

(Translation)

Opinion of the Independent Financial Advisor

on the Connected Transaction

(Disposal of All Ordinary Shares in TNLX Company Limited, a Subsidiary)

of



Thanulux Public Company Limited

Prepared by



Advisory Plus Company Limited

March 18, 2024

Table of Contents

Executive Summary		8
1. Characteristics and details of the transaction		16
1.1. General characteristics of the transaction.....		16
1.2. Date of the transaction.....		23
1.3. Relevant parties and their relationship		24
1.4. Details of the assets being disposed of		26
1.5. Total value of consideration, payment for consideration and basis for determination of value of consideration		30
1.6. Calculation of transaction size		31
1.7. Conditions for the transaction.....		37
1.8. Agreements relating to the transaction		37
1.9. Timeline for the transaction.....		38
1.10. Plan for use of funds obtained from the asset disposal		39
2. Opinion of the Independent Financial Advisor on reasonableness of the connected transaction		40
2.1. Objective and necessity of the transaction		40
2.2. Comparison of advantages and disadvantages of the transaction		43
2.2.1. Advantages and benefits of the transaction		43
2.2.2. Disadvantages and risks of the transaction.....		46
2.2.3. Advantages and benefits of not entering into the transaction		49
2.2.4. Disadvantages and risks of not entering into the transaction		49
2.3. Comparison of advantages/benefits and disadvantages/risks between entering into the transaction with the connected persons and the transaction with a third party.....		50
2.3.1. Advantages/benefits of entering into the transaction with the connected persons		50
2.3.2. Disadvantages/risks of entering into the transaction with the connected persons.....		50
2.3.3. Advantages/benefits of entering into the transaction with a third party		51
2.3.4. Disadvantages/risks of entering into the transaction with a third party.....		51

3.	Opinion of the Independent Financial Advisor on appropriateness of value of the assets being disposed of and conditions for the connected transaction	52
3.1.	Fair value appraisal of the ordinary shares	52
3.1.1.	Book Value Approach.....	53
3.1.2.	Adjusted Book Value Approach.....	53
3.1.3.	Market Comparable Approach.....	56
3.1.4.	Market Value Approach.....	62
3.1.5.	Discounted Cash Flow Approach	62
3.2.	Assessment of appropriateness of conditions for the transaction.....	73
4.	Conclusion of opinion of the Independent Financial Advisor.....	74

Attachment 1 Details of Property Appraisal of TNLX Co., Ltd.

Attachment 2 Summary of Terms and Conditions of the Share Sale and Purchase Agreement of TNLX Co., Ltd.

Definitions

The Company or TNL	Thanulux Plc.
TNLX	TNLX Co., Ltd.
Purchasers	(1) I.C.C. International Plc. (2) I.D.F. Co., Ltd. (3) BSC So In Co., Ltd. (4) Saha Pathana Inter-Holding Plc.
ICC	I.C.C. International Plc.
IDF	I.D.F. Co., Ltd.
BSC	BSC So In Co., Ltd.
SPI	Saha Pathana Inter-Holding Plc.
Chokwatana	Chokwatana Co., Ltd.
TRH	Treasure Hill Co., Ltd.
SPR	Saha Pathana Real Estate Co., Ltd.
ONE	Oxygen 1 Co., Ltd.
OSI	Osoth Inter Laboratories Co., Ltd.
S&J	S&J International Enterprises Plc.
SAP	S. Apparel Co., Ltd.
CBW	Celebrate Wealth Co., Ltd.
TNLA	TNL Alliance Co., Ltd.
OXA	Oxygen Asset Co., Ltd.
OAM	Oxygen Asset Management Co., Ltd.
BTS	BTS Group Holdings Plc.
TNLX Share Disposal Transaction	Disposal of all 6,000,000 ordinary shares with a par value of Baht 100.00 per share in TNLX Co., Ltd. ("TNLX"), a subsidiary of the Company engaging in textile and apparel business, representing 100.00% of the registered and paid-up capital, at the offering price of Baht 111.65 per share totaling Baht 669,900,000.00 (or Baht 669.90 million), which is equal to TNLX's business value, including its net debt, to four purchasers as follows: (1) I.C.C. International Plc., which is a connected person of the Company, in the amount of 4,200,000 shares, representing 70.00% of the registered and paid-

up capital, totaling Baht 468,930,000.00 (or Baht 468.93 million);

- (2) I.D.F. Co., Ltd., which is not a connected person of the Company, in the amount of 660,000 shares, representing 11.00% of the registered and paid-up capital, totaling Baht 73,689,000.00 (or Baht 73.69 million);
- (3) BSC So In Co., Ltd., which is a connected person of the Company, in the amount of 600,000 shares, representing 10.00% of the registered and paid-up capital, totaling Baht 66,990,000.00 (or Baht 66.99 million); and
- (4) Saha Pathana Inter-Holding Plc., which is a connected person of the Company, in the amount of 540,000 shares, representing 9.00% of the registered and paid-up capital, totaling Baht 60,291,000.00 (or Baht 60.29 million)

After completion of the disposal of the entire investment in TNLX, the Company will no longer hold any shares in TNLX and TNLX will cease to be its subsidiary.

SIMS or Independent Valuer	Sims Property Consultants Co., Ltd.
IFA	Advisory Plus Co., Ltd.
SET	Stock Exchange of Thailand
SEC	Office of the Securities and Exchange Commission
Notifications on Acquisition or Disposal	The Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, dated August 31, 2008 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547, dated October 29, 2004 (as amended)
Notifications on Connected Transactions	The Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Entering into Connected Transactions, dated August 31, 2008 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546, dated November 19, 2003 (as amended)

- TRANSLATION -

The English Translation of the Independent Financial Advisor's Opinion has been prepared solely for the convenience of foreign shareholders of Thanulux Public Company Limited and should not be relied upon as the definitive and official document. The Thai language version of the Independent Financial Advisor's Opinion is the definitive and official document and shall prevail in all aspects in the event of any inconsistency with this English Translation.

AP. 011/2567

March 18, 2024

To The Board of Directors and Shareholders
Thanulux Plc.

Subject Opinion of the Independent Financial Advisor on the connected transaction

Textile and apparel industry has been threatened by stiffer competition, triggered by labor shortage and higher wage rates in Thailand than those of rival countries in the region. Moreover, Thanulux Plc. ("the Company" or "TNL") has over the past 2-3 years been hit by the spread of coronavirus disease 2019 ("COVID-19"), which has continually developed several variants and posed a crucial risk to the overall economic condition. Amid this crisis, the Company had to temporarily ceased the production at its Kabin Buri and Lamphun branches during June-August 2020. As well, its two subsidiaries, (1) Celebrate Wealth Co., Ltd. ("CBW"), an apparel subcontractor and distributor, and (2) S. Apparel Co., Ltd. ("SAP"), an apparel distributor, had been affected by such situation and finally had to cease operation in 2020. Then in 2023, CBW registered company dissolution with the Department of Business Development and completely made capital repayment to its shareholders on August 25, 2023, while SAP will further register company dissolution.

In view of the lowered profitability of textile business, the Company explored the investment opportunity in new assets and/or businesses with the potential to sustainably grow its revenues and profit in place of textile business, which used to deliver a healthy profit to the Company. Thus, in late 2022, the Company invested in new businesses of secured lending, NPLs and NPAs management, and real estate development for sale (collectively called "Other Businesses") and underwent a shareholding restructuring with the entrance of BTS Group Holdings Plc. ("BTS") as its major shareholder along with Saha Pathana Inter-Holding Plc. ("SPI").

