

(Translation)

No. DCC 268/2021

25 May 2021

**Subject:** The amendment of Tender Offer for Securities Form of the Royal Ceramic Industry Public Company Limited (Form 247-4) (Amendment No. 2)

**To:** Secretary-General, The Office of The Securities and Exchange Commission (the "SEC")  
President, The Stock Exchange of Thailand (the "SET")  
Board of Directors and Securities Holders of The Royal Ceramic Industry Public Company Limited

**Reference:** The Tender Offer for the Securities of The Royal Ceramic Industry Public Company Limited (Form 247 – 4) to delist the securities of RCI from being the listed securities on the Stock Exchange of Thailand dated 26 April 2021 and its amendment no.1 dated 21 May 2021

According to Dynasty Ceramic Public Company Limited ("Tender Offeror") has submitted the Tender Offer for the Securities of The Royal Ceramic Industry Public Company Limited (Form 247 – 4) (the "Business" or "RCI") to the Office of Securities and Exchange Commission and the Stock Exchange of Thailand, RCI, the directors and shareholders of RCI on 26 April 2021 (and its amendment no.1 dated 21 May 2021) with Jay Capital Advisory Limited as the Tender Offer Preparer ("Tender Offer Preparer").

The Tender Offeror would like to submit the Amendment to the Tender Offer for the Securities of the Business as attached herewith.

Please be informed accordingly.

Yours sincerely,

Dynasty Ceramic Public Company Limited

Mr. Maruth Saengsastra

Mr. Maruth Saengsastra

Authorized Director

Mr. Chanin Suppapinyopong

Mr. Chanin Suppapinyopong

Authorized Director

Jay Capital Advisory Limited as the Tender Offer Preparer as the Tender Offer Preparer would like to submit the

Amendment to the Tender Offer of the Business as attached herewith.

Yours sincerely,

Miss Jirayong Anuman-Rajadhon

Miss Jirayong Anuman-Rajadhon

Managing Director

Jay Capital Advisory Limited

*This English language translation of Amendment to the Tender Offer for the Securities of The Royal Ceramic Industry Public Company Limited (Form 247-4) has been prepared solely for the convenience of the foreign shareholders of The Royal Ceramic Industry Public Company Limited and should not be relied upon as the definitive and official document of the Tender Offeror. The Thai language version is the definitive and official document of the Tender Offer and shall prevail in all respects in the event of any inconsistency with this English language translation.*

**Amendment to the Tender Offer for the Securities of  
The Royal Ceramic Industry Public Company Limited No.1**

**1. Part 1, Section 12. Source of Funds to Finance the Tender Offer**

Original

In the event that all shareholders express their intention to sell all securities of the business under this tender offer, DCC, as the Tender Offeror, must make a tender offer for 50,147,341 shares of the business, equivalent to 8.13 percent of the total number of issued and sold shares of the business at the tender offer price of THB 3.90 per share, whereby the capital required by the Offeror for this tender offer will be THB 195,574,630.

The Offeror will pay the compensation in cash to all shareholders who accept this tender offer. The source of funds used in this Tender Offer will come from internal cash flows and from loans from financial institutions. As of 31 December 2020, DCC has cash and cash equivalents equal to THB 70.87 million. In 2 April 2021, DCC received a letter of financial support for the Tender Offer from the Bank of Ayudhya Public Company Limited in the amount not exceeding THB 200,000,000, covering all the capital required by DCC for the payment of the value of the Tender Offer to purchase all securities of the business (Details in Attachment 7), which, according to the said letter of financial support, there is no requirement for DCC to place any assets, including the business shares, as collateral. In the case that such loan is utilized, the Tender Offeror will use its working capital to pay back the loan within 6 months period.

The Tender Offer Preparer has considered the sources of funding of the Tender Offeror. It is of the opinion that the Offeror has sufficient funding sources for this Tender Offer.

Revision

In the event that all shareholders express their intention to sell all securities of the business under this tender

offer, DCC, as the Tender Offeror, must make a tender offer for 50,147,341 shares of the business, equivalent to 8.13 percent of the total number of issued and sold shares of the business at the tender offer price of THB 3.90 per share, whereby the capital required by the Offeror for this tender offer will be THB 195,574,630.

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The Tender Offer Preparer has considered the sources of funding of the Tender Offeror. It is of the opinion that the Offeror has sufficient funding sources for this Tender Offer.

