

J22/65011 (1/3)
Business Valuation Report

Chokdee Dimsum Corporation Company Limited

Effective Date of Valuation:
December 31, 2021

Prepared for:

NauticAWT Limited

Prepared by:

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J22/65011 (1/3)

March 25, 2022

NauticAWT Limited

138 Robinson Road, #26-03 Oxley Tower, Singapore

Dear Khun Chirasak Chiyachantana

Director

We are pleased to submit to you our report on the business valuation study of Chokdee Dimsum Corporation Company Limited (“Chokdee Dimsum”) as of December 31, 2021. We understand that this study will be used in order to assist NauticAWT Limited’s management in transaction and public purposes.

For the purpose of this study, we adopted both Assets-Based Approach and Earnings-Based Approach to estimate the business value. The valuation methods and crucial assumptions of Chokdee Dimsum for Assets-Based Approach and Earnings-Based Approach are illustrated in the enclosed report.

We appreciate this opportunity in offering services to you. Should you have any further inquiries or need further information, please do not hesitate to contact us.

Yours faithfully,
15 Business Advisory Limited



Pairat Monthapan, MRICS
Managing Director
Principal Valuer – Certify Chartered No.091

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1. EXECUTIVE SUMMARY

In this valuation, we have selected two valuation methodologies which are Asset-Based Approach and Earnings-Based Approach. The business value of Chokdee Dimsum Corporation Company Limited (“Chokdee Dimsum”) as of December 31, 2021 from two approaches are summarized in the following table;

Approaches	Business Value (Baht)
Asset-Based Approach	243,344,570
Earnings-Based Approach	198,291,752

Source: Chokdee Dimsum’s Information and 15Business Advisory Limited’s Analysis

According to the Chokdee Dimsum’s current business operation, Chokdee Dimsum’s business value should be considered by Earnings-Based Approach. Earnings-Based Approach valuation is an appropriate methodology based on the fact that the value of the company is realized not only from its current operation, but also its future potential earnings. From our projection, the business value is shown positive for its future operation deriving at the value of 198,291,752 Baht. In addition, the business of Chokdee Dimsum is operated under leased property with central kitchen, therefore, the market value of assets, under Asset-Based Approach, in the financial statement might not fully reflect the value of the company.

The business value as at valuation date is based on the Chokdee Dimsum’s business plan, related information provided by Chokdee Dimsum’s management, the Management’s interview, analysis, and agreed assumptions.

We have concluded that, according to our normal practices, the business value of Chokdee Dimsum as of December 31, 2021 is 198,291,752 Baht.

However, the final transaction value is subject to negotiations between all related parties. In addition, we would like to emphasize that our opinion does not take into consideration a “control premium” implying to voting rights and management control. Value for the “control premium” should be subject to discussion and negotiation between relevant parties.

It is requested by the client to also provide the equity value of the company as the derived equity value will be used for transaction and public purposes. In calculating equity value of the company using Earnings-Based Approach, interest-bearing debt is deducted from and non-operating assets are added to business value of the company. The equity value of Chokdee Dimsum as of December 31, 2021 is concluded at 156,400,789 Baht. For the definition of business value and equity value, please see section 2.

2. INTRODUCTION

2.1 Purpose of the Valuation

NauticAWT Limited has appointed 15 Business Advisory Limited (“15Biz”) as its advisor to perform a business valuation study of Chokdee Dimsum Corporation Company Limited (hereafter referred to as “Chokdee Dimsum”). The derived value is used as a basis in arriving at the business value of Chokdee Dimsum in order for using the derived result of the report for transaction and public purposes.

The appraisal report was prepared in conformity with the RICS Red Book – Valuation Global Standards 2021. The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial and unbiased professional analyses, opinions and conclusions. 15Biz has no bias with respect to the property that is the subject of this report or to the parties involved with this assignment. 15Biz has the knowledge and experience to complete this appraisal assignment and has appraised this property type before.

2.2 Limitations

The valuation study in this report is subject to the following conditions and limitations:

- The outbreak of the Novel Coronavirus (COVID-19) was declared as a “Global Pandemic” by the World Health Organization on 11 March 2020. We have seen global financial markets and travel restrictions and recommendations being implemented by many countries, including Thailand. The business is being impacted by the uncertainty that the COVID-19 outbreak has caused. Market conditions are changing daily at present. As at the date of valuation we consider that there is a significant market uncertainty. This valuation is currently at the date of valuation only. The value assessed herein may change significantly and unexpectedly over a relatively short period of time (including as a result of factors that the Valuer could not reasonably have been aware of as at the date of valuation). We do not accept responsibility or liability for any losses arising from such subsequent changes in value. Given the valuation uncertainty noted, we recommend that the user(s) of this report review this valuation periodically.
- Our valuation will seek to reflect the intrinsic worth of the company on the basis of earnings potential. We will not seek to make an in-depth assessment of the market forces currently existing or the price at which one can expect to sell the company’s business. In addition, the intrinsic share price does not take into account the effect of a “control premium”, which reflects value of obtaining voting rights and management control. Such premium is subject to discussion and negotiation between both buyers and sellers.
- 15Biz’s role in this engagement is limited to an advisory level and as such, we will not render an opinion on the final business value. Any decision on the final offering price and settlement strategy is to be the result of discussion between the related parties.
- The valuation is based on current economic, political and industry outlook as of December 31, 2021. We wish to emphasize on key points and relevant factors, which should be considered in arriving at the intrinsic value of the company. However, the differences between the projected and actual results may differ due to uncontrollable and/or unexpected events and circumstances. We have no responsibility to update our study for events and circumstances occurring after we submit our final report.

- We will indicate within our report the sources of the information presented and will satisfy ourselves, so far as possible, that the information presented is consistent with other information which is made available to us in the course of our work in accordance with the terms of the engagement letter. We will not, however, seek to establish the reliability of the sources by reference to other evidence, except as may be specifically agreed in writing between us.
- The principal source of information provided by Chokdee Dimsum and used in preparing this report includes:
 - Background overview of Chokdee Dimsum
 - Audited financial statements as of 31 December 2019 – December 31, 2021
 - Trial balance as of 31 December 2019 – December 31, 2021
 - Revenue, cost, and expense breakdown of company's branch for 2018 -2021
 - Revenue of Chokdee Dimsum franchise branch for 2019 – 2021
 - Revenue from sales of goods and services from Ko-Khun Phon Yang Kam in 2021
 - Number of open, close, and operating branch
 - Number of employees
 - Copy of franchise agreement
 - Summary of lease agreement
 - Details of right-of-use assets and lease liabilities
 - Detail of financial cost
 - Business plan
 - Assets lists of fixed asstes
 - Site location
 - Copy of title deeds
 - Copy of lease agreement
 - Layout plan
 - Vehicle registers
 - Building construction permit (Or.1) and Building use permit (Or.6)

2.3 Use of report

The reports and our findings therein pertaining to this engagement will be issued solely for management and shall not be referred to or distributed to outside parties without our prior consent.

2.4 Liability and indemnity

- 15Biz's maximum liability relating to services rendered under this letter (regardless of form of action, whether in contract, carelessness or otherwise) shall be limited to the charges paid to 15Biz for the portion of its services or work products giving rise to liability. In no event shall 15Biz be liable for consequential, special, incidental or penal loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.) even if it has been advised of their possible existence.
- Chokdee Dimsum shall indemnify and hold harmless 15Biz and its personnel from any claims, liabilities, costs and expenses (including, without limitation, attorney's fees and the time of 15Biz personnel involved) brought against, paid or incurred by 15Biz at any time and in any way based on the information made available in connection with 15Biz's work product except to the extent any such losses, expenses, damages or liabilities are ultimately determined to be the result of gross negligence of the 15Biz engagement team in conducting its work. This provision shall survive the termination of this agreement for any reason.

2.5 Value Definition

Market value is defined in The Appraisal of Real Estate, 12th Edition of the Appraisal Institute, as follows:

“The most probable price which a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably and assuming the price is not affected by undue stimulus. Implicit in this definition is the completion of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

1. Buyer and seller are typically motivated;
2. Both parties are well informed or well advised, and acting in what they consider their best interests;
3. A reasonable time is allowed for exposure in the open market;
4. Payment is made in terms of cash or in terms of financial arrangements comparable thereto; and the price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale.”

Business value

According to RICS Valuation – Global Standards, enterprise value (business value) is often described as the total value of the equity in a business plus the value of its debt or debt-related liabilities, minus any cash or cash equivalents available to meet those liabilities.

Equity value

According to RICS Valuation – Global Standards, equity value is the value of a business to its equity holders. Equity Value is generally calculated as the market value of invested capital less the market value of any debt and debt equivalents, hybrid securities, and other non-equity claims.

Fee Simple Interests

The fee simple ownership represents the most complete form of private property ownership recognized by law. A fee simple interest creates an absolute and complete right of ownership for an unlimited duration of time with an unconditional right of disposition and use.

Leasehold Interest

The leasehold interest represents interest of a lessee or tenant in a leased property including rights of use and occupancy for a specific period of time in return for the payment of a premium and/or rent.

The ownership interest created by the terms of a lease contract rather than the underlying rights of real estate ownership, the lease interest is subject to the terms of a specific lease arrangement, expires within a specific time, and may be capable a subdivision or subleasing to other parties.

3. VALUATION METHODOLOGY OVERVIEW

In this valuation, two methodologies, which are the Assets-Based Approach and Earnings-Based Approach, are adopted. The value is concluded by analyzing two approaches to value used in the appraisal, one is Assets-Based Approach and another is Earnings-Based Approach. A final value opinion is correlated to the approaches used in the appraisal. The details of each methodology are as following;

3.1 Assets-Based Approach

Assets-Based Approach takes into consideration value of assets based on current prevailing conditions. The value of major assets which considerably impact to Chokdee Dimsum's value shall be adjusted to market value.

In Assets-Based Approach, Property, Plant and Equipment and Intangible assets are adjusted by market value.

An example of Assets-Based Approach is as follows;

<u>Assets-Based Approach</u>	
Assets	
Current Assets	
- Cash and cash equivalents	Book Value
- Trade and other receivables	Book Value
- Inventories	Book Value
- Other current financial assets	Book Value
- Other current assets	Book Value
Total Current Assets	XXX
Non-Current Assets	
- Property, plant and equipment	Marked to Market Value
- Right-of-use asset	Book Value
- Franchise license	Book Value
- Intangible assets	Marked to Market Value
- Other non-current assets	Book Value
Total Non-Current Assets	YYY
Total Assets	<u>ZZZ</u>
Business Value	<u>ZZZ</u>

3.2 Earnings-Based Approach

The present value approach computes the value of Chokdee Dimsum as an ongoing basis. It takes into consideration the potential stream of future earnings of Chokdee Dimsum over a specified period of time. Since this methodology takes into consideration a firm's entire potential earnings, it is considered the most reliable approach to valuing Chokdee Dimsum.

The following describes procedures undertaken to derive Chokdee Dimsum’s business value:

- Projected the company’s five-year financial performance from 2022 until 2026 to derive the expected annual operating free cash flows.
- The terminal value of the business enterprise at the end of the projection period was computed to arrive at the value beyond the covered period.
- Expected annual operating free cash flow is discounted to the present value by using Chokdee Dimsum’s Weighted Average Cost of Capital (WACC).