In 2023, the Company continued with the business restructuring plan by making a partial business transfer (PBT), i.e. transfer of textile business, to TNLX Co., Ltd. (“TNLX”), its subsidiary, with effect on July 1, 2023. As a consequence, the Company has switched from operating the core business in textile and apparel to becoming a holding company. Under this new business structure, the Company operates business through investment in subsidiaries which have engaged in four main businesses: (1) textile and apparel business operated by TNLX; (2) secured lending business by Oxygen Asset Co., Ltd. (“OXA”); (3) NPLs and NPAs management business by Oxygen Asset Management Co., Ltd. (“OAM”) (businesses in (2) and (3) collectively called “Financial Business”); and (4) real estate development for sale business by TNL Alliance Co., Ltd. (“TNLA”). Subsequent to such business restructuring in the form of PBT, the Company will record revenues from dividend income from investments in subsidiaries and other companies, interest income, rental income from leasing of properties, and other income in its separate financial statements.

2023 was the first fiscal year that the Company began to recognize its operating results from Other Businesses managed through its three subsidiaries for a full year from the beginning of the year. Revenues from Other Businesses may not be as high as those from textile business since Other Businesses generate revenues partly from Financial Business, whose revenue is from interest income, and partly from real estate development for sale business, which is still under project development and, thus, has not yet recognized any revenues from sales. However, Other Businesses could deliver a high net profit for the Company, with a net profit of Baht 513.38 million recorded in its consolidated financial statements for 2023. Of such net profit, 92% was contributed by Other Businesses from the performance of OXA, OAM and TNLA and 8%¹ by textile business from the performance of TNLX. From such high returns delivered by Other Businesses, the Company could record dramatic net profit growth in its consolidated financial statements for 2023, with the net profit jumping by Baht 411.52 million from Baht 101.86 million in 2022 to Baht 513.38 million in 2023.

Striving to nurture consistent growth and healthy returns for its shareholders in the long term, the Company views that textile business has been plagued by intense competition, risk of market uncertainties both at home and overseas, and geopolitical conflicts, and, therefore, is less likely to generate a good profit for the Company as in the past. Moreover, as a midstream producer selling its products primarily through sales agents for further market-making with consumers, the Company is unable to freely determine the selling prices in order to maintain its profitability in time of stiff competition and economic slowdown, as evident from the shrinkage in returns from textile business over the past several years. In light of these constraints, the Company deems that by disposing of its investment in TNLX, which operates textile business that has

¹ Net profit from textile business in 2023 was the sum of net profit under the Company's operation in January-June 2023 and net profit under TNLX's operation in July-December 2023, including other revenues unrelated to textile business but excluding non-recurring income.

generated a lowered return during the past several years and incurred a loss in some years, the Company will be able to mitigate business risk and improve its overall performance.

Therefore, the Board of Directors' Meeting of Thanulux Plc. ("**the Company**" or "**TNL**") No. 2/2024 on February 26, 2024 resolved to propose the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, to consider granting approval for the Company to dispose of all 6,000,000 ordinary shares in TNLX Co., Ltd. ("**TNLX**"), representing 100.00% of the registered and paid-up capital, at the offering price of Baht 111.65 per share totaling Baht 669,900,000.00 (or Baht 669.90 million), which is equal to TNLX's business value, including its net debt, to four purchasers as follows:

- (1) I.C.C. International Plc. ("**ICC**"), which is a connected person of the Company, in the amount of 4,200,000 shares, representing 70.00% of the registered and paid-up capital, totaling Baht 468,930,000.00 (or Baht 468.93 million);
- (2) I.D.F. Co., Ltd. ("**IDF**"), which is not a connected person of the Company, in the amount of 660,000 shares, representing 11.00% of the registered and paid-up capital, totaling Baht 73,689,000.00 (or Baht 73.69 million);
- (3) BSC So In Co., Ltd. ("**BSC**"), which is a connected person of the Company, in the amount of 600,000 shares, representing 10.00% of the registered and paid-up capital, totaling Baht 66,990,000.00 (or Baht 66.99 million); and
- (4) Saha Pathana Inter-Holding Plc. ("**SPI**"), which is a connected person of the Company, in the amount of 540,000 shares, representing 9.00% of the registered and paid-up capital, totaling Baht 60,291,000.00 (or Baht 60.29 million).

The objective is to structure the business in a clear and sustainable manner, with a focus on driving growth through financial business and related businesses that can support each other under the Company's strategy. After completion of the disposal of the ordinary shares in TNLX, the Company will no longer hold any shares in TNLX and TNLX will cease to be its subsidiary. (The transaction is referred to as "**TNLX Share Disposal Transaction.**")

TNLX Share Disposal Transaction is regarded as a disposal of assets pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, dated August 31, 2008 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547, dated October 29, 2004 (as amended) (collectively called "**Notifications on Acquisition or Disposal**"). The transaction has a maximum size of 6.27%, calculated under the net tangible assets ("**NTA**") basis according to the audited financial statements for the year ended December 31, 2023. When combined with value of another asset

disposal transaction² approved on the same occasion at the Board of Directors' Meeting No. 2/2024 on February 26, 2024 and three other asset disposal transactions³ occurring in the past six-month period, the total transaction size is equal to 9.14% under the NTA basis, from which the maximum transaction value is obtained. Therefore, the size of this transaction is less than 15.00% and the Company is thereby not required to comply with the Notifications on Acquisition or Disposal.

However, TNLX Share Disposal Transaction will result in TNLX ceasing to be the Company's subsidiary. As such, the Company is obligated to prepare and disclose information on the asset disposal transaction to the Stock Exchange of Thailand ("SET") under the SET's Notification on Rules, Conditions and Procedures for Disclosure of Information and Other Acts of Listed Companies B.E. 2560.

In addition, the disposal of shares in TNLX to ICC, BSC and SPI constitutes a connected transaction⁴ according to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Entering into Connected Transactions, dated August 31, 2008 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546, dated November 19, 2003 (as amended) (collectively called "**Notifications on Connected Transactions**"). This is because ICC and the Company have a mutual major shareholder, i.e. SPI which holds shares in the Company in the amount of 42.19% of the Company's issued and paid-up capital (data as of December 28, 2023) and holds shares in ICC in the amount of 24.81% of ICC's issued and paid-up capital (data as of February 26, 2024). Moreover, BSC has its major shareholder serve as the Company's director, i.e. Mr. Thamarat Chokwatana who (including

² The Board of Directors' Meeting of the Company No. 2/2024 on February 26, 2024 resolved to approve the disposal of ordinary shares in Saha Pathana Inter-Holding Plc. ("**SPI**") to Chokwatana Co., Ltd. ("**Chokwatana**"), which is not a connected person of the Company, in the amount of 3,500,000 shares at a price of Baht 69.65 per share, totaling Baht 243.78 million, representing 0.61% of SPI's registered and paid-up capital.

³ The Board of Directors' Meeting of the Company No. 8/2023 on August 11, 2023 resolved to approve (1) the disposal of investment in ordinary shares in Treasure Hill Co., Ltd. ("**TRH**") to Saha Pathana Real Estate Co., Ltd. ("**SPR**"), which is a connected person of the Company, in the amount of 120,000 shares at a price of Baht 100.00 per share, totaling Baht 12.00 million, representing 6.00% of TRH's registered and paid-up capital; and (2) the disposal of land belonging to Oxygen 1 Co., Ltd. ("**ONE**"), an indirect subsidiary, to a non-connected person, at a price of Baht 250.00 million.

Moreover, on December 18, 2023, the Company's CEO approved the disposal of investment in ordinary shares in Osoth Inter Laboratories Co., Ltd. ("**OSI**") to S&J International Enterprises Plc. ("**S&J**"), which is a connected person of the Company, in the amount of 8,932 shares at a price of Baht 100.00 per share, totaling Baht 0.89 million, representing 0.13% of OSI's registered and paid-up capital.