## 2. Part 1, Section 13. Tender agent information

*Original*

### 13. Tender Offer Agent Information

Name	Maybank Kim Eng Securities (Thailand) Public Company Limited
Address	999/9, Rama1 Road, Pathumwan Sub-District, Pathumwan District, Bangkok 10330
Contact	Ms. Chiranat Chatcherdsak or Mr. Wasin Suteerayongprasert or Mr. Paphon Sirichotikul or Ms. Suthasinee Wannageera
Telephone No.	02-658-5000 ext. 1711 or 1781 or 1720 or 1717
Facsimile No.	02-658-6862

Revision

**13. Tender Offer Agent Information**

Name	Maybank Kim Eng Securities (Thailand) Public Company Limited
Address	999/9, Rama1 Road, Pathumwan Sub-District, Pathumwan District, Bangkok 10330
Contact	Ms. Chiranat Chatcherdsak or Mr. Wasin Suteerayongprasert or Mr. Paphon Sirichotikul or Ms. Suthasinee Wannageera
Telephone No.	02-658-5000 ext. 1711 or 1781 or 1720 or 1717
Facsimile No.	02-658-6862
<u>Price Payment date</u>	<u>6 July 2021 (second business day after the last day of offer period)</u>

**3. Part 2, Section 1. The Tender Offeror Information, Topic 1.7 Significant Encumbrances**

Original

According to the financial statement ended on 31 December 2020, DCC and its subsidiaries have the following encumbrances and liabilities that may arise as the followings:

- Outstanding letters of guarantees issued by bank for electricity usage and importation of machineries approximately THB 20.92 million for the Company and THB 23.72 million for the subsidiaries, TTOP.
- Commitment to pay under the agreement for construction of building of the Company, which is the renovation, refurbishing, and the constructions of the company's new stores, amounting to THB 108.75 million.
- Unused credit facilities from bank in consolidated and separate financial statements amounted to THB 2,309.36 million and THB 1,249.08 million, respectively.

Revision

According to the financial statement ended on 31 December 2020, DCC and its subsidiaries have the following encumbrances and liabilities that may arise as the followings:

- Outstanding letters of guarantees issued by bank for electricity usage and importation of machineries for DCC in the amount of approximately THB 20.92 million for the Company and approximately THB 23.72 million for the subsidiaries, TTOP.

- Commitment to pay under the agreement for construction of building of the Company, which is the renovation, refurbishing, and the constructions of the company's new stores, amounting to THB 108.75 million.
- Unused credit facilities from bank in consolidated and separate financial statements amounted to THB 2,309.36 million and THB 1,249.08 million, respectively.

4. Part 2, Section 4. Relationship between the Tender Offeror and the Business, Major Shareholders or Directors of the Business, Topic 4.4 Other Relationships

Original

4.4.2 Related Party Transactions

On 31 August 2020, the Company has entered into a transaction, purchasing the shares of The Royal Ceramic Industry Public Company Limited at THB 4.00 per share for the amount of 43.11 million shares on 31 August 2020, totaling to THB 172.44 million which is equivalent to 6.99 percent of the total paid-up capital of RCI.

The significant connected transactions for the year ended 31 December 2020 are as follows;

Transactions (Unit: THB)	Pricing Policy	2020
<b>The Royal Ceramic Industry Public Company Limited</b>		
Sales – raw materials and supplies	At cost	11,624,524
Office and branches rental income	Contract price	720,000
Freight income	At cost	52,489,080
Purchases – finished goods	At competitive market price but more than cost	1,010,280,912
Purchases – raw materials and supplies	At cost	3,408,567
<b>The Royal Asia Brick and Tile Company Limited (subsidiary of and 100% share held by RCI)</b>		
Office and branches rental income <sup>1/</sup>	Contract price	144,000

Note : <sup>1/</sup> Currently RABT does not have an operation but did not yet registered for liquidation to close down the business.

Revision**4.4.2 Related Party Transactions**

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<b>The Royal Asia Brick and Tile Company Limited (subsidiary of and 100% share held by RCI)</b>		
Office and branches rental income <sup>1/</sup>	Contract price	144,000

Note : <sup>1/</sup> Currently RABT [has ownership on lands but](#) does not have an operation and did not yet registered for liquidation to close down the business.

**5. Part 2, Section 5. Other Information Relevant to the Security Holders' Decision-Making, Topic 5.2 Sources of funds used by the Tender Offeror for the Tender Offer**

Original**5.2 Sources of funds used by the Tender Offeror for the Tender Offer**

In the event that all shareholders express their intention to sell all of their shares of the Business pursuant to the Tender Offer, the Tender Offeror shall make a tender offer totaling of 50,147,341 shares representing 8.13 percent of the total issued and paid-up shares of the Business, at the Tender Offer price of THB 3.90 per share. The capital required for this Tender Offer is equivalent to THB 195,574,630.