The summation of the discounted operating free cash flows represents the entire business value of Chokdee Dimsum. An example of Earnings-Based Approach is presented below:

<u>Year</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>...</u>	<u>2026</u>	<u>Terminal Year</u>
Cash Inflow from Operation		AAA	BBB	CCC	EEE	FFF
<u>Less</u> Cash Outflow		<u>(AAA)</u>	<u>(BBB)</u>	<u>(CCC)</u>	<u>(...)</u>	<u>(EEE)</u>	<u>(FFF)</u>
Net Profit		AAA	BBB	CCC	EEE	FFF
Free Cash Flow		AAA	BBB	CCC	EEE	FFF
The Entire Business Value	YYY		←	←	←	←	←

Discount Rate Determination

To determine the discount rate, we would like to reflect the current operation of Chokdee Dimsum, by employing the Weighted Average Cost of Capital (WACC). Where the weighted average cost of capital (WACC) is below:

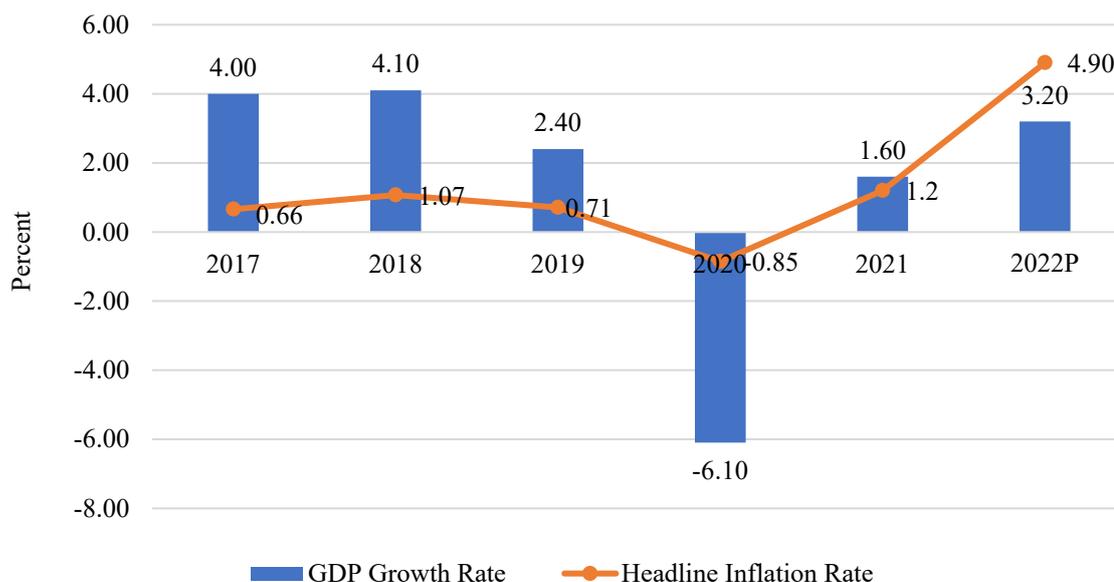
<p style="text-align: center;">Discount rate (WACC) = $\left[\frac{D}{V} * K_d * (1-T) \right] + \left[\frac{E}{V} * K_e \right]$</p> <p style="margin-left: 40px;">Where</p> <p style="margin-left: 80px;">D = Total Liability</p> <p style="margin-left: 80px;">E = Total Equity</p> <p style="margin-left: 80px;">V = Total Liability and Equity</p> <p style="margin-left: 80px;">K_d = Cost of debt</p> <p style="margin-left: 80px;">K_e = Cost of equity</p> <p style="margin-left: 80px;">T = Corporate income tax rate; generally 20%</p>

4. ECONOMIC AND INDUSTRY OVERVIEW

4.1 Market Overview

To analyze the economic situation in Thailand, we have considered many factors of economic indicators as shown below:

Figure 1: Growth rate of GDP and Headline Inflation Rate 2017 – 2022P



Sources: Office of the National Economic and Social Development Board and Bank of Thailand (BOT)
Note: GDP of year 1988 is used as base (Index = 100)

• Gross Domestic Product : GDP

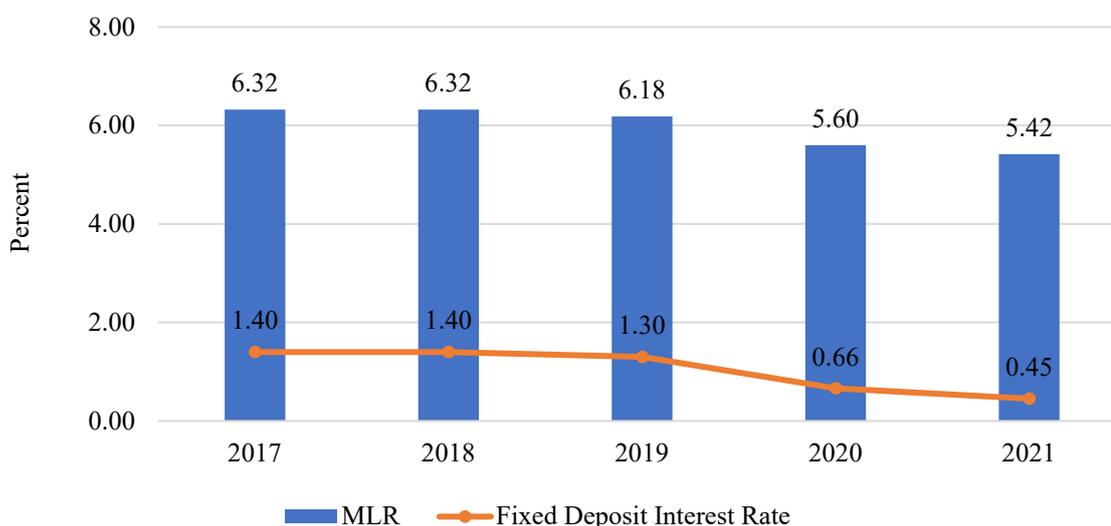
The growth rate of GDP still increased at a steady pace in 2017, expanding to 4.00 percent. The upward trend in GDP is stimulated by an increase in exports and Thailand's outstanding tourism performance, which led to a recovery of domestic economy from the global economic downturn. For the year 2018, Thailand recorded the highest GDP at 4.10 percent of the past 6 years, mainly driven by agricultural and industrial sectors. In 2019, GDP growth declined due to contracted export value, which was a result of trade war. The slowdown was also a result of delayed government budget, drought, and Thai Baht appreciation. In 2020, the rate of GDP was sharply reached a peak by contracting 6.10 percent due to the problem of delayed budget disbursement, drought, Baht appreciation, and increase of the situation of the COVID-19 epidemic. As a result of Declaration of an Emergency Situation in COVID -19, the income of domestic tourism, export of goods, and investment affected likewise to be declined. For the year 2021, the growth rate of GDP had an expansion by 1.60 percent from 6.10 percent contraction on the previous year. It was resulted in private consumption, export of goods, and investments expanded. Outlook for 2022, GDP would be projected to increase in the range of 3.5 percent to 4.5 percent which mainly supported by domestic demand, domestic tourism, export of goods, and supporting from public investment.

- **Inflation Rate**

In 2017, inflation rate resumed to accelerate to 0.70 percent, owing to the past economic performance in 2015 and 2016. Despite a rise in inflation, price of fresh produce declined as a result of excessive agricultural outputs. For 2018, inflation rate slightly increased at 1.07 percent due to an increase in fuel prices and price of wheat products. Inflation rate stood at 0.71 percent in 2019 due to the significant increase in the price index in the food and non-alcoholic beverages category. Inflation considerably dropped to negative 0.85 percent in 2020 due to fresh food and energy sector were contracted. Therefore, they were conformed to the contraction of Thailand’s economy in accordance with GDP. For the year 2021, inflation was at 1.23 percent due to the increase of demand for good and service in both domestic and international markets especially for the increase in the price of fresh food and oil. Moreover, it is also expected that the inflation rate in the next year 2022 would be increased in the range of 0.90 percent to 2.00 percent or an average of 1.40 percent according to the growth rate of Thailand’s economy in the future.

- **Interest Rate**

Figure 2: Fixed Deposit Interest Rate (12 months) and MLR 2017 – 2021

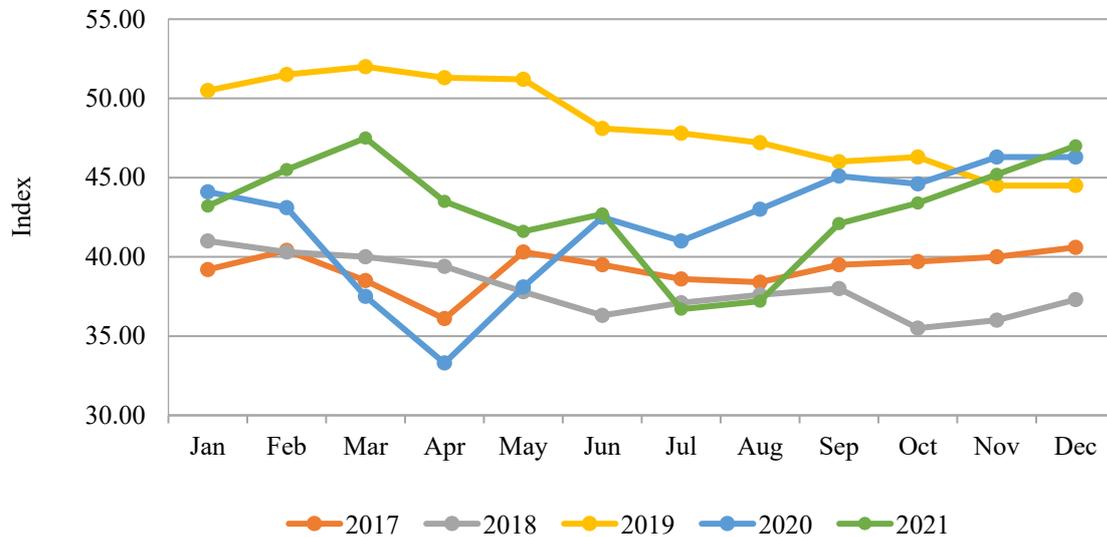


Source: Bank of Thailand (BOT)

In 2017, MPC members decided to strive for interest rate stabilization, based on promising global economic performance, which positively contributed to Thai economy’s improved performance. On top of that, positive financial outlook and higher inflation were expected to sustain rapid economic growth. In December 2018, MPC increased the interest rate from 1.5 percent to 1.75 percent in accordance with an upward economic trend and the expansion of domestic demand. Both MLR and fixed deposit interest rate slightly decreased in 2019, corresponding to the downward policy rate adjustment to 1.25 in November 2019. In 2020, MPC members decided to rise the interest rate for several times since February from 1.25 percent to 1.00 percent. Subsequently in March, the interest rate was still adjusted drop from 1.00 percent to 0.75 percent and continued to decline again from 0.75 percent to 0.50 percent in June because of the severity of COVID -19. According to help businesses or entrepreneurs in 2021, MPC decided to decrease in both MLR and fixed deposit interest rate at 0.50 percent follow by the policy interest rate in order to relief of helping entrepreneurs and continuously stimulating the domestic consumption demand in case of the severity of COVID -19.