⁴ The disposal of TNLX shares to IDF does not constitute a connected transaction under the Notifications on Connected Transactions since IDF is not a connected person of the Company.

his related persons) holds shares in BSC in the amount of 14.00%⁵ of BSC's issued and paid-up capital (data as of August 3, 2023); and SPI is the Company's major shareholder, holding 42.19% of the Company's issued and paid-up capital (data as of December 28, 2023). The details are provided in Item 1.3.2. In view of size of the connected transaction in the category of assets and services-related transaction under the Notifications on Connected Transactions, it is found that the connected transactions by the Company with ICC, BSC and SPI have a size equal to 4.80%,⁶ 0.69%⁷ and 0.62%⁸ respectively of net tangible assets ("NTA") of the Company (its NTA as at December 31, 2023 amounted to Baht 9,763.30 million) according to the consolidated financial statements, audited by a certified public accountant, for the year ended December 31, 2023. In the past six-month period, the Company did not enter into any other connected transactions with ICC and BSC or their respective related persons. However, the Company entered into one connected transaction with SPI's related person,⁹ with transaction size equal to 0.13% of the Company's NTA, and will enter into one connected transaction with SPI that will be proposed for approval from the shareholders' meeting on the same occasion,¹⁰ with transaction size equal to 6.83% of the Company's NTA. Therefore, the total value of the connected transaction between the Company and SPI is equal to 7.58% of the Company's NTA.

⁵ Mr. Thamarat Chokwatana holds 800,000 shares in BSC, representing 8.00% of BSC's issued and paid-up capital, and his spouse and minor children together hold 600,000 shares or 6.00% of BSC's issued and paid-up capital.

⁶ Total value of consideration of the connected transaction with ICC is Baht 468.93 million.

⁷ Total value of consideration of the connected transaction with BSC is Baht 66.99 million.

⁸ Total value of consideration of the connected transaction with SPI is Baht 60.29 million.

⁹ The Board of Directors' Meeting of the Company No. 8/2023 on August 11, 2023 resolved to approve the disposal of investment in ordinary shares in Treasure Hill Co., Ltd. ("TRH") to Saha Pathana Real Estate Co., Ltd. ("SPR"), which is a connected person of the Company, in the amount of 120,000 shares at a price of Baht 100.00 per share, totaling Baht 12.00 million, representing 6.00% of TRH's registered and paid-up capital. The value of such connected transaction between the Company and SPR is equal to 0.13% of the Company's NTA as of June 30, 2023 (the Company's NTA as of June 30, 2023 amounted to Baht 9,548.06 million). Since SPR is a related person of SPI under the Notifications on Connected Transactions, such transaction with SPR must also be incorporated into the total size of connected transaction with SPI.

¹⁰ The Board of Directors' Meeting of the Company No. 3/2024 on March 12, 2024 resolved to propose the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, to consider and approve the purchase of ordinary shares in Oxygen Asset Co., Ltd. ("OXA") (in which the Company currently holds 90.00% of OXA's issued and paid-up shares), engaging in secured lending business, from SPI in the amount of 99,997 shares or 9.9997% of OXA's issued and paid-up shares at a price of Baht 1,000 per share, totaling Baht 99.997 million, and the repayment of outstanding loan provided by SPI to OXA according to the shareholding proportion as a funding source for loan provision by OXA, with the outstanding loan as at March 12, 2024 of Baht 567.10 million, making up a total value of Baht 667.097 million. The connected transaction between the Company and SPI has a size equal to 6.83% of the Company's NTA as at December 31, 2023 (the Company's NTA as at December 31, 2023 was Baht 9,763.30 million). (Please refer to the Information Memorandum on Acquisition of Assets in Oxygen Asset Co., Ltd. from Saha Pathana Inter-Holding Plc., which is a connected person of the Company, as per Enclosure

According to the Notifications on Connected Transactions, since the size of the connected transactions with ICC and SPI of 4.80% and 7.58% of the Company's NTA respectively is greater than 3.00% of the Company's NTA and its value also exceeds Baht 20.00 million, the Company is required to obtain approval from the Board of Directors and to prepare and disclose information on such asset disposal, which constitutes a connected transaction of the Company, to the SET pursuant to the Notifications on Connected Transactions, as well as to seek approval for such transaction from the shareholders' meeting, with affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest. The Company must also deliver a notice of the shareholders' meeting, accompanied by the independent financial advisor's opinion, to the shareholders at least 14 days ahead of the meeting date.

At the same time, according to the Notifications on Connected Transactions, the size of the connected transaction with BSC of 0.69% of the Company's NTA is greater in value than Baht 1.00 million but less than Baht 20.00 million, or higher than 0.03% but not exceeding 3.00% of the Company's NTA, whichever is higher. Therefore, the Company is required to obtain approval from the Board of Directors and to prepare and disclose information on such asset disposal, which constitutes a connected transaction of the Company, to the SET according to the Notifications on Connected Transactions, but is not required to seek approval from the shareholders' meeting. However, the Board of Directors' meeting of the Company viewed that such connected transaction is similar in nature to the connected transactions with ICC and SPI and, thus, deemed it appropriate to seek approval for all such connected transactions from the shareholders' meeting on the same occasion, with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest. The Company must also deliver a notice of the shareholders' meeting, accompanied by the independent financial advisor's opinion, to the shareholders at least 14 days ahead of the meeting date.

The Company already signed the share sale and purchase agreement with all four purchasers, namely ICC, IDF and BSC, on February 26, 2024 after the Board of Directors' Meeting No. 2/2024, and with SPI on February 29, 2024. It expects that TNLX Share Disposal Transaction will be completed by July 2024 after approval has been obtained from the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, and after all conditions precedent specified in the share sale and purchase agreement have been fulfilled or a waiver or renunciation of right has been given by the relevant contract parties and all acts have been performed to ensure a success in TNLX Share Disposal Transaction as specified in the share sale and purchase agreement.

5, and the opinion report of the financial advisor on the connected transaction (purchase of 9.9997% of shares in Oxygen Asset Co., Ltd.), as per Enclosure 8.)

In this respect, the Board of Directors' meeting of the Company resolved to propose the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, to consider and approve the aforementioned transactions. In the notice of the shareholders' meeting to be submitted to the shareholders, the Company must provide opinion from an independent financial advisor regarding (1) reasonableness of the transaction, (2) fairness of price and conditions for the transaction, (3) advantages and disadvantages of the transaction, advantages and disadvantages of not entering into the transaction, and advantages and disadvantages of entering into the transaction with the connected persons versus the transaction with a third party, and (4) recommendation as to whether the shareholders should vote for or against the transaction together with reasons. The Company has appointed Advisory Plus Co., Ltd. as the independent financial advisor ("IFA") to provide opinion to its shareholders.

In expressing our opinion on the connected transaction, we have studied and analyzed the information obtained from the Company's management such as minutes of the Board of Directors' Meeting of the Company No. 2/2024, held on February 26, 2024, information notified by the Company to the SET on February 26, 2024, consolidated financial statements of the Company, TNLX and other subsidiaries of the Company, audited by a certified public accountant, for the years ended December 31, 2021-2023, property appraisal reports of TNLX, the draft TNLX share sale and purchase agreement between the Company and ICC, IDF, BSC and SPI and other agreements relating to the transaction, and financial projection of TNLX and relevant assumptions, including information disclosed on websites of the SET and the SEC, other relevant information and documents obtained from the Company and TNLX, information obtained from interviews with the management of the Company and TNLX, and publicly available information.

The opinion expressed herein is based on the assumption that all information and documents obtained from the Company and TNLX and information derived from the interviews with the Company's and TNLX's management are true and correct. We have considered such information prudently and reasonably under professional standards. Our opinion is also given based on the economic condition and information known at the time of conducting this study only. If there is any significant change to these factors, it may affect our opinion provided herein. Moreover, this opinion report may not be used for any purposes other than the objective specified herein.