The Offeror will pay the compensation in cash to all shareholders who accept this tender offer. The source of funds used in this Tender Offer will come from internal cash flows and from loans from

financial institutions. As of 31 December 2020, DCC has cash and cash equivalents equal to THB 70.87 million. In 2 April 2021, DCC received a letter of financial support for the Tender Offer from the Bank of Ayudhya Public Company Limited in the amount not exceeding THB 200,000,000, covering all the capital required by DCC for the payment of the value of the Tender Offer to purchase all securities of the business (Details in Attachment 7), which, according to the said letter of financial support, there is no requirement for DCC to place any assets, including the business shares, as collateral. In the case that such loan is utilized, the Tender Offeror plans to use its working capital to pay back such loan within 6 months period.

The Tender Offer Preparer has considered the sources of funding of the Tender Offeror. It is of the opinion that the Offeror has sufficient funding sources for this Tender Offer.

### Revision

#### **5.2 Sources of funds used by the Tender Offeror for the Tender Offer**

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The Tender Offer Preparer has considered the sources of funding of the Tender Offeror. It is of the opinion that the Offeror has sufficient funding sources for this Tender Offer.



## 6. Part 3; Section 1. Details of the Business 1.2 Business Description

Original

## Revenue Structure

Items	2018		2019		2020	
	THB million	Percent	THB million	Percent	THB million	Percent
Total sales revenue	980.88	99.78	1,156.32	97.85	1,010.28	99.40
Other Income <sup>1/</sup>	2.2	0.22	25.45	2.15	6.12	0.60
<b>Total revenue</b>	<b>983.08</b>	<b>100.0</b>	<b>1,181.77</b>	<b>100.0</b>	<b>1,016.40</b>	<b>100.0</b>

Note : <sup>1/</sup> Other revenue comprise of Interest Received, Profit from Selling Assets, Rental Revenue, and Dividends, etc.

Revision

## Revenue Structure

Items	2018		2019		2020	
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<b>Total revenue</b>	<b>983.08</b>	<b>100.0</b>	<b>1,181.77</b>	<b>100.0</b>	<b>1,016.40</b>	<b>100.0</b>

Note : <sup>1/</sup> Other revenue comprise of Interest Received, Profit from Selling Assets, ~~Gain from exchange rate Rental Revenue, and Dividends,~~ etc. [In 2019 - 2020, RCI had a profit from selling of land and machinery accounted for THB 14.38 million and THB 4.34 million, respectively.](#)

## 7. Part 3, Section 1. Details of the Business, Topic 1.5. Board of Directors

Original

## 1.5.2 After the Tender Offer

Within the period of 12 months after the ending of the Tender Offer period, where the Business will not be a listed company in the SET anymore. The Tender Offeror might consider changing the number of Board of Director as per appropriateness, where such change will be considered under related laws and regulations, as the case may be.

Revision

**1.5.2 After the Tender Offer**

Within the period of 12 months after the ending of the Tender Offer period, where the Business will not be a listed company in the SET anymore. The Tender Offeror might consider changing the number of Board of Director as per appropriateness, where such change will be considered under related laws and regulations, ~~as the case may be.~~

**8. Part 3, Section 2. Business Plan after the Making of the Tender Offer, Topic 2.2 Management Policy and Business Plans**

Original

**2.2.3 Organizational restructuring, administration, and employment plans**

After the Tender Offer, and the status of the Business is no longer a listed company in the SET, the Tender Offeror may consider to ~~has no plan to~~ change the number of directors of the Business as appropriate, such as in the case of resignation or expiration of the term of office. Both change of directors must be in accordance with the business's regulation as well as the Public Limited Companies Act, B.E. 2535 and the amendment (If any). Any change that may occur would be made based on compliance with related laws and regulations, as the case may be.

The Offeror has no plans to change the number of employees of the Business. And the business management structure of the Business will not change significantly.

**2.2.4 Fixed asset disposal plans**

The Tender Offeror has no plan or policy to sell any of the main assets of the Business for 12-month period from the end of the Offer Period.

**2.2.6 Dividend Policy**

Within 12 months period from the end of the Tender Offer period, the Tender Offeror has no plans to change the dividend payment policy. Such dividend payment policy is determined by considering the cash flow of the Business after deducting the legal reserves (not less than 10 percent of the registered capital). Also, the number of dividends will depend on the need for future funds. Dividend payout depends on the necessity of future expenditure such as debt repayment plan and investment for continued business expansion. Thereafter, it will be

proposed to the Shareholders' meeting for considerations on an occasionally basis.