- **Consumer Confidence Index: CCI**

Figure 3: Consumer Confidence Index (CCI) 2017 – 2021

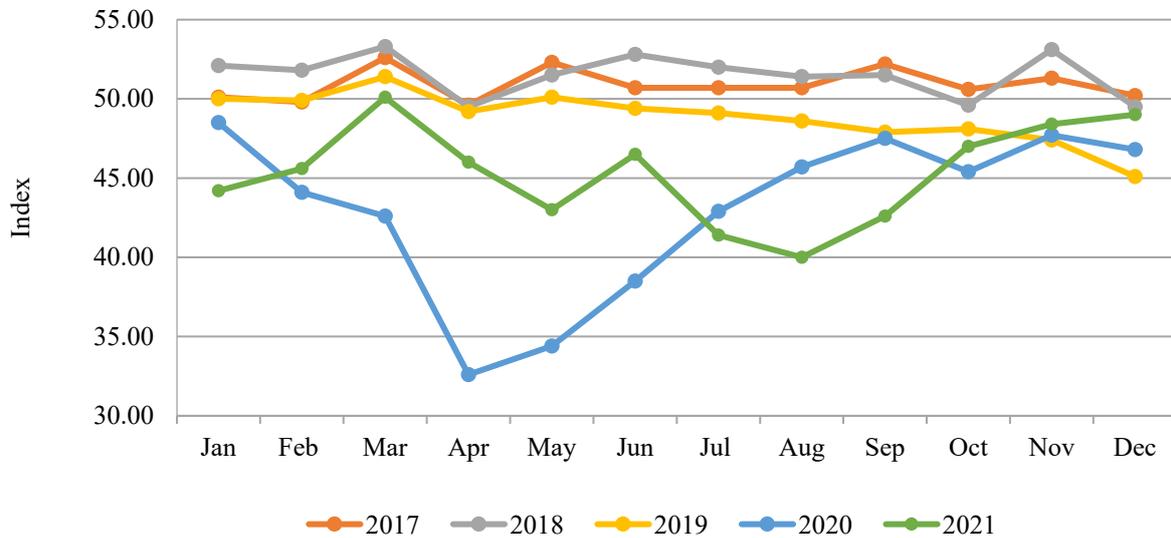


Source: Bureau of Trade and Economic Indices

During the end of 2016 to early 2017, CCI constantly increased in response to government’s economic stimulus. Nevertheless, CCI was retreated in March 2017, as consumers raised concerns over drought together with synchronized slowdown of the global economy and high household debt. In August 2017, CCI started to grow due to the implementation of new government policy that aimed to help farmers and low-income workers. Moreover, political situations became more stable at the same time, resulting in a good CCI until 2017. Nonetheless, CCI fell because of the effect of drought in many areas together with low investment from private sector caused by an increase in savings prior to Songkran festival, a long national holiday in April. In May 2017, CCI improved because of a decrease in LPG price and tourism expansion, and remained stable until the middle of 2018. In 2018, CCI decreased from 41.0 to 36.3 from January to June due to lack of financial liquidity. In addition, CCI improved to 37.3 from 35.5 in from October to December within same year with a boost in consumer’s confidence in the economy. In the first quarter of 2019, CCI soared to its highest in more than 14 years at 50.5. However, during the second half of the year, CCI continuously decreased partly due to an ongoing conflict between China and the United States. In 2020, CCI was plunged from 44.1 in January to 33.3 in April due to the Coronavirus anxiety. However, CCI was surged from the second quarter since 38.1 in May to 46.3 in December. This was partly because the government has released the relief measures to aid business sectors. For the year 2021, CCI slightly improved in the first quarter with an average at 45.4. On the other hand, Thailand had a problem with the new wave of the COVID-19 epidemic in the second and the third quarter. As a result, CCI continuously declined. After the third quarter, CCI slightly increased because the government had allocated COVID-19 vaccine to the public and the number of infected people was steadily decreasing. As a consequence, consumer had more confidence in the last quarter.

- **Business Sentiment Index: BSI**

Figure 4: Business Sentiment Index (BSI) 2017 – 2021



Source: Bank of Thailand (BOT)

Note: Index 50 means Business Sentiment is stable.

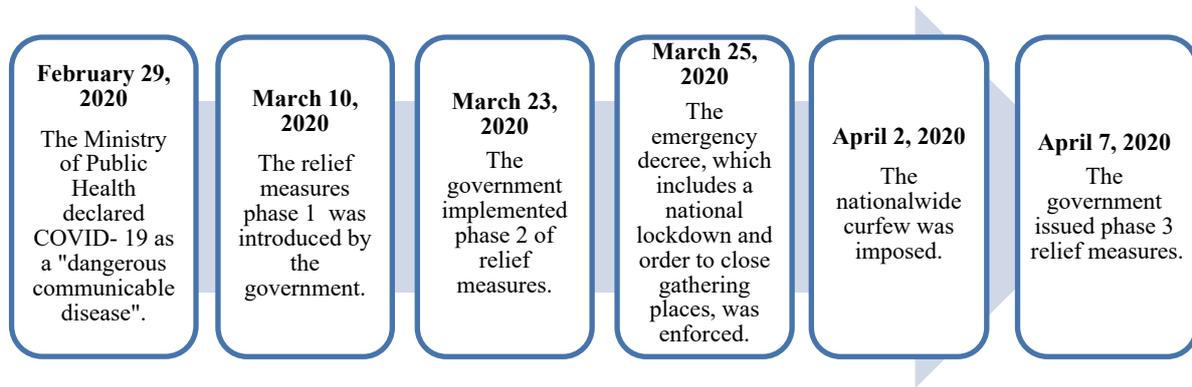
Index above 50 means Business Sentiment is better.

Index under 50 means Business Sentiment is worse.

After 2017, BSI shifted to a higher level because of abundant private investment opportunities expected. In March 2017, BSI increased because of positive export situation and continued to increase until the early of 2018 due to high demand. However, in April 2018, BSI decreased mainly due to lowered working days, which led to less domestic demand. BSI recovered during May until June 2018 due to the high demand from domestic and international market. Meanwhile, warehouse business, support activities for transportation and financial business also positively affected BSI. During the first quarter of 2019, BSI still maintained a good position at approximately 50 but declined to 45.10 by the end of the year due to a weaker confidence of respondents in both manufacturing and non-manufacturing sectors. BSI continued to decrease during the first quarter of 2020 due to the public health and social measures imposed by the government. In April 2020, BSI reached its lowest point on the record since 1999 at 32.60. Following the trough in April, BSI improved for five consecutive months due to better performance in both manufacturing and non-manufacturing sectors, reaching 47.50 in September.

In December 2019, the unidentified virus causes severe pneumonia, was first emerged in Wuhan, China. The novel virus has spread swiftly across the globe shortly after. On February 11, 2020, WHO announced the official name of unprecedented virus, “Coronavirus disease 2019”, abbreviated as “COVID-19”. On January 13, 2020, Thailand reported first case of COVID-19, which was also the first case contracted outside mainland China. The COVID-19, declared by the Ministry of Public Health as a ‘dangerous communicable disease’ on February 29, 2020, has posed detrimental impacts across the country. The government urges citizens and residents to strictly follow COVID-19 preventive guidelines and government-mandated measures such as mandatory quarantine and closure orders. Businesses are currently facing a sharp drop in domestic demand, contraction in consumer sentiment and heightened uncertainty posed by the spread of coronavirus.

Figure 5: Timeline of public health and social measures for COVID-19 in Thailand



Source: Ministry of Public Health and Ministry of Finance

Thailand have implemented relevant measures in response to COVID-19. The Thai government published COVID-19 relief measures with a primarily objective of alleviating the negative consequences of the coronavirus outbreak. The timeline of the restrictive measures is shown in Figure 4-5. The COVID-19 relief measures have been divided in three phases.

The Thai cabinet approved the measures of phase 1 on March 10, 2020. During phase 1, the measures were mainly introduced to boost financial liquidity of businesses and mitigate the impacts on affected individual by using a set of financial and monetary stimulus such as lowering interest rates, reducing tax and refunding electricity meter deposits. The damage wrought by the global pandemic deems severe and extended. Therefore, the government imposed a national lockdown starting from March 26, 2020. In addition, the government also adopted a nationwide night curfew from 22.00 to 04.00 hours and later shortened by 1 hour. The effective date of curfew is April 3, 2020 until July 14, 2020. In accordance with Bangkok governor’s order, the majority of stores in Bangkok except supermarkets, pharmacies, restaurants with take-out and delivery services, was closed from April 12, 2020 to May 16, 2020. Thailand experienced rapid escalation of virus outbreak over a short period of time. The number of confirmed cases in Thailand hit its highest single-day spike of 188 cases on March 21, 2020. With increasing number of new cases and death toll, the government decided to release the second measure on March 23, 2020.

The measures of phase 2 aim to support business operators, temporary and informal workers in the sector that has been severely affected by the spread of coronavirus. The relief measures at this stage involves cash handouts, emergency loan, and extension of deadline for tax filing. The outcome was still considered ineffective, so the government initiated the next phase to enhance the second measure.

The implementation of phase 3 measures involves a combination of measures to combat both direct and indirect effects of the virus outbreak, focusing on agricultural and healthcare sectors, affected individuals, small to medium sized businesses, and the country’s financial stability. As the number of COVID-19 cases in Thailand continues to decline, the government starts easing the restrictive measures. This allows some activities and businesses such as fresh markets, restaurants and hair salons to reopen from the beginning of May. United Nations Conference on Trade and Development (UNCTAD) reveals that Thailand’s export is estimated to shrink by 700 million US dollar. The most impacted industries by COVID-19 are rubber and plastic manufacturing, machinery, chemical, communication devices, and automotive. Tourism and travel industry, another backbone of Thailand, has been hit hard by COVID-19 outbreak. The revenue generated by the industry is forecast to fall at least 250,000 million Baht in 2020. The industry is expected to undergo a long recovery period of 6 months or more. In light of worsening situation, the

government may further introduce necessary measures. The department of disease control reveals that it is not until early 2021 that we expect to have vaccine against COVID-19. As a result, subsequent recovery will take a minimum of two years following successful trial of vaccine, according to WHO. Even though all sectors have been negatively affected by the outbreak, the impacts are uneven. Therefore, the pace of recovery for each industry may vary, depending on the nature of industry.

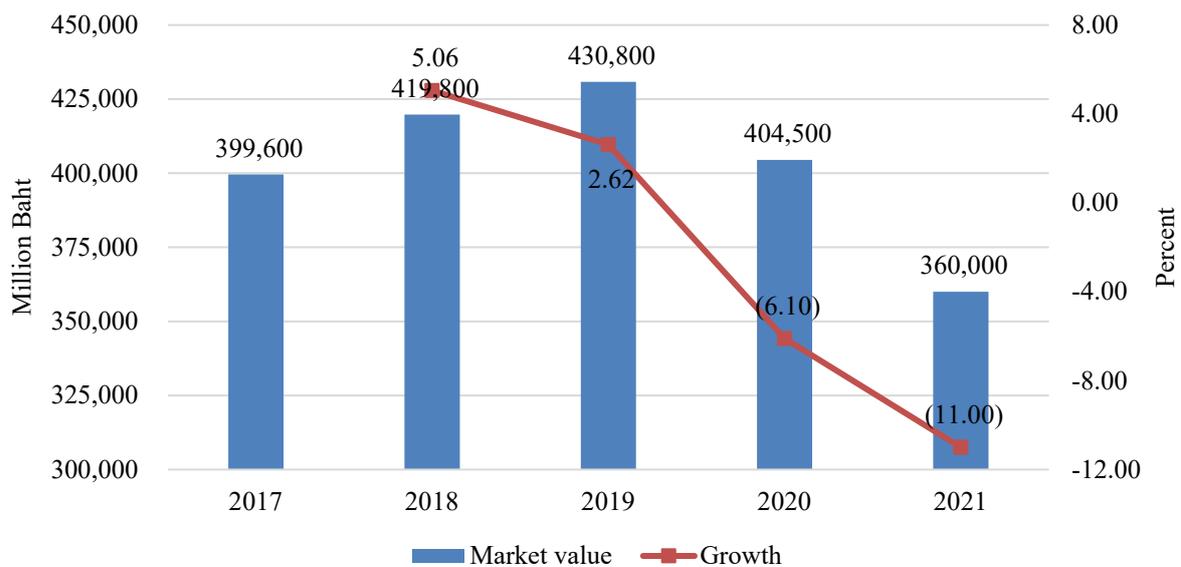
- **Prospect of Thailand’s Economy**

Since the beginning of 2020, the economy has largely been impacted by the uncertainty that the COVID-19 outbreak has caused, especially trading and tourism industries, which are dependent upon international demand and therefore was projected to take a slower pace to recover than other industries due to prolonged COVID-19 situation in the country and abroad. Despite another wave of COVID-19 outbreak in early 2022, Thai economy was projected to gradually recover driven by domestic spending and return of foreign tourists. According to Bank of Thailand’s press release on December 2021, it was expected that Thai economy would expand by 3.4 and 4.7 percent in 2022 and 2023, respectively. Headline Inflation was forecasted to be around 4.9 percent in 2022, mainly due to increase energy prices.