We hereby provide our opinion on the connected transaction to be executed by the Company as follows:

Executive Summary

Textile and apparel industry has been threatened by stiffer competition, triggered by labor shortage and higher wage rates in Thailand than those of rival countries in the region. Moreover, Thanulux Plc. (“the Company” or “TNL”) has over the past 2-3 years been hit by the spread of coronavirus disease 2019 (“COVID-19”), which has continually developed several variants and posed a crucial risk to the overall economic condition. Amid this crisis, the Company had to temporarily ceased the production at its Kabin Buri and Lamphun branches during June-August 2020. As well, its two subsidiaries, (1) Celebrate Wealth Co., Ltd. (“CBW”), an apparel subcontractor and distributor, and (2) S. Apparel Co., Ltd. (“SAP”), an apparel distributor, had been affected by such situation and finally had to cease operation in 2020. Then in 2023, CBW registered company dissolution with the Department of Business Development and completely made capital repayment to its shareholders on August 25, 2023, while SAP will further register company dissolution.

In view of the lowered profitability of textile business, the Company explored the investment opportunity in new assets and/or businesses with the potential to sustainably grow its revenues and profit in place of textile business, which used to deliver a healthy profit to the Company. Thus, in late 2022, the Company invested in new businesses of secured lending, NPLs and NPAs management, and real estate development for sale (collectively called “Other Businesses”) and underwent a shareholding restructuring with the entrance of BTS Group Holdings Plc. (“BTS”) as its major shareholder along with Saha Pathana Inter-Holding Plc. (“SPI”).

In 2023, the Company continued with the business restructuring plan by making a partial business transfer (PBT), i.e. transfer of textile business, to TNLX Co., Ltd. (“TNLX”), its subsidiary, with effect on July 1, 2023. As a consequence, the Company has switched from operating the core business in textile and apparel to becoming a holding company. Under this new business structure, the Company operates business through investment in subsidiaries which have engaged in four main businesses: (1) textile and apparel business operated by TNLX; (2) secured lending business by Oxygen Asset Co., Ltd. (“OXA”); (3) NPLs and NPAs management business by Oxygen Asset Management Co., Ltd. (“OAM”) (businesses in (2) and (3) collectively called “Financial Business”); and (4) real estate development for sale business by TNL Alliance Co., Ltd. (“TNLA”). Subsequent to such business restructuring in the form of PBT, the Company will record revenues from dividend income from investments in subsidiaries and other companies, interest income, rental income from leasing of properties, and other income in its separate financial statements.

2023 was the first fiscal year that the Company began to recognize its operating results from Other Businesses managed through its three subsidiaries for a full year from the beginning of the year. Revenues from Other Businesses may not be as high as those from textile business since Other Businesses generate revenues partly from Financial Business, whose revenue is from interest income, and partly from real estate

development for sale business, which is still under project development and, thus, has not yet recognized any revenues from sales. However, Other Businesses could deliver a high net profit for the Company, with a net profit of Baht 513.38 million recorded in its consolidated financial statements for 2023. Of such net profit, 92% was contributed by Other Businesses from the performance of OXA, OAM and TNLA and 8%¹¹ by textile business from the performance of TNLX. From such high returns delivered by Other Businesses, the Company could record dramatic net profit growth in its consolidated financial statements for 2023, with the net profit jumping by Baht 411.52 million from Baht 101.86 million in 2022 to Baht 513.38 million in 2023.

Striving to nurture consistent growth and healthy returns for its shareholders in the long term, the Company views that textile business has been plagued by intense competition, risk of market uncertainties both at home and overseas, and geopolitical conflicts, and, therefore, is less likely to generate a good profit for the Company as in the past. Moreover, as a midstream producer selling its products primarily through sales agents for further market-making with consumers, the Company is unable to freely determine the selling prices in order to maintain its profitability in time of stiff competition and economic slowdown, as evident from the shrinkage in returns from textile business over the past several years. In light of these constraints, the Company deems that by disposing of its investment in TNLX, which operates textile business that has generated a lowered return during the past several years and incurred a loss in some years, the Company will be able to mitigate business risk and improve its overall performance.

Therefore, the Board of Directors' Meeting of Thanulux Plc. ("**the Company**" or "**TNL**") No. 2/2024 on February 26, 2024 resolved to propose the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, to consider granting approval for the Company to dispose of all 6,000,000 ordinary shares in TNLX Co., Ltd. ("**TNLX**"), which is the Company's subsidiary engaging in textile and apparel business, representing 100.00% of the registered and paid-up capital, at the offering price of Baht 111.65 per share totaling Baht 669,900,000.00 (or Baht 669.90 million), which is equal to TNLX's business value, including its net debt, to four purchasers as follows:

Name	No. of shares sold (shares)	Proportion of sale (%)	Sale and purchase price (Baht/share)	Total value of consideration (Baht)
(1) I.C.C. International Plc. ("ICC"), which is a connected person of the Company	4,200,000	70.00	111.65	468,930,000.00

¹¹ Net profit from textile business in 2023 was the sum of net profit under the Company's operation in January-June 2023 and net profit under TNLX's operation in July-December 2023, including other revenues unrelated to textile business but excluding non-recurring income.

Name	No. of shares sold (shares)	Proportion of sale (%)	Sale and purchase price (Baht/share)	Total value of consideration (Baht)
(2) I.D.F. Co., Ltd. ("IDF"), which is not a connected person of the Company	660,000	11.00	111.65	73,689,000.00
(3) BSC So In Co., Ltd. ("BSC"), which is a connected person of the Company	600,000	10.00	111.65	66,990,000.00
(4) Saha Pathana Inter-Holding Plc. ("SPI"), which is a connected person of the Company	540,000	9.00	111.65	60,291,000.00
Total	6,000,000	100.00	111.65	669,900,000.00

The objective is to structure the business in a clear and sustainable manner, with a focus on driving growth through financial business and related businesses that can support each other under the Company's strategy. After completion of the disposal of the ordinary shares in TNLX, the Company will no longer hold any shares in TNLX and TNLX will cease to be its subsidiary. (The transaction is referred to as "TNLX Share Disposal Transaction.")

TNLX Share Disposal Transaction is regarded as a disposal of assets pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, dated August 31, 2008 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547, dated October 29, 2004 (as amended) (collectively called "Notifications on Acquisition or Disposal"). The transaction has a maximum size of 6.27%, calculated under the net tangible assets ("NTA") basis according to the audited financial statements for the year ended December 31, 2023. When combined with value of another asset disposal transaction¹² approved on the same occasion at the Board of Directors' Meeting No. 2/2024 on February 26, 2024 and three other asset disposal transactions¹³ occurring in the past six-month period, the

¹² The Board of Directors' Meeting of the Company No. 2/2024 on February 26, 2024 resolved to approve the disposal of ordinary shares in Saha Pathana Inter-Holding Plc. ("SPI") to Chokwatana Co., Ltd. ("Chokwatana"), which is not a connected person of the Company, in the amount of 3,500,000 shares at a price of Baht 69.65 per share, totaling Baht 243.78 million, representing 0.61% of SPI's registered and paid-up capital.

¹³ The Board of Directors' Meeting of the Company No. 8/2023 on August 11, 2023 resolved to approve (1) the disposal of investment in ordinary shares in Treasure Hill Co., Ltd. ("TRH") to Saha Pathana Real Estate Co., Ltd. ("SPR"), which is a connected person of the Company, in the amount of 120,000 shares at a price of Baht 100.00 per share, totaling Baht 12.00 million, representing 6.00% of TRH's registered and paid-up capital; and (2) the disposal of land belonging to Oxygen 1 Co., Ltd. ("ONE"), an indirect subsidiary, to a non-connected person, at a price of Baht 250.00 million.

total transaction size is equal to 9.14% under the NTA basis, from which the maximum transaction value is obtained. Therefore, the size of this transaction is less than 15.00% and the Company is thereby not required to comply with the Notifications on Acquisition or Disposal.