However, if necessary or in the event of significant changes in the financial status or business conditions of the Business or other necessary changes, the Tender Offeror may change the dividend policy of the Business in the future to be suitable for the operations and financial status of the Business or to increase efficiency and competitiveness in the future. In addition to the parts, during the 12-month period from the end of the purchase period, the Offeror has no plans to change the business objectives of the business.

However, in the case of any events which may have a significant impact on the operations or financial status of the Business and/or its subsidiaries, the Offeror may propose to the Business for review or amend business policies and plans of the Business and/or subsidiaries as necessary and appropriate, considering the interests of the Business and subsidiaries.

### Revision

#### **2.2.3 Organizational restructuring, administration, and employment plans**

After the Tender Offer, and the status of the Business is no longer a listed company in the SET, the Tender Offeror may consider to ~~has no plan to~~ change the number of directors of the Business as appropriate, such as in the case of resignation or expiration of the term of office. Both change of directors must be in accordance with the business's regulation as well as the Public Limited Companies Act, B.E. 2535 and the amendment (If any). Any change that may occur would be made based on compliance with related laws and regulations, ~~as the case may be.~~

The Offeror has no plans to change the number of employees of the Business. And the business management structure of the Business will not change significantly.

#### **2.2.4 Fixed asset disposal plans**

The Tender Offeror has no plan or policy to sell any of the main assets, i.e., lands, buildings, and machineries, of the Business for 12-month period from the end of the Offer Period.

#### **2.2.6 Dividend Policy**

Within 12 months period from the end of the Tender Offer period, the Tender Offeror has no plans to change the dividend payment policy. Such dividend payment policy is determined by considering the sufficiency of cash flow of the Business after deducting the legal reserves (not less than 10 percent of the registered capital). Also, the number of dividends will depend on the

need for future funds. [However, the business still has retained loss, resulting in inability to pay any dividends. In this regard, the Tender Offeror will consider payout the dividend after the Business has retained earnings.](#) Moreover, dividend payout depends on the necessity of future expenditure such as debt repayment plan and investment for continued business expansion. Thereafter, it will be proposed to the Shareholders' meeting for considerations on an occasionally basis.

However, if necessary or in the event of significant changes in the financial status or business conditions of the Business or other necessary changes, the Tender Offeror may change the dividend policy of the Business in the future to be suitable for the operations and financial status of the Business or to increase efficiency and competitiveness in the future. In addition to the parts, during the 12-month period from the end of the purchase period, the Offeror has no plans to change the business objectives of the business.

However, in the case of any events which may have a significant impact on the operations or financial status of the Business and/or its subsidiaries, the Offeror may propose to the Business for review or amend business policies and plans of the Business and/or subsidiaries as necessary and appropriate, considering the interests of the Business and subsidiaries.

9. Part 4, Section 7.1, Topic 4.4 Market Comparable Approach, Sub-topic 4.4.3 EV/EBITDA Ratio Approach

*Original*

4.4.3 EV/EBITDA Ratio Approach

For the valuation of the Company's ordinary shares using the EV / EBITDA ratio method, the Financial Advisor has determined that 9 February 2021, the last trading day in the Stock Exchange of Thailand before the Board of Directors' meeting of the Company on 10 February 2021, is the date used in calculating the historical average EV / EBITDA ratio. The Financial Advisor has calculated the historical average EV / EBITDA for a period of 15-360 working days, between 21 August 2019 to 9 February 2020, details of which are as follows:

Comparable Companies	Historical Period (Business Days)						
	15 days	30 days	60 days	90 days	180 days	270 days	360 days
UMI	101.38x	102.28x	95.78x	98.57x	74.40x	54.40x	43.77x

Comparable Companies	Historical Period (Business Days)						
	15 days	30 days	60 days	90 days	180 days	270 days	360 days
COTTO	7.27x	7.92x	7.20x	6.90x	7.15x	7.08x	7.73x
Average EV/EBITDA	7.27x	7.92x	7.20x	6.90x	7.15x	7.08x	7.73x

Source : Capital IQ

In determining the average EV / EBITDA to be used in the valuation of the Company's shares, the Financial Advisor does not consider using UMI's EV / EBITDA ratio because it is significantly different from the other comparable company (Outlier). In addition, the EBITDA calculation concept of Capital IQ does not include non-operation items, such as other income of UMI in 2019 which showed significantly higher amount than average of other years. Therefore, the Financial Advisors believes that such concept is appropriate for the calculation of EBITDA. In the valuation of ordinary shares according to the method above, the Financial Advisor multiplies COTTO's historical EV / EBITDA average with operating profit before deducting interest, income tax, depreciation and amortized expenses of the entity for the year 2020 which is equal to THB 147.53 million and add back cash and cash equivalents as at 31 December 2020, which is THB 9.89 million, then less the interest bearing debt as at 31 December 2020, which is equal to THB 79.52 million, based on the financial statements for the year ended 31 December 2020. Details of the valuation of the Company's ordinary shares by the EV / EBITDA ratio method are as follows:

#### Revision

#### 4.4.3 EV/EBITDA Ratio Approach

For the valuation of the Company's ordinary shares using the EV / EBITDA ratio method, the Financial Advisor has determined that 9 February 2021, the last trading day in the Stock Exchange of Thailand before the Board of Directors' meeting of the Company on 10 February 2021, is the date used in calculating the historical average EV / EBITDA ratio. The Financial Advisor has calculated the historical average EV / EBITDA for a period of 15-360 working days, between 21 August 2019 to 9 February 2020, details of which are as follows:

Comparable Companies	Historical Period (Business Days)						
	15 days	30 days	60 days	90 days	180 days	270 days	360 days
UMI	101.38x	102.28x	95.78x	98.57x	74.40x	54.40x	43.77x
COTTO	7.27x	7.92x	7.20x	6.90x	7.15x	7.08x	7.73x
Average EV/EBITDA	7.27x	7.92x	7.20x	6.90x	7.15x	7.08x	7.73x

Source : Capital IQ

In determining the average EV / EBITDA to be used in the valuation of the Company's shares, the Financial Advisor does not consider using UMI's EV / EBITDA ratio because it is significantly different from the other comparable company (Outlier). In addition, the EBITDA calculation concept of Capital IQ does not include non-operation items, such as other income of UMI in 2019 which showed significantly higher amount than average of other years. [For the 3 months period of the 4<sup>th</sup> quarter of 2019, which is in the period of calculation, UMI had other income for approximately THB 53.54 million which is the add back of impairment of assets of a subsidiary of UMI.](#) Therefore, the Financial Advisors [did not consider using such ratio of UMI in the valuation](#) and believes that such concept is appropriate for the calculation of EBITDA. In the valuation of ordinary shares according to the method above, the Financial Advisor multiplies COTTO's historical EV / EBITDA average with operating profit before deducting interest, income tax, depreciation and amortized expenses of the entity for the year 2020 which is equal to THB 147.53 million and add back cash and cash equivalents as at 31 December 2020, which is THB 9.89 million, then less the interest bearing debt as at 31 December 2020, which is equal to THB 79.52 million, based on the financial statements for the year ended 31 December 2020. Details of the valuation of the Company's ordinary shares by the EV / EBITDA ratio method are as follows:

#### 10. Part 4, Section 7.1, Topic 4.5. Discounted Cash Flow Approach, Subject : Discount Rate Assumption

##### Original

##### Discount Rate

The discount rate used in calculating the discounted cash flow is a rate of return at which investors are expected to receive compared to other investments with the same risk profile as the Business. The selection of an appropriate discount rate must consider the fundamental factors of the Business, such as long-term

capital structure, cost of debt, tax rate, risk-free rate, and the sensitivity of market return to the Business's return. The Financial Advisor has calculated the weighted average cost of capital ("WACC") of the Business with the details as follows:

$$WACC = Ke(1 - \left(\frac{D}{D + E}\right)) + Kd(1 - T)\left(\frac{D}{D + E}\right)$$

Whereas

- Kd = Using the promissory note issued by a commercial bank dated 4 February 2021 interest rate at 1.20 percent
- T = Corporate income tax rate (Marginal Tax Rate) equals to 20.00 percent
- D/(D+E) = Ratio of interest-bearing debt divided by the sum of market capitalization and interest-bearing debt according to management target is equal to 8.30 percent. This was calculated by the interest-bearing debt which is the promissory note of THB 75.00 million over the interest-bearing debt which is the promissory note of THB 75.00 million and shareholders' equity of THB 828.09 million

#### Revision

#### **Discount Rate**

The discount rate used in calculating the discounted cash flow is a rate of return at which investors are expected to receive compared to other investments with the same risk profile as the Business. The selection of an appropriate discount rate must consider the fundamental factors of the Business, such as long-term capital structure, cost of debt, tax rate, risk-free rate, and the sensitivity of market return to the Business's return. The Financial Advisor has calculated the weighted average cost of capital ("WACC") of the Business with the details as follows:

$$WACC = Ke(1 - \left(\frac{D}{D + E}\right)) + Kd(1 - T)\left(\frac{D}{D + E}\right)$$

Whereas

- Kd = Using the promissory note issued by a commercial bank dated 4 February 2021 interest rate at 1.20 percent