4.2 Overview of Restaurant Market in Thailand

Food is considered as one of the four essential factors that are important to human life. As long as people need to eat, there will always be demands from consumers. As a result, restaurant market is expected to perform well even during economic slowdown. It is also evident in the statistics published by Kasikorn Research Center, in which the value of restaurant market in Thailand showed a steadily increasing trend during 2017 – 2019. However, this idea has been challenged by the fact that the restaurant market was hit hard by COVID-19 outbreak throughout 2020.

Figure 6: The Value of Thai Restaurant Market during 2017 – 2021

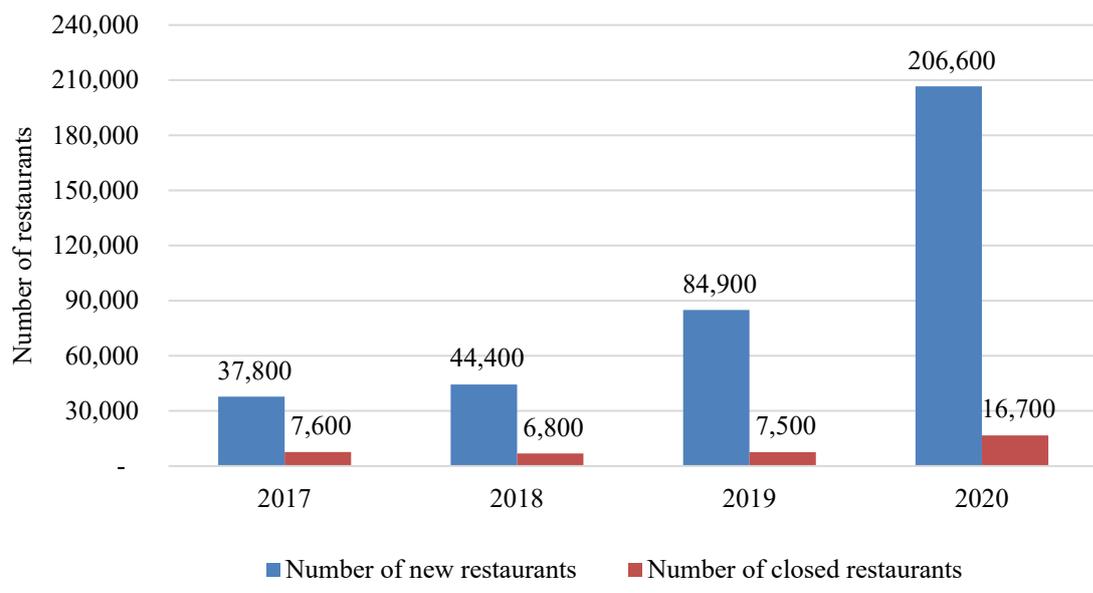


Source: Kasikorn Research Center

According to the information from Kasikorn Research Center, the value of Thai restaurant industry has continuously risen from 399,600 million baht in 2017 to 430,800 million baht in 2019, at a compound annual growth rate (CAGR) of 3.83 percent. The growth was mainly due to

expanding number of restaurants, as well as the increase in costs to operate the restaurant such as rental and employee expenses, which forces restaurants to set higher food price to cover these costs. However, in 2020, the value of restaurant market dropped by 6.10 percent, as a result of the COVID-19 outbreak. Restaurant business was forced to make changes to the way they operate, having to limit the number of dine-in consumers due to strict social distancing measures and cutting the operating hours in response to curfew restriction. Despite shifting focus to delivery and takeout services, many restaurants' revenue has dropped as these orders still fail to make up for loss from dine-in sales. This was also resulted in more than 10,000 restaurants, mainly small and medium enterprises and restaurants that target foreigners that had to be permanently closed down in 2020. In 2021, as the situation of the COVID-19 outbreak has been even worse than in 2020, the value declined by 11.00 percent from the previous year. It was forecasted that the value of restaurant market in 2022 will recover, expanding by 5-10 percent. However, the pace of recovery would be different for each type of restaurants. For example, full-service restaurants such as those in department store and those located near tourist attractions, street food vendors who have gotten benefits from government's food subsidy scheme, and quick service restaurants with the aid of delivery platform are expected to recover relatively fast. Nevertheless, the speed of recovery of restaurants located near office areas would be slower as work from home might become a new normal.

Figure 7: Number of new and closed restaurants during 2017 – 2020



Source: Wongnai Restaurant Review Website and Application

Regarding the situation before the COVID-19, the restaurant market was very attractive among new entrants. According to information published by Wongnai, which is a restaurant review website and application, there are more than 80,000 newly opened restaurants in Thailand in 2019, with the top three types being coffee shop and café, Thai food, and noodle restaurants. In 2020, despite decreasing demand as people became more careful with their spending during COVID-19 pandemic, the supply increased, as can be seen from the number of new restaurants that was more than double from the previous year. The restaurant market became even more competitive, which was resulted in around 16,700 restaurants closing down.

One of the reasons for high growth in number of newly opened restaurant is the emergence of food delivery applications and changes in consumers' behavior during the COVID-19 situation. This encourages new entrepreneurs to enter the market by means of setting up the restaurants online without physical presence and marketing through various social media channels and food

delivery platforms. Also, another reason is due to chain restaurants, which are restaurants with various branches that are either owned by a single company or operate under franchising agreements. Chain restaurants have become a popular way of doing the restaurant business as branching out to different locations allow restaurants to reach and serve more people. A lot of these chain restaurants are owned by public companies, in which some brands are established by themselves and some are acquired brands. Example of the public companies' chain restaurants portfolio are as follows;

Public Company	Restaurant brands owned by the company
Zen Corporation Group Public Company Limited	Zen, AKA, Din's, On the Table, TETSU, Tummour, Kiang
MK Restaurant Group Public Company Limited	MK Suki, MK Gold, MK Live, Yayoi, Miyazaki, Hakata, Laem Charoen Seafood, Na Siam, Le Siam
Oishi Group Public Company Limited	Oishi Grand, Oishi Eaterium, Oishi Buffet, Shabushi, Oishi Ramen, Kakashi, Sakae, Hou Yuu, Nikuya, Oyoki
S&P Syndicate Public Company Limited	S&P Bakery Shop, S&P Restaurant & Bakery, BlueCup, Grand Seaside, Patio, Patara, Maisen, Umenohana

In light of worsening market condition following the spread of COVID-19, restaurants have adapted to the situation in order to survive in the industry. As a consequence, we have seen new emerging trends and practices for restaurant business as follows.

- Changing and downsizing restaurant format to be more reachable such as pop-up restaurant, food truck, and cloud kitchen
- Adopting sanitized practices
- Local sourcing and using domestic supplier
- Focusing more on take-out, drive-through, and delivery service

Although the impact of COVID-19 pandemic on restaurant business has been severe, it is expected that the restaurant industry will be able to recover and return to pre-pandemic level growth once the situation is back to normal. The pandemic has shown that the restaurant market is very competitive, with numerous players that want to steal the market share. Therefore, restaurants need to be adaptable, looking for ways to innovate and serve changing customer behavior.

4.3 Five Forces Analysis

We analyze an attractiveness of certain industry by adopting the Five Forces Model analysis. Each competitive force can affect the business and determine potential to generate profit. The forces are created by potential entrants, substitute products, buyers, suppliers, and competitors in the industry. Since Chokdee Dimsum operates restaurant business, we need to comprehensively analyze the restaurant industry in Thailand to understand the whole market environment and related stakeholders of Chokdee Dimsum.

- **Threat of New Entrants**

To analyze the threats of new entrants is to find out the extent of difficulties of new businesses to enter the industry.

Considering restaurant business, the level of investment needed to operate a restaurant is considered moderate. The costs such as inventory, employee expenses, and rent do not require a large up-front investment. In addition, the process of setting the restaurant is not complicated and there are plenty opportunities in the market. For example, many chain restaurants offer franchising package in which all the know-how and step-by-step guide on how to start the restaurant are

provided. In addition, the growth of online food ordering and delivery has reduced the need of restaurant to have a physical store for customer to dine in. New competitors can enter the market in the form of virtual restaurant, serving customers by delivery and pick up. However, there are also some advantages that incumbent firms often have that might hinder potential new entrants such as geographical factors and distribution channels. Since new entrants do not have a prestige in terms of number of stores and operating locations, such factors limit accessibility to the outlet. Besides, for the rental space in prime area such as department store, a better location and cheaper rent is more likely to be available for major restaurant operators before the new entrants.

Based on the mentioned issues, the difficulty for new comers, we consider that the threat of new entrants is high.

- **Threat of Substitute Products and Services**

To analyze the threat of product substitutions are to find out the extent to which the substitutes can replace the uses of the products in the industry.

The substitute products of restaurant are other ways and places for people to consume food such as home cooking and using delivery service. Eating out at restaurant is considered a discretionary expense. Especially during the time of economic slowdown, some people might prefer saving money by buying grocery and cooking at home. Moreover, there is an increasing use of delivery service, in which there are plenty of choices apart from restaurant such as cloud kitchen or food providers that do not have physical space for dine-in. Although these substitute products can fulfill similar needs as restaurant in terms of basic needs for food, there are some advantages that restaurants have over other substitutes such as dine-in experience and taste of food. Restaurants provide customers with good atmosphere and socializing experience. Besides, the food also tastes better when it is eaten immediately after freshly made rather than having to travel a long distance.

As a consequence, we can conclude that the threats of substitute products and services are in the moderate to high level.

- **Bargaining Power of Buyers**

To analyze bargaining power of buyers is to find out the extent to which the buyers have the power to select the restaurants in the market.

Buyers have myriad alternatives to choose as they can easily switch to other types of food and restaurants in the market. As food can be found anywhere, consumers have enormous bargaining power to deviate to other food providers where they find most satisfied. In addition, there are plenty of information and reviews of the restaurant available that can largely affect customer's decision in choosing what to eat. Thus, restaurants need to set price that aligns with the market and always be considerate about customer's view of the restaurant. In order to increase the bargaining power, restaurants can also create unique selling points and improve their existing products and services to response to the change in customers' demands.

In conclusion, the bargaining power of buyers is high.

- **Bargaining Power of Suppliers**

To analyze bargaining power of suppliers is to find out the extent to which the company is capable of negotiating with its suppliers.

The main suppliers of the restaurant industry are sellers of raw material and equipment. For the basic supplies that can be sourced locally, there are numerous sellers in the market offering similar products, and the switching cost to buy from other suppliers is low. As a result, restaurants have more bargaining power in negotiating and trying to find the most worthwhile suppliers in terms of value for money, quality, service, and reliability. The size of the restaurant can also determine the level of bargaining power. With large scale restaurants buying large quantity, restaurants have the power to negotiate the price down. Nevertheless, for exotic and rare supplies that are hard to find, restaurant might not have much bargaining power over these suppliers. As far as we are concerned, the bargaining power of suppliers is low to moderate.

- **Competitive Rivalry within Industry**

To analyze the intensity of competition in the industry is to find out the extent to which the existing companies are competing with each other that might affect their operations and performance.