However, TNLX Share Disposal Transaction will result in TNLX ceasing to be the Company's subsidiary. As such, the Company is obligated to prepare and disclose information on the asset disposal transaction to the Stock Exchange of Thailand ("SET") under the SET's Notification on Rules, Conditions and Procedures for Disclosure of Information and Other Acts of Listed Companies B.E. 2560.

In addition, the disposal of shares in TNLX to ICC, BSC and SPI constitutes a connected transaction¹⁴ according to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Entering into Connected Transactions, dated August 31, 2008 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546, dated November 19, 2003 (as amended) (collectively called "Notifications on Connected Transactions"). This is because ICC and the Company have a mutual major shareholder, i.e. SPI which holds shares in the Company in the amount of 42.19% of the Company's issued and paid-up capital (data as of December 28, 2023) and holds shares in ICC in the amount of 24.81% of ICC's issued and paid-up capital (data as of February 26, 2024). Moreover, BSC has its major shareholder serve as the Company's director, i.e. Mr. Thamarat Chokwatana who (including his related persons) holds shares in BSC in the amount of 14.00%¹⁵ of BSC's issued and paid-up capital (data as of August 3, 2023); and SPI is the Company's major shareholder, holding 42.19% of the Company's issued and paid-up capital (data as of December 28, 2023). The details are provided in Item 1.3.2. In view of size of the connected transaction in the category of assets and services-related transaction under the Notifications on Connected Transactions, it is found that the connected transactions by the Company with ICC, BSC and SPI have a size equal to 4.80%,¹⁶ 0.69%¹⁷ and 0.62%¹⁸ respectively of net tangible assets ("NTA") of the Company (its NTA as at December 31, 2023 amounted to Baht 9,763.30 million) according to the

Moreover, on December 18, 2023, the Company's CEO approved the disposal of investment in ordinary shares in Osoth Inter Laboratories Co., Ltd. ("OSI") to S&J International Enterprises Plc. ("S&J"), which is a connected person of the Company, in the amount of 8,932 shares at a price of Baht 100.00 per share, totaling Baht 0.89 million, representing 0.13% of OSI's registered and paid-up capital.

¹⁴ The disposal of TNLX shares to IDF does not constitute a connected transaction under the Notifications on Connected Transactions since IDF is not a connected person of the Company.

¹⁵ Mr. Thamarat Chokwatana holds 800,000 shares in BSC, representing 8.00% of BSC's issued and paid-up capital, and his spouse and minor children together hold 600,000 shares or 6.00% of BSC's issued and paid-up capital.

¹⁶ Total value of consideration of the connected transaction with ICC is Baht 468.93 million.

¹⁷ Total value of consideration of the connected transaction with BSC is Baht 66.99 million.

¹⁸ Total value of consideration of the connected transaction with SPI is Baht 60.29 million.

consolidated financial statements, audited by a certified public accountant, for the year ended December 31, 2023. In the past six-month period, the Company did not enter into any other connected transactions with ICC and BSC or their respective related persons. However, the Company entered into one connected transaction with SPI's related person,¹⁹ with transaction size equal to 0.13% of the Company's NTA, and will enter into one connected transaction with SPI that will be proposed for approval from the shareholders' meeting on the same occasion,²⁰ with transaction size equal to 6.83% of the Company's NTA. Therefore, the total value of the connected transaction between the Company and SPI is equal to 7.58% of the Company's NTA.

According to the Notifications on Connected Transactions, since the size of the connected transactions with ICC and SPI of 4.80% and 7.58% of the Company's NTA respectively is greater than 3.00% of the Company's NTA and its value also exceeds Baht 20.00 million, the Company is required to obtain approval from the Board of Directors and to prepare and disclose information on such asset disposal, which constitutes a connected transaction of the Company, to the SET pursuant to the Notifications on Connected Transactions, as well as to seek approval for such transaction from the shareholders' meeting, with affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest. The Company must also deliver a notice of the shareholders' meeting, accompanied by the independent financial advisor's opinion, to the shareholders at least 14 days ahead of the meeting date.

¹⁹ The Board of Directors' Meeting of the Company No. 8/2023 on August 11, 2023 resolved to approve the disposal of investment in ordinary shares in Treasure Hill Co., Ltd. ("TRH") to Saha Pathana Real Estate Co., Ltd. ("SPR"), which is a connected person of the Company, in the amount of 120,000 shares at a price of Baht 100.00 per share, totaling Baht 12.00 million, representing 6.00% of TRH's registered and paid-up capital. The value of such connected transaction between the Company and SPR is equal to 0.13% of the Company's NTA as of June 30, 2023 (the Company's NTA as of June 30, 2023 amounted to Baht 9,548.06 million). Since SPR is a related person of SPI under the Notifications on Connected Transactions, such transaction with SPR must also be incorporated into the total size of connected transaction with SPI.

²⁰ The Board of Directors' Meeting of the Company No. 3/2024 on March 12, 2024 resolved to propose the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, to consider and approve the purchase of ordinary shares in Oxygen Asset Co., Ltd. ("OXA") (in which the Company currently holds 90.00% of OXA's issued and paid-up shares), engaging in secured lending business, from SPI in the amount of 99,997 shares or 9.9997% of OXA's issued and paid-up shares at a price of Baht 1,000 per share, totaling Baht 99.997 million, and the repayment of outstanding loan provided by SPI to OXA according to the shareholding proportion as a funding source for loan provision by OXA, with the outstanding loan as at March 12, 2024 of Baht 567.10 million, making up a total value of Baht 667.097 million. The connected transaction between the Company and SPI has a size equal to 6.83% of the Company's NTA as at December 31, 2023 (the Company's NTA as at December 31, 2023 was Baht 9,763.30 million). (Please refer to the Information Memorandum on Acquisition of Assets in Oxygen Asset Co., Ltd. from Saha Pathana Inter-Holding Plc., which is a connected person of the Company, as per Enclosure 5, and the opinion report of the financial advisor on the connected transaction (purchase of 9.9997% of shares in Oxygen Asset Co., Ltd.), as per Enclosure 8.)

At the same time, according to the Notifications on Connected Transactions, the size of the connected transaction with BSC of 0.69% of the Company's NTA is greater in value than Baht 1.00 million but less than Baht 20.00 million, or higher than 0.03% but not exceeding 3.00% of the Company's NTA, whichever is higher. Therefore, the Company is required to obtain approval from the Board of Directors and to prepare and disclose information on such asset disposal, which constitutes a connected transaction of the Company, to the SET according to the Notifications on Connected Transactions, but is not required to seek approval from the shareholders' meeting. However, the Board of Directors' meeting of the Company viewed that such connected transaction is similar in nature to the connected transactions with ICC and SPI and, thus, deemed it appropriate to seek approval for all such connected transactions from the shareholders' meeting on the same occasion, with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest. The Company must also deliver a notice of the shareholders' meeting, accompanied by the independent financial advisor's opinion, to the shareholders at least 14 days ahead of the meeting date.

The Company already signed the share sale and purchase agreement with all four purchasers, namely ICC, IDF and BSC, on February 26, 2024 after the Board of Directors' Meeting No. 2/2024, and with SPI on February 29, 2024. It expects that TNLX Share Disposal Transaction will be completed by July 2024 after approval has been obtained from the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, and after all conditions precedent specified in the share sale and purchase agreement have been fulfilled or a waiver or renunciation of right has been given by the relevant contract parties and all acts have been performed to ensure a success in TNLX Share Disposal Transaction as specified in the share sale and purchase agreement.

The IFA is of the opinion that this transaction is reasonable and aligns with the objective to structure the business in a clear and sustainable manner, with a focus on driving growth through financial business and related businesses that can support each other under the Company's strategy. The transaction will have positive impacts on the Company as follows: (1) the Company can use the proceeds obtained from the disposal of TNLX shares to develop the remaining Financial Business and real estate development for sale business or invest in new businesses with growth prospect; (2) the Company can instantly recognize a profit from the disposal of all shares in TNLX; (3) this will result in lowered burden and greater flexibility in management of Textile Business; and (4) this can eliminate a conflict of interest that may arise from joint business operation between TNLX and the connected persons. However, the transaction also has the following disadvantages: (1) the Company will lose the share of profit from investment in TNLX, its subsidiary; (2) the Company will rely on the performance of Financial Business and real estate development for sale business, which are new businesses it has just invested in; and (3) diversification of business risk will decrease.