T = Corporate income tax rate (Marginal Tax Rate) equals to 20.00 percent

$D/(D+E)$  = Ratio of interest-bearing debt divided by the sum of market capitalization and interest-bearing debt according to management target is equal to 8.30 percent. This was calculated by the interest-bearing debt which is the promissory note of THB 75.00 million over the interest-bearing debt which is the promissory note of THB 75.00 million and shareholders' equity of THB 828.09 million

<u>Items</u>	<u>Definition</u>	<u>Value</u> (THB million)
<u>D</u>	<u>Interest-bearing debt (Promissory note)</u>	<u>75.00</u>
<u>E</u>	<u>Equity</u>	<u>828.09</u>
<u>D + E</u>	<u>Interest-bearing debt (Promissory note) and equity</u>	<u>903.09</u>
<u><math>D / (D+E)</math></u>	<u>Interest-bearing debt (Promissory note) divided by Interest-bearing debt (Promissory note) and equity</u>	<u><math>75.00 / 903.09</math> <u>= 8.30%</u></u>

11. Part 4, Section 7.1, Topic 4.5. Discounted Cash Flow Approach, Subject : Assumptions for Projecting the Business' Cash Flow ; Revenue

Original

A. Revenue

**Revenue from Selling Ceramic Tiles**

RCI's sales revenue consists of revenue from the sale of wall and floor ceramic tiles. The Independent Financial Advisor estimates sales revenues based on historical data, economic conditions and management's plan, details of which are as follows.

**Production and distribution volume**

RCI has 1 factory for producing ceramic tiles located in Nong Khae District, Saraburi Province. The current total production capacity is 42,000 sq m per day. RCI does not plan to invest in additional machinery throughout the forecast period. In addition, during the forecast period of 2021 – 2025, the Financial Advisor forecast the performance that is reflecting the COVID-19 situation and the economic recovery by using the 2020 as a base year for the forecast, along with taking into consideration the year 2018 – 2020 and Management interview, in order to make the forecast be in line with the market situation and production capacity with the production and its capacity assumption as the followings:



	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Working Days	365	365	366	365	365	365	366	365
Number of Machine	3	4	5	5	5	5	5	5
Total Capacity per Year (million sq.m.)	9.67	12.59	15.37	15.33	15.33	15.33	15.37	15.33
Total Production per Year (million sq.m.)	9.58	10.67	9.68	10.39	10.83	11.30	11.78	12.13
Usage (Percent)	99.04	84.73	62.97	67.77	70.67	73.69	76.64	79.15

The Financial Advisor considers the production and distribution plan for the next 5 years on the assumption that the production volume is equal to the sales volume in each year per above table with growth assumptions as follows.

Unit: Percentage	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Wall Tiles	-	63.66	9.91	10.00	5.00	5.00	5.00	3.00
Floor Tiles	-	(16.48)	(29.31)	3.00	3.00	3.00	3.00	3.00

From the above table, the Financial Advisor assumes the growth based on 2018 – 2020 information, along with interviewing the Management regarding the business plan to reflect the market demand. The Financial Advisor views that information received from the Management is appropriate as the Management has been in this industry for a long period of time. Regarding the (1) Wall tiles: there is a higher demand for wall tiles, the Financial Advisor then assumes the growth rate of 2021 to be equal to 10.00 percent, which is similar to 2020 growth rate, then lower the growth during 2022 – 2024 and 2025 to be 5.00 percent per year and 3.00 percent per year respectively, and (2) Floor tiles: the Management expects that the market will have continuous demand with a relatively lower growth rate, the Financial Advisor then assumes the growth rate for floor tiles to be 3.00 percent per year throughout the projection period.

### Revision

#### A. Revenue

##### Revenue from Selling Ceramic Tiles

RCI's sales revenue consists of revenue from the sale of wall and floor ceramic tiles. The Independent Financial Advisor estimates sales revenues based on historical data, economic conditions and management's plan, details of which are as follows.

### Production and distribution volume

RCI has 1 factory for producing ceramic tiles located in Nong Khae District, Saraburi Province. The current total production capacity is 42,000 sq m per day. RCI does not plan to invest in additional machinery throughout the forecast period. In addition, during the forecast period of 2021 – 2025, the Financial Advisor forecast the performance that is reflecting the COVID-19 situation and the economic recovery by using the 2020 as a base year for the forecast, along with taking into consideration the year 2018 – 2020 and Management interview, in order to make the forecast be in line with the market situation and production capacity with the production and its capacity. [From the analysis of 2018 – 2020 data, the number of machinery and the product mix of the business was not yet sufficient and in line with the Business' strategy. Therefore, the data in 2020 is considered a base year for the forecast while the assumption of production growth is based on the selling growth in 2018 – 2020. The above assumptions can be summarized](#) as the follows:

	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Working Days	365	365	366	365	365	365	366	365
Number of Machine	3	4	5	5	5	5	5	5
Total Capacity per Year (million sq.m.)	9.67	12.59	15.37	15.33	15.33	15.33	15.37	15.33
Total Production per Year (million sq.m.)	9.58	10.67	9.68	10.39	10.83	11.30	11.78	12.13
Usage (Percent)	99.04	84.73	62.97	67.77	70.67	73.69	76.64	79.15

The Financial Advisor considers the production and distribution plan for the next 5 years on the assumption that the production volume is equal to the sales volume in each year per above table with growth assumptions as follows.