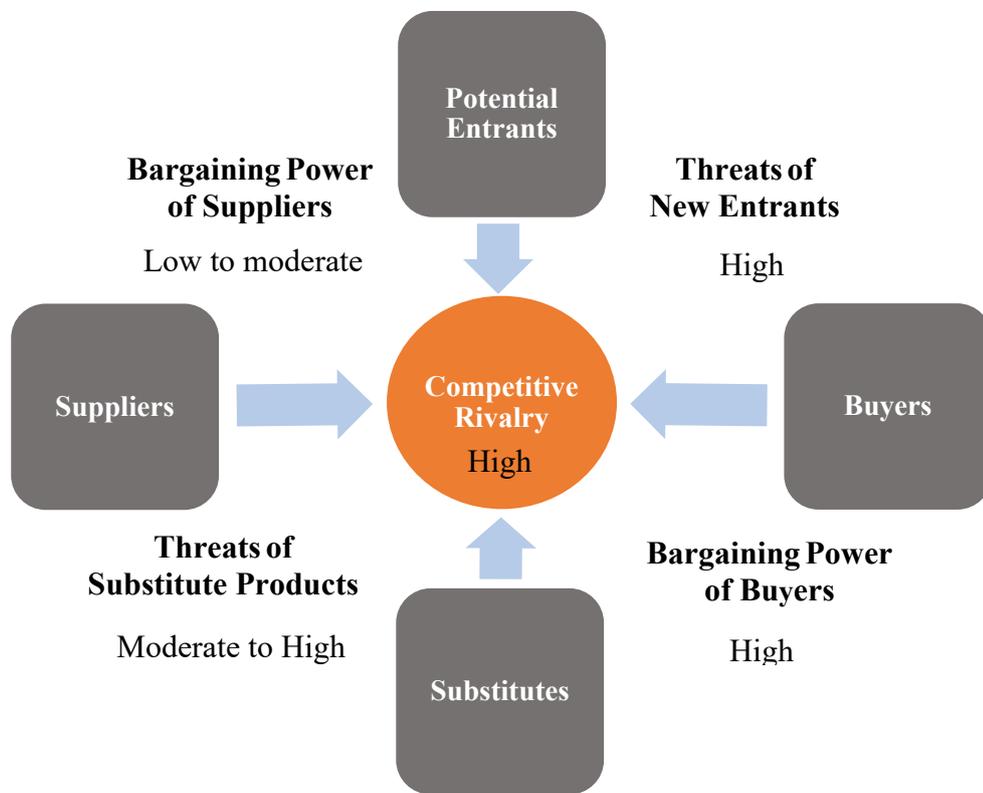
Regarding the competitive rivalry within the industry, restaurant industry in Thailand constitutes a highly competitive market where offered services and products are highly similar. Therefore, restaurants are competing for a higher market share by intensely using a variety of marketing tools in response to their competitors and consumer trends. Since the trend of consumption is changing rapidly, some restaurants introduce new product lines or menu of the month in order to serve a wider range of demands. Food delivery application has also strengthened the competitiveness of the industry by increasing the opportunity for restaurants to reach a larger consumer base. Moreover, the intensity of competition is greatedened by the introduction of new stores and outlet throughout the country. Firms are actively searching and competing for ideal and prime locations for their outlets to provide better accessibility and convenience. Famous malls, shopping venues, and community markets have been chosen as a prime venue by major incumbents. Most key players endeavor to make a long-term contract with reputable shopping malls such as The Mall, Central, Big C, and Tesco Lotus. Furthermore, there are a lot of international chains such as Texas Chicken and Domino Pizza, who see the potential in the restaurant industry and have entered Thai market through franchising. Such actions imply a fierce competitive rivalry in the sector.

As a consequence, the intensity of competition is considered to be high.

- **Summary of the Five Forces Model Analysis**

Based on the analysis of the industry attractiveness adapted the Five Forces Model as shown above, we have a conclusion that **the restaurant industry is highly competitive, with a large number of dominant players such as chain restaurants, as well as small and local restaurants. The competition is also intensified by the fact that the market is easy to enter leading to more alternative products and services. In addition, the competitor is not only the restaurants in the market, but also substitute products such as home cooking and using delivery service. Besides, with low bargaining leverage over buyer, restaurants need to be active and adaptable to customer rapidly changing needs in order to survive in this highly competitive environment.**

Figure 8: Five Forces Model Analysis of restaurant industry in Thailand

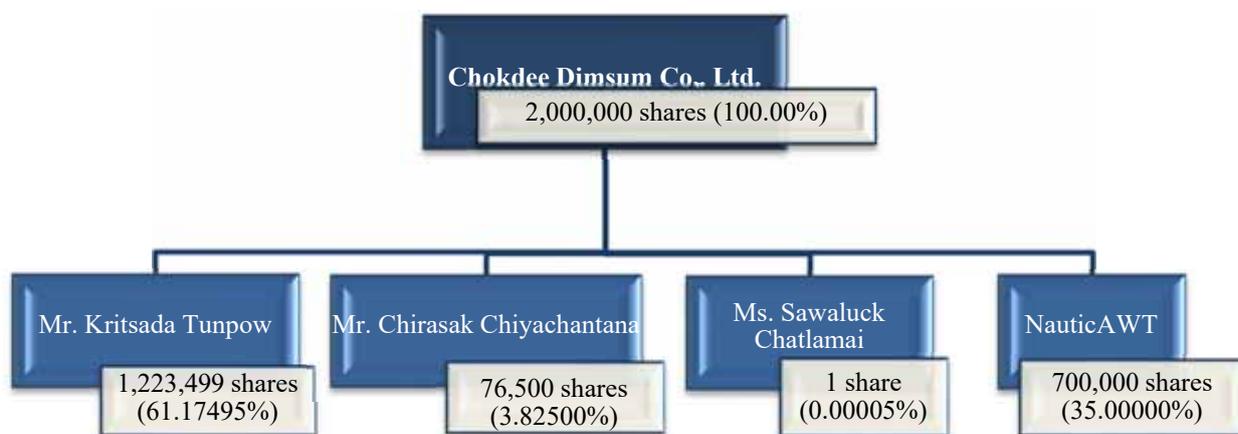


5. COMPANY PROFILE

5.1 Company Background

Chokdee Dimsum Corporation Company Limited (“Chokdee Dimsum”), formerly known as Rich Restaurant Company Limited, was established in 2000. The company operates Chinese dim sum restaurants known as Chokdee Dimsum, offering more than 70 menus such as Bak Kut Teh, steamed and fried buns, and desserts. As of December 31, 2021, there are 22 branches, in which 8 branches are equity-owned restaurants and 14 branches are franchise restaurants. The restaurants are located in Bangkok, as well as in other provinces. The company also owns a central kitchen, which serves as a hub for food distribution.

5.2 Company Structure



Source: Chokdee Dimsum’s Information

5.3 Financial Highlights

Our analysis of the company’s performance is based on the audited financial statement as of 31 December 2019 – December 31, 2021.

Income Statement

Unit: Baht

	2019	2020	2021
Revenues	101,641,818	80,257,303	64,750,842
Expenses	108,572,665	89,034,916	80,868,661
Operating profit	(6,930,847)	(8,777,612)	(16,117,820)
Financial costs	6,004,504	6,726,276	5,223,006
Corporate income tax	395,907	-	-
Net profit	(13,331,258)	(15,503,888)	(21,340,826)

- **Revenues**

Based on the company’s financial record, revenues of the company can be categorized into three main sources, which are revenue from sales, revenue from services, and other income. The main revenue of Chokdee Dimsum was revenue from sales, which include revenue from company’s branch and revenue from sales of goods and services (sales of equipment and supplies to Chokdee

Dimsum franchisee and Ko-Khun Phon Yang Kam). In 2019 – 2021, revenue from sales had an average proportion of 91.29 percent of total revenue. Another primary source of revenue is revenue from services, which are revenue from franchise.

In 2019 – 2021, revenue from services had an average proportion of 5.07 percent of total revenue. Total revenue continuously declined from 2019 to 2021 with a negative compounded annual growth rate of 20.18 percent. For revenue from sales, while the number of company's branch remained at 8 restaurants, sales per branch significantly decreased. For revenue from services, the impact of COVID-19 was resulted in number of franchises that permanently and temporarily stopped their operation. In addition, sales per franchises also dropped.

To illustrate the revenue components, Chokdee Dimsum's revenues have been categorized as follows:

Unit: Baht

Revenues	2019	2020	2021
Revenue from sales	91,639,851	75,936,080	57,697,270
Revenue from services	5,491,586	3,944,005	3,160,022
Other income	4,510,381	377,219	3,893,549
Total revenues	101,641,818	80,257,303	64,750,842

Unit: Percent

Revenues	2019	2020	2021
Revenue from sales	90.16	94.62	89.11
Revenue from services	5.40	4.91	4.88
Other income	4.44	0.47	6.01
Total revenues	100.00	100.00	100.00

• Expenses

Based on the financial record, the company's total expense decreased continuously from 2019 to 2021 with a negative compounded annual growth rate of 13.70 percent, which was in line with the revenue. During 2019 to 2021, the main expense of the company was the cost of sales and services which its average proportion was accounted for 42.29 percent of the total expense. The company also has other sources of expenses which are selling expenses and administrative expenses which its average proportion of total expense stood at 33.57 percent and 24.14 percent respectively.

To illustrate the expense components, Chokdee Dimsum's expenses have been categorized as follows:

Unit: Baht

Expenses	2019	2020	2021
Cost of sales and services	47,669,630	40,370,902	30,430,458
Selling expenses	31,757,146	28,609,941	31,802,241
Administrative expenses	29,145,889	20,054,073	18,635,961
Total Expenses	108,572,665	89,034,916	80,868,661

Unit: Percent

Expenses	2019	2020	2021
Cost of sales and services	43.91	45.34	37.63
Selling expenses	29.25	32.13	39.33
Administrative expenses	26.84	22.52	23.04
Total Expenses	100.00	100.00	100.00

- **Net Profit**

Recognizing the bottom line of the income statement, during 2019 – 2021 the company incurred losses at 13,331,258 Baht, 15,503,888 Baht, and 21,340,826 Baht, respectively.

Balance Sheet

Chokdee Dimsum had originally registered 2,000,000 shares with par value of 100 Baht at total registered share capital of 200,000,000 Baht.

Unit: Baht

	2019	2020	2021
Assets			
Current assets	28,845,510	17,339,829	9,949,614
Non-current assets	263,881,909	252,826,693	229,426,778
Total assets	292,727,419	270,166,523	239,376,392
Liabilities and equity			
Current liabilities	55,635,717	52,982,198	4,952,285
Non-current liabilities	48,678,340	42,105,947	80,657,111
Total liabilities	104,314,057	95,088,145	85,609,396
Share Capital	200,000,000	200,000,000	200,000,000
Retained earnings	(11,586,637)	(24,921,623)	(46,233,004)
Total equity	188,413,363	175,078,377	153,766,996
Total liabilities and equity	292,727,419	270,166,523	239,376,392

The company's main current asset was the cash and cash equivalents, which was accounted for an average of 49.06 percent of total current assets during 2019 - 2021. For non-current assets, the main source was the property, plant, and equipment, with an average proportion of 72.15 percent of total non-current assets during 2019 - 2021.

Considering the liabilities in 2021, the company repaid all the short-term loan from financial institution and borrowed from related parties. As a result, current liabilities significantly decreased, while non-current liabilities significantly increased. Overall, the total liabilities declined by 9.97 percent from the previous year.

Financial Ratio Analysis

	2019	2020	2021
Liquidity Ratio			
Current ratio	0.52	0.33	2.01
Quick ratio	0.44	0.25	1.45
Operating performance			
Gross profit margin	53.10%	49.70%	53.00%
Operation profit margin	(6.82%)	(10.94%)	(24.89%)
Net profit margin	(13.12%)	(19.32%)	(32.96%)
ROA	(4.55%)	(5.74%)	(8.92%)
ROE	(7.08%)	(8.86%)	(13.88%)
D/E Ratio	0.55	0.54	0.56

- **Liquidity**

Chokdee Dimsum's liquidity ratio, including both current and quick ratio, had improved from less than 0 during 2019 – 2020 to more than 0 in 2021 as the company repaid all the short-term loan from financial institution. High current ratio is usually better than low current ratio since it means that the company has enough liquidity assets to meet short-term obligation. However, current ratios that are too high may indicate that the company is not efficiently using its current assets or its short-term financing facilities or the company may have trade account receivable that cannot be collected which resulted in high current assets of the company.

- **Operating performance**

The company's gross profit margin slightly dropped in 2020 but rose to the same level as that before COVID-19 in 2021 at 53.00 percent. Considering the operation profit margin, the operating revenues were not enough to cover the operating expenses during 2019 – 2021, which was resulted in negative operation profit margins. The company's net profit margins showed a similar trend as the gross profit margins, which was a decreasing trend.