If the Company does not enter into the transaction, the advantages are that (1) it will still enjoy profit sharing from the investment in TNLX; and (2) it will not have to rely on the performance of Financial Business and real estate development for sale business, which are new businesses it has just invested in. Meanwhile, the disadvantages of not entering into the transaction are as follows: (1) the Company will not receive funds from the disposal of TNLX shares for use to develop the remaining Financial Business and real estate development for sale business or invest in new businesses with growth potentials; and (2) returns for the Company may not be worth cost of the allocation of its resources for the management of Textile Business.

Moreover, the disposal of shares in TNLX to ICC, BSC and SPI is deemed as a transaction entered into with the connected persons of the Company, as described in Item 1.3.2. Entering into such transaction with the connected persons is more likely to be successful than executing the transaction with a third party since the key trade partners of TNLX mostly are interrelated companies. It is less likely that there will be any third party interested in buying the investment in TNLX for further management. Besides, the transaction with the connected persons will enable all coordination to be made efficiently under the terms and conditions specified in the relevant agreements. At the same time, there is a disadvantage in that the Company will be subject to the duties arising from entering into the transaction with the connected persons pursuant to the Notifications on Connected Transactions.

On the other hand, if the Company enters into the transaction with a third party instead of its connected persons, it will not be subject to the duties required under the Notifications on Connected Transactions. Nonetheless, in terms of the disadvantages, the Company may be unable to find any third party who is interested in the transaction, or if otherwise, negotiation with such third party may be more difficult, which may result in the Company failing to achieve its established goal.

As regards the transaction price, we deem that the discounted cash flow approach is most suitable for use in the valuation of TNLX shares. By this approach, a fair value of shareholders' equity of TNLX is appraised in a range of Baht 586.62 million – Baht 735.66 million, representing a fair value of TNLX shares of Baht 97.77 - 122.61 per share (in the base case scenario, a fair value of shareholders' equity of TNLX is Baht 661.11 million, representing a fair value of TNLX shares of Baht 110.19 per share), which is (lower) higher than the sale and purchase value of TNLX shares under the sale and purchase agreement of Baht 669.90 million or Baht 111.65 per share by Baht (83.28) million – Baht 65.76 million or Baht (13.88) - 10.96 per share or by (12.43)% – 9.82%. This approach focuses on TNLX's future business operation and profitability based on present value of its future free cash flow as well as the overall economic and industrial trends.

In view of the appropriateness of the disposal of TNLX shares to ICC, BSC and SPI, which are the connected persons, and IDF, at the total sale and purchase price of Baht 669.90 million, we are of the opinion that such price is within the range of a fair value appraised herein at Baht 586.62 million – Baht 735.66 million, representing a fair value of TNLX shares of Baht 97.77 - 122.61 per share, and such offering price is higher

than the appraised fair value in the base case of Baht 661.11 million, representing a fair value of TNLX shares of Baht 110.19 per share. Therefore, we view that the disposal price for TNLX shares to ICC, BSC, SPI, which are the connected persons, and IDF of Baht 669.90 million is appropriate.

In determining the appropriateness of the conditions for the transaction, we view that the key terms and conditions in the TNLX share sale and purchase agreement between the Company and each of the four purchasers are not different from each other and are applicable to the sale and purchase agreement for ordinary shares in general. The key conditions precedent are as follows: (1) the Company's and the purchasers' representations and warranties must be true and correct in all respects as at the Closing Date; (2) as at the Closing Date, there must not be any incident or act that may cause a material adverse effect on TNLX or obstruct the entering into the transaction as specified in the Share Sale and Purchase Agreement; (3) the Board of Directors' meeting and/or the shareholders' meeting of the Company and the purchasers (as the case may be) approve TNLX Share Disposal Transaction and the execution of and compliance with the TNLX share sale and purchase agreement; (4) the Company must ensure that the purchasers receive a letter of resignation as the director in TNLX in the case where the purchasers express an intention to nominate new directors in TNLX in proportion to their respective shareholding after the Closing Date; and (5) the Company must be eligible for exemption from value added tax under Chapter 4, special business tax under Chapter 5, and stamp duty under Chapter 6 in category 2 of the Revenue Code according to the Royal Decree Issued under the Revenue Code Governing the Exemption from Revenue Taxes (No. 516) B.E. 2554, with respect to the partial business transfer. Accordingly, the conditions for this transaction are considered appropriate.

Based on the above reasons, we are of the opinion that TNLX Share Disposal Transaction, as described above, is reasonable and beneficial to the Company's shareholders. Thus, we recommend that the shareholders should approve the transaction.

However, the decision as to whether to approve or disapprove the transaction depends mainly on the shareholders' individual judgment. Since the persons having an interest shall not be entitled to cast votes on this agenda item, the voting on the transaction rests with all the remaining shareholders.

1. Characteristics and details of the transaction

1.1. General characteristics of the transaction

Textile and apparel industry has been threatened by stiffer competition, triggered by labor shortage and higher wage rates in Thailand than those of rival countries in the region. Moreover, Thanulux Plc. (“the Company” or “TNL”) has over the past 2-3 years been hit by the spread of coronavirus disease 2019 (“COVID-19”), which has continually developed several variants and posed a crucial risk to the overall economic condition. Amid this crisis, the Company had to temporarily ceased the production at its Kabin Buri and Lamphun branches during June-August 2020. As well, its two subsidiaries, (1) Celebrate Wealth Co., Ltd. (“CBW”), an apparel subcontractor and distributor, and (2) S. Apparel Co., Ltd. (“SAP”), an apparel distributor, had been affected by such situation and finally had to cease operation in 2020. Then in 2023, CBW registered company dissolution with the Department of Business Development and completely made capital repayment to its shareholders on August 25, 2023, while SAP will further register company dissolution.

In view of the lowered profitability of textile business, the Company explored the investment opportunity in new assets and/or businesses with the potential to sustainably grow its revenues and profit in place of textile business, which used to deliver a healthy profit to the Company. Thus, in late 2022, the Company invested in new businesses of secured lending, NPLs and NPAs management, and real estate development for sale (collectively called “Other Businesses”) and underwent a shareholding restructuring with the entrance of BTS Group Holdings Plc. (“BTS”) as its major shareholder along with Saha Pathana Inter-Holding Plc. (“SPI”).

In 2023, the Company continued with the business restructuring plan by making a partial business transfer (PBT), i.e. transfer of textile business, to TNLX Co., Ltd. (“TNLX”), its subsidiary, with effect on July 1, 2023. As a consequence, the Company has switched from operating the core business in textile and apparel to becoming a holding company. Under this new business structure, the Company operates business through investment in subsidiaries which have engaged in four main businesses: (1) textile and apparel business operated by TNLX; (2) secured lending business by Oxygen Asset Co., Ltd. (“OXA”); (3) NPLs and NPAs management business by Oxygen Asset Management Co., Ltd. (“OAM”) (businesses in (2) and (3) collectively called “Financial Business”); and (4) real estate development for sale business by TNL Alliance Co., Ltd. (“TNLA”). Subsequent to such business restructuring in the form of PBT, the Company will record revenues from dividend income from investments in subsidiaries and other companies, interest income, rental income from leasing of properties, and other income in its separate financial statements.