Unit: Percentage	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Wall Tiles	<a href="#">93.60</a>	63.66	9.91	10.00	5.00	5.00	5.00	3.00
Floor Tiles	<a href="#">165.96</a>	(16.48)	(29.31)	3.00	3.00	3.00	3.00	3.00

From the above table, the Financial Advisor assumes the growth based on 2018 – 2020 information, along with interviewing the Management regarding the business plan to reflect the market demand. The Financial Advisor views that information received from the Management is appropriate as the Management has been in this industry for a long period of time. Regarding the (1) Wall tiles: there is a higher demand for wall tiles, the Financial Advisor then assumes the growth rate of 2021 to be equal to 10.00 percent, which is similar to 2020 growth rate, then lower the growth during 2022 – 2024 and 2025 to be 5.00 percent per year and 3.00 percent per year respectively. [The growth rate of 3.00 percent is based on the average growth of total](#)

[selling revenue during 2018 – 2020 and the growth rate of 5.00 percent is an estimation for the growth of the wall tiles production to gradually in line with the average growth of 3.00 percent](#) (2) Floor tiles: the Management expects that the market will have continuous demand with a relatively lower growth rate, the Financial Advisor then assumes the growth rate for floor tiles to be 3.00 percent per year throughout the projection period.

12. Part 4, Section 7.1, Topic 4.5. Discounted Cash Flow Approach, Subject : Other Assumptions ; Other income

*Original*

A. Other assumptions

Other income

Other income consists of incomes related to business operations include interest income, dividend income, etc. which the Financial Advisor estimates to be 0.55 percent of the total sales revenue. If it is non-recurring income, such as income from profit (loss) from the sale of property, it will be zero in the estimate.

*Revision*

A. Other assumptions

Other income

Other income consists of incomes related to business operations include interest income, [and gains from exchange rate dividend income](#), etc. which the Financial Advisor estimates to be 0.55 percent of the total sales revenue [based on information in 2019 – 2020. This projection is exclusive of profit from selling assets. If it is non-recurring income, such as income from profit \(loss\) from the sale of property, it will be zero in the estimate.](#)

13. Part 4, Section 7.1, Topic 4.5. Discounted Cash Flow Approach, Subject : Assumptions for Projecting the Business' Cash Flow ; Working Capital

*Original*

**Working capital**

Future working capital is determined based on the Business' historical working capital rate for 2020 over the estimated period with details as follows:

Working Capital (Unit: Days)	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Average collection period	29.22	23.53	53.29	53.29	53.29	53.29	53.29	53.29
Average inventory turnover period	73.81	89.70	100.96	100.96	100.96	100.96	100.96	100.96
Average payable period	62.70	62.50	52.24	52.24	52.24	52.24	52.24	52.24

Note: <sup>1/</sup> In 2020, there was a change in collection period policy from 30 days to 120 days with an average actual collection period of 40 – 60 days

*Revision*

**Working capital**

Future working capital is determined based on the Business' historical working capital rate for 2020 over the estimated period with details as follows:

Working Capital (Unit: Days)	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Average collection period	29.22	23.53	53.29	53.29	53.29	53.29	53.29	53.29
Average inventory turnover period	73.81	89.70	100.96	100.96	100.96	100.96	100.96	100.96
Average payable period	62.70	62.50	52.24	52.24	52.24	52.24	52.24	52.24

Note: <sup>1/</sup> In 2020, there was a change in collection period policy from 30 days to 120 days with an average actual collection period of 40 – 60 days [whereby such change of the policy was made to facilitate clients for their payments in the situation of COVID-19](#)

14. Part 4, Section 7.1, Topic 4.5. Discounted Cash Flow Approach, Subject : Assumptions for Projecting the Business' Cash Flow ; Forecast

*Original*

From the valuation by various assumptions, the projection of the Business' operating results for the years 2021 – 2025 is as follows:

Unit: THB million	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Revenue from Sales	980.88	1,156.32	1,010.28	1,093.95	1,148.80	1,206.51	1,267.24	1,316.20