Considering the return on asset (ROA) and return on equity (ROE), the company had negative ROA and ROE as the company incurred a loss during the period. To illustrate the financial structure of the company, the D/E ratio had been stable at an average of 0.55 during 2019 - 2021

5.4 SWOT Analysis

SWOT is an acronym for Strengths, Weaknesses, Opportunities, and Threats. The SWOT analysis of Chokdee Dimsum is presented below;

Strengths

- Chokdee Dimsum is a well-recognized restaurant brand among Thai people.
- Chokdee Dimsum is specialized in making dim sum and the company's products are known for its affordable price.
- Chokee Dimsum is easily accessible by consumers as the restaurants operate 24 hours and have many branches.
- Chokdee Dimsum has a central kitchen, enabling the company to control the quality of the food.

Weaknesses

- Chokdee Dimsum incurred a loss during 2019 - 2021.
- Chokdee Dimsum restaurants operate on a leased space, which might result in operational risks such as rejection of lease renewal.

Opportunities

- Eating out has become one of the most important activities for social interaction, especially on special occasion.
- Development of information technology enables the company to reach target consumers more easily, for example advertising through online social networks.
- Food delivery services allow restaurant to reach more consumers.

Threats

- Move diverse types of restaurants that offer substitute products continuously increase the level of competition in the restaurant market.
- The spread of COVID -19 negatively affected the restaurant and food service industry.

6. VALUATION ANALYSIS

In this valuation, in order to perform the business valuation of Chokdee Dimsum Corporation Company Limited (“Chokdee Dimsum”), two methodologies, which are the Assets-Based Approach and Earnings-Based Approach, are adopted. The details of each methodology are as following

6.1 Assets-Based Approach

6.1.1 Information

Information which is used for this approach involves with assets of Chokdee Dimsum Corporation Company Limited (“Chokdee Dimsum”). Information is provided by Chokdee Dimsum in order to declare Chokdee Dimsum’s assets status. The information taken is shown below:

- Assets lists of fixed asstes
- Site location
- Copy of title deeds
- Copy of lease agreement
- Layout plan
- Vehicle registers
- Building construction permit (Or.1) and Building use permit (Or.6)

6.1.2 Summary of Assumptions

Assets-Based Approach is the adjusted book value of each asset by market rate to derive the business value. Based on our review of the related information, we found that cash and cash equivalents, trade and other receivables, inventories, other current financial assets, other current assets, right-of-use asset, franchise license, and other non-current assets are high liquidity assets that can easily be converted into cash, net book value of these assets as of December 31, 2021, is applied as representatives of fair value. For property, plant, and equipment and intangible asset, the assets have to be adjusted to market value. The business value by Assets-Based Approach was derived in the following topic.

6.1.3 Valuation

Property, Plant and Equipment and Intangible Asset Valuation

Property, plant, and equipment consists of land, buildings and building improvement, machine and equipment, vehicles, and office equipment, furniture, and fittings. Intangible asset consists of computer software. The detail is as follows;

Item	Asset	Description	Valuation Methodology	Reference Report*
Property, Plant and Equipment				
1	Land	One plot of land, with a total land area of approximately 5 rai 3 ngan 37.4 sq.wah, located in Pathum Thani Province.	Sale comparison approach	J22/65011 (2/3)
2	Buildings and building improvement	Factory building, building systems, other improvement	Cost approach	J22/65011 (2/3)
		Leasehold improvement and system utilities	Cost approach	J22/65011 (3/3)
3	Machine and equipment	Tool & equipment, machinery, and tool & equipment for factory	Cost approach	J22/65011 (3/3)
4	Vehicles	Vehicles (6 items)	Sale comparison approach	J22/65011 (3/3)
5	Office equipment, furniture, and fittings	Decoration, office equipment, computer, television, decoration of factory, and factory equipment	Cost approach	J22/65011 (3/3)
Intangible Asset				
6	Computer software	Computer software (31 items)	Net book value is applied as market value.	J22/65011 (3/3)

*Note: Please refer to Tangible Assets Valuation Reports J22/65011 (2/3) and J22/65011 (3/3) for more details of valuation calculation.

6.1.4 Conclusion of Property, plant and equipment and Intangible Asset Valuation

Item	Description	Market Value (Baht)
Property, Plant and Equipment		
1	Land	81,800,000
2	Buildings and building improvement	85,369,204
3	Machine and equipment	2,617,151
4	Vehicles	1,167,600
5	Office equipment, furniture, and fittings	436,767
Total		171,390,722
Intangible Asset		
6	Computer software	19,955
Total		19,955

Conclusion of Business Value by the Assets Based Approach as of December 31, 2021

Identifiable Net Assets as of December 31, 2021	Market Value
Unit: Baht	
Current assets	
Cash and cash equivalents	3,141,954
Trade and other receivables	1,618,756
Inventories	2,788,648
Other current financial assets	2,109,037
Other current assets	291,218
Total current assets	9,949,614
Non-current assets	
Property, plant and equipment	171,390,722
Right-of-use asset	29,805,154
Franchise License	22,926
Intangible assets	19,955
Other non-current assets	32,156,199
Total non-current assets	233,394,956
Total assets	243,344,570

Based on our analysis above, Chokdee Dimsum’s business value by the Assets-Based Approach is concluded as follows:

Unit: Baht

Description	Value
Business value of Chokdee Dimsum Company Limited by Assets-Based Approach as of December 31, 2021	243,344,570

It is requested by the client to also provide the equity value of the company. In calculating equity value of the company using Assets-Based Approach, total liabilities of Chokdee Dimsum are deducted from the business value of the company. The details are as follows;

Unit: Baht

Description	Value
Business value of Chokdee Dimsum Company Limited by Assets-Based Approach as of December 31, 2021	243,344,570
<u>Less</u> Liabilities of Chokdee Dimsum Company Limited as of December 31, 2021	85,609,396
Equity value of Chokdee Dimsum Company Limited by Assets-Based Approach as of December 31, 2021	157,735,174

6.2 Earnings-Based Approach

6.2.1 Information

Information concerning Chokdee Dimsum’s operation is based on the information provided by Chokdee Dimsum. The followings are list of information obtained and used as mentioned earlier:

- Background overview of Chokdee Dimsum
- Audited financial statements as of 31 December 2019 – December 31, 2021
- Trial balance as of 31 December 2019 – December 31, 2021
- Revenue, cost, and expense breakdown of company’s branch for 2018 -2021
- Revenue of Chokdee Dimsum franchise branch for 2019 – 2021
- Revenue from sales of goods and services from Ko-Khun Phon Yang Kam in 2021
- Number of open, close, and operating branch
- Number of employees
- Copy of franchise agreement
- Summary of lease agreement
- Details of right-of-use assets and lease liabilities
- Detail of financial cost
- Business plan

6.2.2 Summary of Assumptions

We have based our financial projection on the information obtained directly from Chokdee Dimsum. Most assumptions are based upon historical performance and industry situation.

The following assumptions and forecast criteria served as basis used in our projections

- Chokdee’s financial forecasts are made based on Chokdee Dimsum’s viewpoint on the future operation and under the expected economic condition.
- The financial projection covers a period of 5 years (January 2022 – December 2026), with terminal value to reflect the perpetual business operation

6.2.3 Projected Profit and Loss Statement

Revenues Assumptions:

The revenue income of the subject property derives from four sources, which are revenue from company's branch, revenue from sales of goods and services, revenue from franchise, and other income.

1. Revenue from Company's Branch

Revenue from Company's branch comprises of equity restaurants sales. Average monthly sales per restaurant and number of branches are considered. Based on Chokdee Dimsum's financial statement and market information, the average monthly sales per restaurant in 2022 are estimated at 591,513 Baht. Sales are expected to recover from COVID-19, increasing at approximately 20.00 percent from the previous year in 2023, at approximately 10.00 percent from the previous year in 2024, at approximately 5.00 percent from the previous year in 2025, and at approximately 2.00 percent from the previous year in 2026. From 2026 onwards, sales revenue is expected to steadily grow at 1.00 percent annually. For number of branches, based on information provided by Chokdee Dimsum, we had estimated that there will not be newly opened restaurant and number of branches will remain at 8 restaurants during the forecasted period.

Unit: Baht

Description	2022	2023	2024	2025	2026	Terminal Year
Number of company's branch	8	8	8	8	8	8
Average monthly sales revenue per restaurant	591,513	709,816	780,798	819,837	836,234	844,596
Revenue from Company's Branch	56,785,273	68,142,327	74,956,560	78,704,388	80,278,476	81,081,261

2. Revenue from sales of goods and services

Revenue from sales of goods and services refers to sales of equipment and supplies to Chokdee Dimsum franchisee and Ko-Khun Phon Yang Kam. The detail is as follows;

- For revenue from sales of goods and services from Chokdee Dimsum franchisee, average monthly sales of goods and services per franchise and number of franchises are considered. Based on Chokdee Dimsum's financial statement and market information, the average monthly sales of goods and services per franchise in 2022 are estimated at 134,483 Baht. Sales of goods and services are expected to recover from COVID-19, increasing at approximately 20.00 percent from the previous year in 2023, at approximately 10.00 percent from the previous year in 2024, at approximately 5.00 percent from the previous year in 2025, and at approximately 2.00 percent from the previous year in 2026. From 2026 onwards, sales of goods and services are expected to steadily grow at 1.00 percent annually. For number of franchises, based on information provided by Chokdee Dimsum, there were 14 franchise restaurants as at valuation date. From 2022 onwards, the number of franchises is forecasted to remain at 14 restaurants. Please note that in 2022, four restaurants are temporarily closed due to COVID-19 pandemic. However, it is likely that they will be reopened by the end of 2022. Therefore, the four restaurants are forecasted to generate revenue for only 6 months in 2022.

Unit: Baht

Description	2022	2023	2024	2025	2026	Terminal Year
Number of franchises	14*	14	14	14	14	14
Average monthly sales of goods and services per franchise	130,955	141,245	147,129	150,071	153,073	154,604
Revenue from sales of goods and services	21,638,801	25,424,094	32,662,606	42,320,144	52,350,919	57,512,536

*Number of franchises in 2022 include four franchises that are temporarily closed and are forecasted to operate for only 6 months.

- For revenue from sales of goods and services from Ko-Khun Phon Yang Kam, average monthly sales of goods and services per restaurant and number of restaurants are considered. Based on historical revenue, the average monthly sales of goods and services per restaurant in 2022 are estimated at 13,109 Baht. Sales of goods and services are expected to increase at approximately 2.00 percent from the previous year during 2023 and 2026. From 2026 onwards, sales of goods and services are expected to steadily grow at 1.00 percent annually. For number of restaurants, as we did not receive the information regarding the future business plan of Ko-Khun Phon Yang Kam restaurants, the number of restaurants is forecasted to remain at 1 restaurant.

Unit: Baht

Description	2022	2023	2024	2025	2026	Terminal Year
Number of restaurants	1	1	1	1	1	1
Average monthly sales of goods and services per restaurant	13,109	13,371	13,639	13,911	14,190	14,332
Revenue from sales of goods and services	157,308	160,454	163,663	166,937	170,275	171,978

3. Revenue from franchise

Revenue from franchise consists of franchise fee, software fee, and royalty and marketing fee.

- Franchise fee is a contract renewal fee. Based on provided information, the renewal fee is 10,000 Baht per contract. For the terminal year, as the term of the contracts is five years and we assumed that the contract will be automatically renewed once expired, from 2026 onwards, the company will receive an average of 28,000 Baht per year (2,000 Baht per branch per year with 14 franchises). In addition, as of valuation date, there was a deferred revenue of 3,097,180 Baht, which is an advance payment of franchise fee. This amount needs to be recognized over time.

Unit: Baht

Description	2022	2023	2024	2025	2026	Terminal Year
Number of expired contracts	2	1	6	4	1	
Renewal fee per contract	10,000	10,000	10,000	10,000	10,000	
Total renewal fee	20,000	10,000	60,000	40,000	10,000	28,000
Recognition of deferred revenue	1,696,203	1,400,977	-	-	-	-
Revenue from franchise fee	1,716,203	1,410,977	60,000	40,000	10,000	28,000

- Software fee is a fixed fee franchisee pays to the franchisor every month for using the point of sales (POS) software. Based on provided information and historical transaction of the company, software fee is 2,500 baht per month per franchise.