2023 was the first fiscal year that the Company began to recognize its operating results from Other Businesses managed through its three subsidiaries for a full year from the beginning of the year. Revenues from Other Businesses may not be as high as those from textile business since Other Businesses generate

revenues partly from Financial Business, whose revenue is from interest income, and partly from real estate development for sale business, which is still under project development and, thus, has not yet recognized any revenues from sales. However, Other Businesses could deliver a high net profit for the Company, with a net profit of Baht 513.38 million recorded in its consolidated financial statements for 2023. Of such net profit, 92% was contributed by Other Businesses from the performance of OXA, OAM and TNLA and 8%²¹ by textile business from the performance of TNLX. From such high returns delivered by Other Businesses, the Company could record dramatic net profit growth in its consolidated financial statements for 2023, with the net profit jumping by Baht 411.52 million from Baht 101.86 million in 2022 to Baht 513.38 million in 2023.

Striving to nurture consistent growth and healthy returns for its shareholders in the long term, the Company views that textile business has been plagued by intense competition, risk of market uncertainties both at home and overseas, and geopolitical conflicts, and, therefore, is less likely to generate a good profit for the Company as in the past. Moreover, as a midstream producer selling its products primarily through sales agents for further market-making with consumers, the Company is unable to freely determine the selling prices in order to maintain its profitability in time of stiff competition and economic slowdown, as evident from the shrinkage in returns from textile business over the past several years. In light of these constraints, the Company deems that by disposing of its investment in TNLX, which operates textile business that has generated a lowered return during the past several years and incurred a loss in some years, the Company will be able to mitigate business risk and improve its overall performance.

Therefore, the Board of Directors' Meeting of Thanulux Plc. ("**the Company**" or "**TNL**") No. 2/2024 on February 26, 2024 resolved to propose the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, to consider granting approval for the Company to dispose of all 6,000,000 ordinary shares in TNLX Co., Ltd. ("**TNLX**"), representing 100.00% of the registered and paid-up capital, at the offering price of Baht 111.65 per share totaling Baht 669,900,000.00 (or Baht 669.90 million), which is equal to TNLX's business value, including its net debt, to four purchasers as follows:

- (1) I.C.C. International Plc. ("**ICC**"), which is a connected person of the Company, in the amount of 4,200,000 shares, representing 70.00% of the registered and paid-up capital, totaling Baht 468,930,000.00 (or Baht 468.93 million);
- (2) I.D.F. Co., Ltd. ("**IDF**"), which is not a connected person of the Company, in the amount of 660,000 shares, representing 11.00% of the registered and paid-up capital, totaling Baht 73,689,000.00 (or Baht 73.69 million);

²¹ Net profit from textile business in 2023 was the sum of net profit under the Company's operation in January-June 2023 and net profit under TNLX's operation in July-December 2023, including other revenues unrelated to textile business but excluding non-recurring income.

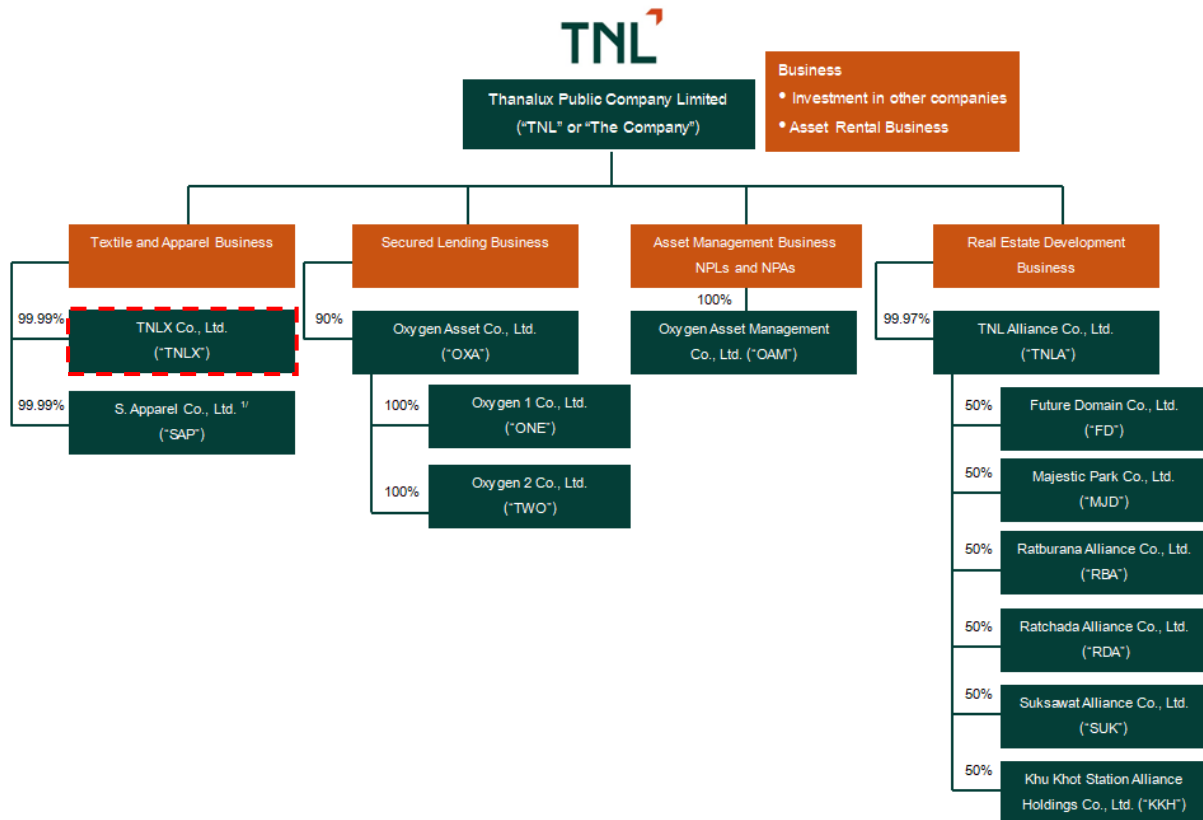
- (3) BSC So In Co., Ltd. (“BSC”), which is a connected person of the Company, in the amount of 600,000 shares, representing 10.00% of the registered and paid-up capital, totaling Baht 66,990,000.00 (or Baht 66.99 million); and
- (4) Saha Pathana Inter-Holding Plc. (“SPI”), which is a connected person of the Company, in the amount of 540,000 shares, representing 9.00% of the registered and paid-up capital, totaling Baht 60,291,000.00 (or Baht 60.29 million).

The objective is to structure the business in a clear and sustainable manner, with a focus on driving growth through financial business and related businesses that can support each other under the Company's strategy. After completion of the disposal of the ordinary shares in TNLX, the Company will no longer hold any shares in TNLX and TNLX will cease to be its subsidiary. (The transaction is referred to as “TNLX Share Disposal Transaction.”)

Furthermore, after completion of TNLX Share Disposal Transaction, the Company's revenue structure will change, with the textile and apparel business no longer being its primary income source. To align with its changing revenue structure, the Company will have to review the industry group and business sector into which it is classified by moving from the current consumer products industry, fashion sector, to the industry and sector that fits with its future core business.

