strategy is to use price to attract customers.

However, apart from hotels, other accommodation businesses also affected by the pandemic, such as Airbnb, for example, which is growing at a high rate and is truly detrimental to the hotel business because of more attractive pricing and are more diverse in types of accommodation. Nonetheless, today's travelers put hygiene and cleanliness as their number one priority. Hence, hotels have an advantage because they gain more trust from tourists in terms of hygiene and cleanliness.

The return of foreign tourists is very important to the revival of the hotel industry because foreign tourists accounted for a total of 65 percent of total tourism income. They also have higher per capita income and longer stay than Thai tourists. Tourists from East Asia such as China, Japan, Korea, Hong Kong and Taiwan are the biggest markets in terms of revenue, accounting for 41 percent of the total foreign tourist revenue and 42 percent of the total number of foreign tourists.

Krungsri Research estimates that it will take at least four years for the number of foreign tourists to recover to the pre-COVID-19 levels of 38-40 million, while the number of Thai tourists will recover faster from the continuous measures to stimulate domestic tourism. The slow recovery of the number of tourists while major hotel operators continue to expand their investment, albeit at a slower pace, is likely to bring the nationwide average occupancy to be as low as 40 percent in 2021, before rising to 50-53 percent in 2022 and 60-63 percent by 2023, as shown in Diagram 7-1.

Table 7-8: Example of large players planning to launch new supply since 2020

Name	Locatoin	Year
Four Points by Sheraton Patong	Phuket	2020
Kempinski Resort & Spa Phuket, Siray Bay	Phuket	2020
Movenpick Hotel Kamala Beach Phuket	Phuket	2021
Melia Phuket Karon	Phuket	2021
Wyndham Garden Platinum Bay Phuket	Phuket	2021
COSI Phuket Central Foresta	Phuket	2022
COSI Chiang Mai Ta Pae Gate	Chiang Mai	2021
InterContinental Yao Yai Resort	Krabi	2020
InterContinental Yao Yai Swan Lake Resort	Krabi	2021
Sindhorn Kempinski Hotel Bangkok	Bangkok	2020
Dusit Central Park	Bangkok	2021
Courtyard by Marriot Pattaya	Pattaya	2020
Centara Grand Resort & Spa Jomtien	Pattaya	2022
Novotel Rayong Star Convention Center	Rayong	2022
Dusit D2 Huahin Hotel & Residences	Hua Hin	2020
Avani Khao Lak	Khao Lak	2021
Sheraton Khao Lak	Khao Lak	2023

Source: Krungsri Research

Attachment 3 Expected Inflation Rate

The Independent Financial Advisor referred the expected inflation rates in Thailand from the forecasted data by the International Monetary Fund (IMF) for the period of 5 years from 2021 – 2025 as following table:

Unit: Percent	2021	2022	2023	2024	2025
Expected inflation rate in Thailand	1.80	1.00	1.30	1.60	1.80

After 2025, the IFA chose to use the average of 5-year forecasted rates, equaled to 1.50 percent, as a long-run inflation rate in Thailand. The rate will be used in the financial projection after 2025 onwards.

Attachment 4 Discount Rate Calculation

The discount rate used to calculate the present value of cash flows from hotel operations of (1) Novotel Chumphon Beach Resort and Golf, and (2) ibis Style Chiang Mai is calculated from the Weighted Average of Cost of Capital (WACC) with the details as follows:

$$WACC = (D/(D+E) \times K_D \times (1 - T)) + (E/(D+E) \times K_E)$$

D/(D+E)	Proportions of borrowings from financial institutions in the capital structure equaled to 47.6 percent, based on debt-to-equity ratio of peer companies in hotel industry
E/(D+E)	Proportions of shareholders' equity in the capital structure equaled to 52.4 percent, based on debt-to-equity ratio of peer companies in hotel industry
T	Corporate income tax at the rate of 20 percent
K _D	Cost of debt is referred to the Minimum Lending Rate (MLR) at the end of December 2020, declared by Bank of Thailand, equaled to 5.42 percent
K _E	Cost of equity is calculated based on Capital Asset Pricing Model ("CAPM").

K_E is calculated based on CAPM with the details as follows:

$$K_E = R_F + \beta \times (R_M - R_F)$$

R _F	Risk-free rate is based on the 10-year Thai Government Bond Yield as of 31 December 2020 equaled to 1.28 percent
Beta	Beta (β) is the coefficient of variation between the monthly returns on the stock market and the monthly returns on the comparable companies' stock which are listed on the Stock Exchange of Thailand in the Agro and Food industry, dated back over a period of 5 years from 31 December 2015 to 31 December 2020 (Source: Capital IQ). The IFA considered the selected data to be the period in which the amount and frequency are suitable for statistical calculations and can still reflect the risk of current business conditions well. The calculated Unlevered Beta is equal to 0.3978. When adjusted by the average capital structure of the comparable companies, the Levered Beta will equal to 0.6873. (The IFA did not include the stock of CENTEL and CSR in the calculation because their main sources of revenues are not from the hotel business.)
R _M	Average return on investment in the Stock Exchange of Thailand for the past 10 years from 31 December 2010 to 31 December 2020 which equaled to 15.75%.

Details and assumptions in WACC calculation can be summarized as follows:

Assumptions	Value
Rate of return on risk-free government bond (R _F)	1.28 percent
Rate of return on the Stock Exchange of Thailand (R _M)	15.75 percent
Market risk indicator of hotel business (Levered Beta)	0.6873
Cost of equity (K _E)	11.22 percent
After-tax cost of debt (K _D)	4.33 percent
Debt to total assets	47.63 percent
Shareholders' equity to total assets	52.37 percent
WACC	7.94 percent



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