Unit: Baht

Description	2022	2023	2024	2025	2026	Terminal Year
Number of franchises	14*	14	14	14	14	14
Software fee per restaurant per month*	2,500	2,500	2,500	2,500	2,500	2,500
Revenue from software fee	360,000	420,000	420,000	420,000	420,000	420,000

*Number of franchises in 2022 include four franchises that are temporarily closed and are forecasted to operate for only 6 months.

- Royalty and marketing fee is share of revenue from franchise. The standard fee of each branch is agreed at the total of 6.00 percent of sales. Therefore, we applied 6.00 percent of franchise's sales to estimate the royalty and marketing fee from franchise of the company. In order to forecast the income from franchise, based on given information, and discussion with the Chokdee Dimsum, the franchise branch (14 branches as at the valuation date) will automatically extend the agreement over the projected period. The average monthly sales of each branch and the annual growth rate is estimated based on historical performance of each franchise and statistics of Thailand's average consumer price index, core inflation, growth rate of restaurant industry, and consideration of the impact from COVID-19 pandemic. The average monthly sales per franchise in 2022 are estimated at 261,271 Baht. Sales are expected to recover from COVID-19, increasing at approximately 20.00 percent from the previous year in 2023, at approximately 10.00 percent from the previous year in 2024, at approximately 5.00 percent from the previous year in 2025, and at approximately 2.00 percent from the previous year in 2026. From 2026 onwards, sales are expected to steadily grow at 1.00 percent annually.

Unit: Baht

Description	2022	2023	2024	2025	2026	Terminal Year
Number of franchises	14*	14	14	14	14	14
Sales per month per franchise	261,271	313,525	344,878	362,122	369,364	373,058
Sales of franchise restaurants	37,623,024	52,672,234	57,939,457	60,836,430	62,053,158	62,673,690
Revenue from royalty and marketing fee	2,257,381	3,160,334	3,476,367	3,650,186	3,723,190	3,760,421

*Number of franchises in 2022 include four franchises that are temporarily closed and are forecasted to operate for only 6 months.

4. Other income

Other income refers to non-operating income such as interest income. Based on Chokdee Dimsum's financial statement, the other income is estimated at 2.99 percent of the sum of revenue from company's branch and revenue from sales of goods and services from Chokdee Dimsum franchisee from 2022 onwards.

Costs Assumptions:

Chokdee Dimsum's cost structure can be divided mainly into 2 categories as described below;

1. Costs of sales and services

Based on Chokdee Dimsum's financial statement, cost of sales and services are estimated at 37.85 percent of the sum of revenue from company's branch and revenue from sales of goods and services from Chokdee Dimsum franchisee from 2022 onwards.

2. Staff expenses

Based on Chokdee Dimsum's financial statement, staff expenses per company's branch are estimated at 70,061 Baht per month in 2022. From 2023 onwards, staff expenses per company's branch are expected to steadily grow at 2.00 percent annually.

Expenses Assumptions:

Chokdee Dimsum's expense structure can be divided mainly into 9 categories as described below;

1. Salary and employee benefits

Based on Chokdee Dimsum's financial statement, staff expenses of headquarter employees are estimated at 1,603,119 Baht per month in 2022. From 2023 onwards, staff expenses are expected to steadily grow at 5.00 percent annually.

2. Utility expenses

Based on Chokdee Dimsum's financial statement, utility expenses are estimated at 6.00 percent of the sum of revenue from company's branch and revenue from sales of goods and services from Chokdee Dimsum franchisee from 2022 onwards.

3. Advertising expenses

Based on Chokdee Dimsum's financial statement, advertising expenses are estimated at 7.37 percent of the sum of revenue from company's branch, revenue from sales of goods and services from Chokdee Dimsum franchisee, and royalty and marketing fee in 2022. The percentage is estimated at 7.00 percent during 2023 and 2024, at 5.00 percent during 2025 and 2026, and at 2.00 percent from 2026 onwards.

4. Professional fees

Based on Chokdee Dimsum's financial statement, professional fees are estimated at 2,048,007 Baht in 2022. From 2023 onwards, professional fees are expected to steadily grow at 2.00 percent annually.

5. Rental expenses

Based on Chokdee Dimsum's financial statement, rental expenses of equipment and building per company's branch are estimated at 52,050 Baht from 2022 onwards.

6. Lease payment

Based on summary of lease agreement, lease payment per company's branch is estimated at 72,887 Baht in 2022. Lease payment per company's branch is expected to increase at approximately 0.74 percent from the previous year in 2023, at approximately 0.14 percent from the previous year in 2024, at approximately 0.00 percent from the previous year during 2025 and 2026. From 2026 onwards, lease payment is expected to steadily grow at 3.00 percent annually.

7. Repairs and maintenance

Based on Chokdee Dimsum's financial statement, repairs and maintenance are estimated at 0.50 percent of total revenue from 2022 onwards.

8. Other expenses

Based on Chokdee Dimsum's financial statement, other expenses such as travelling expenses, miscellaneous Expenses and office equipment are estimated at 1,878,396 Baht in 2022. From 2023 onwards, other expenses are expected to steadily grow at 2.00 percent annually

9. Depreciation and amortization

Depreciation is forecasted based on historical financial information of Chokdee Dimsum with straight line basis.

Financial Cost Assumption

Financial costs come from interest which company has to pay. Considering from interest-bearing debt of the company, there are 1 item of interest-bearing debt which is loan from related parties. Loan from related parties as of December 31, 2021 stood at 44,000,000 Baht, with the interest rate at 3.00 percent per annum. Based on information provided by Chokdee Dimsum, we forecasted the financial cost at 1,320,000 Baht per year from 2022 onwards.

Corporate Income Tax

The corporate tax rate is 20.00 percent of taxable income. According to the board of taxation's ruling, when a company operates at a loss, it is eligible for corporate tax exemption from annual loss for five years. Therefore, the company does not have to pay tax during 2022 - 2025.

Capital Expenditure (CAPEX)

Periodic replacement of furniture, fixtures, and equipment (FF&E) is essential to maintain the quality, image and income of a lodging facility. Capital Expenditures (CAPEX) are not included in the operating statement, but they do affect the subject property's cash flow. These expenses should be reflected in an appropriate reserve for investment. In accordance with the industry practice, the reserve for investment is normally ranging between 2 - 3 percent of total income banking on the age and the type of property. For Chokdee Dimsum, as the company has 8 owned restaurants with headquarter office, we estimated the CAPEX at 3 percent of the sum of revenue from company's branch and revenue from sales of goods and services from Chokdee Dimsum franchisee throughout the estimation period.

Terminal value

Forecasting period of this valuation is 5 years and we forecasted the terminal value of the company to be in the fifth year with terminal growth at 1 percent.

Discount Rate

The discount rate applied is WACC, which is the weighted average, based on market values, of the costs of debt and equity employed which is the expected rate of return that the market requires in order to attract funds to a particular investment. The WACC is derived from the weighted average between debt and equity. The discount rate applied is 8.45 percent. The calculation and details are presented in ADDENDA A.

Capitalization Rate

We considered the terminal growth of this business sector to be about 1 percent, therefore the capitalization rate is estimated at 7.45 percent.

6.2.4 Valuation

The Earnings-Based Approach using assumptions from the financial projection was derived as follows:

	Unit : Baht					
Statement of Profit and Loss	2022	2023	2024	2025	2026	Terminal Year
Number of company's branch	8.00	8.00	8.00	8.00	8.00	8.00
Number of franchise	14.00	14.00	14.00	14.00	14.00	14.00
Revenues						
Revenue from company's branch	56,785,273	68,142,327	74,956,560	78,704,388	80,278,476	81,081,261
Revenue from sales of goods and services (Chokdee Dimsum)	19,365,515	27,111,721	29,822,893	31,314,038	31,940,319	32,259,722
Revenue from sales of goods and services (Ko-Khun Phon Yang Kam)	157,308	160,454	163,663	166,937	170,275	171,978
Revenue from franchise						
Franchise fee	1,716,203	1,410,977	60,000	40,000	10,000	28,000
Royalty and marketing fee	2,257,381	3,160,334	3,476,367	3,650,186	3,723,190	3,760,421
Software fee	360,000	420,000	420,000	420,000	420,000	420,000
Other income	2,280,444	2,852,519	3,137,770	3,294,659	3,360,552	3,394,158
Total Revenues	82,922,124	103,258,333	112,037,254	117,590,207	119,902,811	121,115,539
Cost						
Cost of sales and services	28,825,967	36,057,278	39,663,005	41,646,156	42,479,079	42,903,869
Staff expenses	6,725,898	7,196,711	7,340,645	7,487,458	7,637,208	7,789,952
Gross Profit	35,551,866	43,253,989	47,003,651	49,133,614	50,116,286	50,693,821
Expenses						
Staff expenses	19,237,429	20,199,300	21,209,265	22,269,729	23,383,215	24,552,376
Utility expenses	4,569,047	5,715,243	6,286,767	6,601,106	6,733,128	6,800,459
Advertising expenses	5,775,588	6,889,007	7,577,907	5,683,431	5,797,099	2,342,028
Professional fees	2,048,007	2,088,967	2,130,746	2,173,361	2,216,828	2,261,165
Rental expenses - Equipment and Building	416,400	416,400	416,400	416,400	416,400	416,400
Lease payment	6,997,158	7,049,158	7,059,158	7,059,158	7,059,158	7,270,933
Repairs and maintenance	415,392	517,265	561,242	589,059	600,644	606,719
Depreciation and amortization	5,733,597	5,183,024	4,516,808	4,516,808	4,516,808	4,516,808
Other expenses	1,878,396	1,915,964	1,954,283	1,993,369	2,033,236	2,073,901
Total Expenses	47,071,014	49,974,327	51,712,577	51,302,419	52,756,516	50,840,788
EBIT	299,245	10,030,016	13,321,027	17,154,174	17,030,009	19,580,930
Financial expenses	1,320,000	1,320,000	1,320,000	1,320,000	1,320,000	1,320,000
Income tax	-	-	-	-	290,881	3,652,186
Net Profit (Loss)	(1,020,755)	8,710,016	12,001,027	15,834,174	15,419,128	14,608,744

Statement of Financial Position	2022	2023	2024	2025	2026	Terminal Year
Current assets						
Cash and cash equivalents	1,938,733	11,194,198	24,437,830	41,418,236	57,986,619	73,735,667
Trade and other receivables	2,356,235	2,934,089	3,183,543	3,341,330	3,407,043	3,441,503
Inventories	4,436,600	5,549,570	6,104,527	6,409,753	6,537,948	6,603,328
Other current financial assets	2,109,037	2,109,037	2,109,037	2,109,037	2,109,037	2,109,037
Other current assets	331,874	413,264	448,399	470,623	479,879	484,733
Total current assets	11,172,479	22,200,158	36,283,336	53,748,980	70,520,526	86,374,267
Non-current assets						
Property, plant and equipment	161,731,826	156,548,802	152,031,994	147,515,186	142,998,378	138,481,570
Reserve for investment	2,284,524	5,142,145	8,285,529	11,586,081	14,952,645	18,352,875
Right-of-use asset	29,805,154	29,805,154	29,805,154	29,805,154	29,805,154	29,805,154
Franchise license	1	1	1	1	1	1
Intangible assets	1	1	1	1	1	1
Other non-current assets	32,156,199	32,156,199	32,156,199	32,156,199	32,156,199	32,156,199
Total non-current assets	225,977,705	223,652,302	222,278,877	221,062,622	219,912,378	218,795,800
Total assets	237,150,184	245,852,460	258,562,214	274,811,602	290,432,904	305,170,067
Current liabilities						
Trade and other payables	4,909,692	6,141,343	6,755,477	7,093,251	7,235,116	7,307,467
Other current liabilities	495,086	616,503	668,917	702,071	715,879	723,119
Total current liabilities	5,404,778	6,757,845	7,424,394	7,795,322	7,950,994	8,030,586
Non-current liabilities						
Loan from related parties	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000	44,000,000
Lease liabilities	32,294,796	32,294,796	32,294,796	32,294,796	32,294,796	32,294,796
Provision for employee benefits	803,392	843,562	885,740	930,027	976,528	1,025,354
Deferred revenue	1,400,977	-	-	-	-	-
Other non-current liabilities	500,000	500,000	500,000	500,000	500,000	500,000
Total non-current liabilities	78,999,165	77,638,358	77,680,536	77,724,823	77,771,324	77,820,150
Total liabilities	84,403,944	84,396,203	85,104,930	85,520,144	85,722,318	85,850,736
Shareholder's Equity						
Share Capital						
Authorized, share capital 2,000,000 ordinary shares of Baht 100 each	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Issued and paid-up share capital 2,000,000 ordinary shares of Baht 100 each	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000	200,000,000
Retained earnings (deficit) unappropriated	(47,253,759)	(38,543,743)	(26,542,716)	(10,708,542)	4,710,586	19,319,330
Total shareholders' equity	152,746,241	161,456,257	173,457,284	189,291,458	204,710,586	219,319,330
Total liabilities and shareholders' equity	237,150,184	245,852,460	258,562,214	274,811,602	290,432,904	305,170,067