Unit: THB million	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Revenue from Sales	(747.43)	(830.44)	(831.40)	(879.92)	(917.50)	(949.67)	(984.61)	(1,013.71)
Cost of Goods Sold	233.45	325.88	178.88	214.03	231.30	256.84	282.62	302.49
Gross Profit	(94.76)	(102.76)	(86.79)	(94.80)	(99.97)	(105.43)	(111.19)	(115.83)
Administrative Expenses	(21.72)	(38.67)	(23.55)	(22.08)	(21.35)	(21.44)	(21.52)	(21.63)
Other Income	0.66	8.71	5.55	6.02	6.32	6.64	6.97	7.24
EBIT	116.97	209.90	74.78	103.17	116.31	136.62	156.88	172.27
Financial Costs	(6.48)	(2.88)	(2.18)	(0.96)	(0.97)	(0.92)	(0.90)	(0.90)
Tax	47.74	(42.01)	(9.64)	(20.44)	(23.07)	(27.14)	(31.20)	(34.27)
Net Profit	158.23	165.01	62.96	81.77	92.27	108.56	124.78	137.09

### Revision

From the valuation by various assumptions, the projection of the Business' operating results for the years 2021 – 2025 is as follows:

Unit: THB million	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Revenue from Sales	980.88	1,156.32	1,010.28	1,093.95	1,148.80	1,206.51	1,267.24	1,316.20
Revenue from Sales	(747.43)	(830.44)	(831.40)	(879.92)	(917.50)	(949.67)	(984.61)	(1,013.71)
Cost of Goods Sold	233.45	325.88	178.88	214.03	231.30	256.84	282.62	302.49
Gross Profit	(94.76)	(102.76)	(86.79)	(94.80)	(99.97)	(105.43)	(111.19)	(115.83)
Administrative Expenses	(21.72)	(38.67)	(23.55)	(22.08)	(21.35)	(21.44)	(21.52)	(21.63)
Other Income <sup>1/</sup>	0.66 2.20	8.71 25.45	5.55 6.12	6.02	6.32	6.64	6.97	7.24
EBIT	116.97	209.90	74.78	103.17	116.31	136.62	156.88	172.27
Financial Costs	(6.48)	(2.88)	(2.18)	(0.96)	(0.97)	(0.92)	(0.90)	(0.90)
Tax	47.74	(42.01)	(9.64)	(20.44)	(23.07)	(27.14)	(31.20)	(34.27)

Unit: THB million	2018	2019	2020	2021F	2022F	2023F	2024F	2025F
Net Profit	158.23	165.01	62.96	81.77	92.27	108.56	124.78	137.09

Remark: <sup>1</sup> In 2019 – 2020, RCI had profit from selling assets which are lands and old machineries worth THB 14.38 million and THB 4.34 million respectively. For the forecasting period, the Financial Advisor has considered other income to be a proportion of total revenue from sales by based on the proportion of 2019 – 2020 (excluding the profit from selling assets).

15. Part 4, Section 7.1, Topic 4.5. Discounted Cash Flow Approach, Subject : Assumptions for Projecting the Business' Cash Flow ; Sensitivity Analysis

Original

The Financial Advisor has conducted a sensitivity analysis of the valuation of the Business' ordinary shares whereby various factors that may change and affect the valuation of ordinary shares were considered, such as changes in the growth rate of sales volume and changes in the growth rate of direct production costs, details of which are as follows.

Changes in the growth rate of product sales volume

Unit: THB per share	Change in the Sales Volume Growth (Percent)		
	-5.00	0.00	+5.00
Value of the Business' Share	3.71	3.77	3.83

From the above table, when the growth rate of sales volume changes by 5.00 percent, the value of the Business' ordinary shares will range between THB 3.71 - 3.83 per share.

Revision

The Financial Advisor has conducted a sensitivity analysis of the valuation of the Business' ordinary shares whereby various factors that may change and affect the valuation of ordinary shares were considered, such as changes in the growth rate of sales volume and changes in the growth rate of direct production costs, details of which are as follows.

Changes in the growth rate of product sales volume

Unit: THB per share	Change in the Sales Volume Growth (Percent)		
	-5.00	0.00	+5.00
Value of the Business' Share	3.71	3.77	3.83

From the above table, when the growth rate of sales volume changes by 5.00 percent [which this rate comes from interviewing the Management regarding the management policy and the potential of change of the growth rate of sales volume and the Financial Advisor views that information received from the Management is appropriate and align with the current situation as the Management has been in this industry for a long period of time](#), the value of the Business' ordinary shares will range between THB 3.71 - 3.83 per share.