Statement of Cash Flow	2021	2022	2023	2024	2025	Terminal Year
Cash flows from operating activities						
Net profit	(1,020,755)	8,710,016	12,001,027	15,834,174	15,419,128	14,608,744
Adjustments to reconcile net profit to net cash from (used in) operating activities:						
Depreciation and amortization	5,733,597	5,183,024	4,516,808	4,516,808	4,516,808	4,516,808
Interest expenses	1,320,000	1,320,000	1,320,000	1,320,000	1,320,000	1,320,000
Provision for employee benefits	38,257	40,170	42,178	44,287	46,501	48,826
Cash from operating activities before changes in operating assets and liabilities	6,071,099	15,253,210	17,880,013	21,715,269	21,302,437	20,494,379
Decrease (increase) in operating assets						
Trade and other receivable	(737,479)	(577,854)	(249,453)	(157,787)	(65,713)	(34,460)
Inventories	(1,647,952)	(1,112,970)	(554,957)	(305,226)	(128,195)	(65,379)
Other current financial assets	-	-	-	-	-	-
Other current assets	(40,656)	(81,390)	(35,135)	(22,224)	(9,256)	(4,854)
Other non-current assets	-	-	-	-	-	-
Increase (decrease) in operating liabilities						
Trade and other payables	394,348	1,231,650	614,134	337,774	141,865	72,351
Other current liabilities	58,146	121,417	52,414	33,154	13,807	7,241
Deferred revenue	(1,696,203)	(1,400,977)	-	-	-	-
Other non-current liabilities	-	-	-	-	-	-
Net cash from (used in) operating activities	2,401,303	13,433,086	17,707,016	21,600,959	21,254,946	20,469,278
Cash flows from investing activities						
Reserve for investment	(2,284,524)	(2,857,621)	(3,143,384)	(3,300,553)	(3,366,564)	(3,400,229)
Net cash from (used in) investing activities	(2,284,524)	(2,857,621)	(3,143,384)	(3,300,553)	(3,366,564)	(3,400,229)
Cash flows from financing activities						
Cash paid for financial fees	(1,320,000)	(1,320,000)	(1,320,000)	(1,320,000)	(1,320,000)	(1,320,000)
Loan from related parties	-	-	-	-	-	-
Loan from financial institution	-	-	-	-	-	-
Lease liabilities	-	-	-	-	-	-
Net cash from (used in) financing activities	(1,320,000)	(1,320,000)	(1,320,000)	(1,320,000)	(1,320,000)	(1,320,000)
Net increase (decrease) in cash and cash equivalents	(1,203,221)	9,255,465	13,243,632	16,980,406	16,568,383	15,749,048
Cash and cash equivalents at beginning of period	3,141,954	1,938,733	11,194,198	24,437,830	41,418,236	57,986,619
Cash and cash equivalents at end of period	1,938,733	11,194,198	24,437,830	41,418,236	57,986,619	73,735,667
Net cash from (used in) operating activities	2,401,303	13,433,086	17,707,016	21,600,959	21,254,946	20,469,278
Net cash from (used in) investing activities	(2,284,524)	(2,857,621)	(3,143,384)	(3,300,553)	(3,366,564)	(3,400,229)
Free Cash Flow	116,779	10,575,465	14,563,632	18,300,406	17,888,383	17,069,048
Terminal Value						229,006,640
Net Free Cash Flow	116,779	10,575,465	14,563,632	18,300,406	17,888,383	229,006,640
Discount rate	8.45%	8.45%	8.45%	8.45%	8.45%	8.45%
Partial period	1.00	1.00	1.00	1.00	1.00	1.00
Discount period	1.00	2.00	3.00	4.00	5.00	5.00
Present value factor	0.92	0.85	0.78	0.72	0.67	0.67
Present value	107,677	8,991,087	11,416,653	13,227,756	11,922,103	152,626,477
Business Value	198,291,752					

6.2.5 Conclusion of Valuation from the Earnings-Based Approach

Based on our analysis, Chokdee Dimsum's business value by the Earnings-Based Approach is concluded as follows:

Unit: Baht

Description	Value
Business value of Chokdee Dimsum Company Limited by Earnings-Based Approach as of December 31, 2021	198,291,752

It is requested by the client to also provide the equity value of the company. In calculating equity value of the company using Earnings-Based Approach, interest-bearing debt is deducted from and non-operating assets are added to business value of the company. The details are as follows;

Unit: Baht

Description	Value
Business value of Chokdee Dimsum Company Limited by Earnings-Based Approach as of December 31, 2021	198,291,752
<u>Less</u> Interest-Bearing Debt of Chokdee Dimsum Company Limited as of December 31, 2021	44,000,000
<u>Add</u> Other Current Financial Assets as of December 31, 2021	2,109,037
Equity value of Chokdee Dimsum Company Limited by Earnings-Based Approach as of December 31, 2021	156,400,789

6.3 Value Conclusion

The valuation of business value by the Assets-Based Approach and Earnings-Based Approach are summarized in the following table;

Description	Value (Baht)
Assets-Based Approach	243,344,570
Earnings-Based Approach	198,291,752

In reaching a conclusion regarding the strengths and weaknesses of the two approaches in the business valuation of Chokdee Dimsum. According to Chokdee Dimsum current business operation, Chokdee Dimsum's business value should be considered by Earnings-Based Approach. Earnings-Based Approach valuation is an appropriate methodology based on the fact that the value of the company is realized not only from its current operation, but also its future potential earnings. From our projection, the business value is shown positive for its future operation deriving at the value of 198,291,752 Baht.

In addition, the business of Chokdee Dimsum is operated under leased property with central kitchen, therefore, the market value of assets, under Asset-Based Approach, in the financial statement might not fully reflect the value of the company.

Based on the reasons mentioned above, we have summarized the business valuation of Chokdee Dimsum Corporation Company Limited by applying the Earnings-based approach as of December 31, 2021 as follows;

Approaches	Business value (Baht)
Earnings-Based Approach	198,291,752

7. FINAL VALUE ESTIMATION

As documented in the enclosed report, we conclude our opinion of value for Chokdee Dimsum Corporation Company Limited's business value as of December 31, 2021 subject to the attached statement of assumptions and limiting conditions, the final market value of Chokdee Dimsum Corporation Company Limited's business is concluded at:

Description	Value (Baht)
Business Value of Chokdee Dimsum Corporation Company Limited	198,291,752 (One Hundred Ninety-Eight Million, Two Hundred Ninety-One Thousand Seven Hundred Fifty-Two Baht)

Remarks: The reader is referenced to the other extraordinary assumptions and limiting conditions presented. The alteration of any items noted may provide for an adjustment in the value conclusion contained herein.

The reader is referenced to the other extraordinary assumptions and limiting conditions presented. The alteration of any items noted may provide for an adjustment in the value conclusion contained herein

(Ms. Thayika Hayrabut)
Consultant / Valuer

(Mr. Paniti Thavee)
Manager / Valuer

(Mr. Pairat Monthapan)
Managing Director
Principal Valuer – Certify Chartered No.091

ADDENDA

ADDENDA A
Discount Rate Calculation

DISCOUNT RATE CALCULATION

The discount rate applied is WACC, which is the weighted average, based on market values, of the costs of debt and equity employed which is the expected rate of return that the market requires in order to attract funds to a particular investment. The average WACC is derived from the weighted average between debt and equity.

Weighted average cost of capital (WACC)

For supporting purpose, WACC methodology as set out below is also calculated to be base rate for discount rate of intangible assets.

$$WACC = K_e * (E/(D+E)) + K_d * (1-T) * (D/(D+E))$$

where K_e =cost of equity; E =market value of equity; K_d =cost of debt; D =Interest-bearing liabilities; t =corporate taxation rate.

We have used a Capital Asset Pricing Model (CAPM) to determine an appropriate cost of equity.

The adjusted CAPM formula for the cost of equity is as follows:

$$\text{Cost of equity (} K_e \text{)} = R_f + \beta (\text{equity risk premium}) + \text{premium (if any)}$$

where R_f = risk free rate, β = beta factor for the company

For Chokdee Dimsum

WACC	%
Cost of debt:	
Cost of debt (K_d) ^a	5.31%
Average tax rate	20.00%
After tax cost of debt	4.24%
Cost of equity:	
Beta (B) ^b	0.97
Risk free rate of return (R_f) ^c	1.90%
Equity risk premium ^d	5.82%
Cost of equity	7.55%
Capital structure^e:	
Debt	33.16%
Equity	66.84%
Total capital structure	100.00%
WACC	6.45%
External risk (premium to WACC)	2.00%
Discount rate	8.45%

Sources: Management's Information and 15 Business Advisory Limited's analysis

Note: ^a MLR of 4 major commercial banks of Thailand as at 30 December 2021

^b Stock Exchange of Thailand as at 30 December 2021

^c Risk free rate is from government bond 10 years as at 30 December 2021

^d Equity risk premium from Professor Aswath Damodaran

^e Financial statement of Chokdee Dimsum as at December 31, 2021

Peer Companies Beta

The concept beta is central to the CAPM given that beta risk is the only company specific risk that is priced into investor required rates of return. The selected comparable companies are shown below;

- **S&P Syndicate Public Company Limited**

S&P Syndicate Public Company Limited operates business related to food in Thailand and foreign countries. Domestic operations include restaurants, bakery shops, coffee shops, delivery, trading and OEM of food and bakery, and catering. For international presence, the company owns restaurants in England, Switzerland, Singapore, and Cambodia.

- **Zen Corporation Group Public Company Limited**

Zen Corporation Group Public Company Limited is a holding company, owning shares of companies operating in restaurant and franchise businesses. There are 7 Japanese restaurant brands and 6 Thai restaurant brands under the operations of the company.

- **MK Restaurant Group Public Company Limited**

MK Restaurant Group Public Company Limited operates restaurant businesses, including hotpot restaurants, Japanese restaurants, Thai restaurants, grab and go, coffee shop and bakery, beverage and dessert, and delivery and catering. Some of the company well-known brands are MK Suki, Yayoi, and Laem Charoen.

Selected Companies (As of 31 December 2020)							
Company	Ticker	Country	Wd	We	Debt / MKTcap	Beta	Unlevered Beta
S&P Syndicate Public Company Limited	SNP	Thailand	34.13%	65.87%	0.17	0.73	0.64
Zen Corporation Group Public Company Limited	ZEN	Thailand	42.39%	57.61%	0.24	0.79	0.66
MK Restaurant Group Public Company Limited	M	Thailand	19.54%	80.46%	0.07	0.82	0.78
Average					0.16		0.70

Source: Stock Exchange of Thailand, and 15 Business Advisory Limited's Analysis