Given that the Company successfully enters into TNLX Share Disposal Transaction, its shareholding structure before and after the transaction will be as follows:

Shareholding structure before entering into the transaction

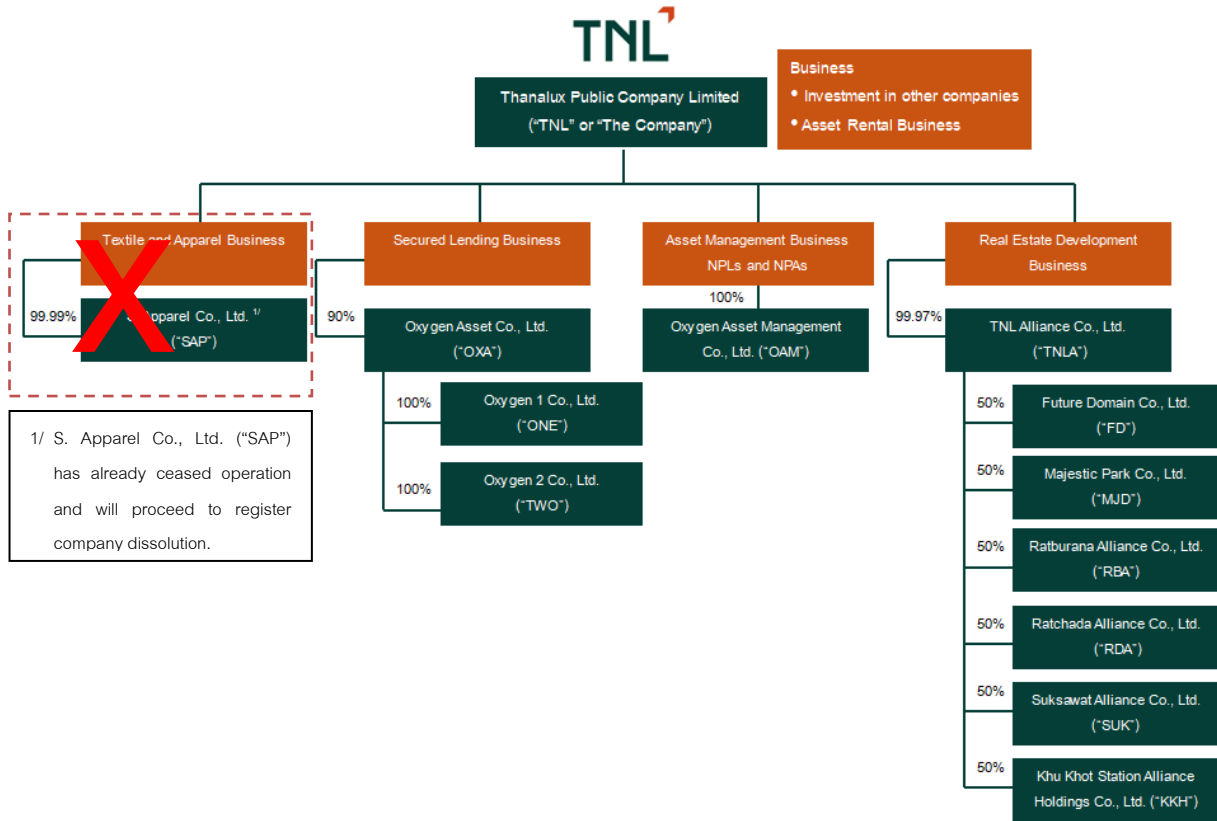


Source: The Company

Remark:

- 1/ TNLX has accepted a partial business transfer (PBT) of the textile and apparel business from the Company, taking effect on July 1, 2023.
- 2/ S. Apparel Co., Ltd. ("SAP") has already ceased operation and will proceed to register company dissolution.

Shareholding structure after entering into the transaction



Source: The Company

TNLX Share Disposal Transaction is regarded as a disposal of assets pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, dated August 31, 2008 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets B.E. 2547, dated October 29, 2004 (as amended) (collectively called “**Notifications on Acquisition or Disposal**”). The transaction has a maximum size of 6.27%, calculated under the net tangible assets (“NTA”) basis according to the audited financial statements for the year ended December 31, 2023. When combined with value of another asset disposal transaction²² approved on the same occasion at the Board of Directors’ Meeting No. 2/2024 on February 26, 2024 and three other asset disposal transactions²³ occurring in the past six-month period, the total transaction size is equal to 9.14% under the NTA basis, from which the maximum transaction value is obtained. Therefore, the size of this transaction is less than 15.00% and the Company is thereby not required to comply with the Notifications on Acquisition or Disposal.

However, TNLX Share Disposal Transaction will result in TNLX ceasing to be the Company’s subsidiary. As such, the Company is obligated to prepare and disclose information on the asset disposal transaction to the Stock Exchange of Thailand (“SET”) under the SET’s Notification on Rules, Conditions and Procedures for Disclosure of Information and Other Acts of Listed Companies B.E. 2560.

In addition, the disposal of shares in TNLX to ICC, BSC and SPI constitutes a connected transaction²⁴ according to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Entering into Connected Transactions, dated August 31, 2008 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of

²² The Board of Directors’ Meeting of the Company No. 2/2024 on February 26, 2024 resolved to approve the disposal of ordinary shares in Saha Pathana Inter-Holding Plc. (“SPI”) to Chokwatana Co., Ltd. (“Chokwatana”), which is not a connected person of the Company, in the amount of 3,500,000 shares at a price of Baht 69.65 per share, totaling Baht 243.78 million, representing 0.61% of SPI’s registered and paid-up capital.

²³ The Board of Directors’ Meeting of the Company No. 8/2023 on August 11, 2023 resolved to approve (1) the disposal of investment in ordinary shares in Treasure Hill Co., Ltd. (“TRH”) to Saha Pathana Real Estate Co., Ltd. (“SPR”), which is a connected person of the Company, in the amount of 120,000 shares at a price of Baht 100.00 per share, totaling Baht 12.00 million, representing 6.00% of TRH’s registered and paid-up capital; and (2) the disposal of land belonging to Oxygen 1 Co., Ltd. (“ONE”), an indirect subsidiary, to a non-connected person, at a price of Baht 250.00 million.

Moreover, on December 18, 2023, the Company’s CEO approved the disposal of investment in ordinary shares in Osoth Inter Laboratories Co., Ltd. (“OSI”) to S&J International Enterprises Plc. (“S&J”), which is a connected person of the Company, in the amount of 8,932 shares at a price of Baht 100.00 per share, totaling Baht 0.89 million, representing 0.13% of OSI’s registered and paid-up capital.

²⁴ The disposal of TNLX shares to IDF does not constitute a connected transaction under the Notifications on Connected Transactions since IDF is not a connected person of the Company.

Listed Companies Concerning the Connected Transactions B.E. 2546, dated November 19, 2003 (as amended) (collectively called “**Notifications on Connected Transactions**”). This is because ICC and the Company have a mutual major shareholder, i.e. SPI which holds shares in the Company in the amount of 42.19% of the Company’s issued and paid-up capital (data as of December 28, 2023) and holds shares in ICC in the amount of 24.81% of ICC’s issued and paid-up capital (data as of February 26, 2024). Moreover, BSC has its major shareholder serve as the Company’s director, i.e. Mr. Thamarat Chokwatana who (including his related persons) holds shares in BSC in the amount of 14.00%²⁵ of BSC’s issued and paid-up capital (data as of August 3, 2023); and SPI is the Company’s major shareholder, holding 42.19% of the Company’s issued and paid-up capital (data as of December 28, 2023). The details are provided in Item 1.3.2. In view of size of the connected transaction in the category of assets and services-related transaction under the Notifications on Connected Transactions, it is found that the connected transactions by the Company with ICC, BSC and SPI have a size equal to 4.80%,²⁶ 0.69%²⁷ and 0.62%²⁸ respectively of net tangible assets (“NTA”) of the Company (its NTA as at December 31, 2023 amounted to Baht 9,763.30 million) according to the consolidated financial statements, audited by a certified public accountant, for the year ended December 31, 2023. In the past six-month period, the Company did not enter into any other connected transactions with ICC and BSC or their respective related persons. However, the Company entered into one connected transaction with SPI’s related person,²⁹ with transaction size equal to 0.13% of the Company’s NTA, and will enter into one connected transaction with SPI that will be proposed for approval from the shareholders’ meeting on the same occasion,³⁰ with transaction size equal to 6.83% of the Company’s NTA. Therefore, the total value of the connected transaction between the Company and SPI is equal to 7.58% of the Company’s NTA.

²⁵ Mr. Thamarat Chokwatana holds 800,000 shares in BSC, representing 8.00% of BSC’s issued and paid-up capital, and his spouse and minor children together hold 600,000 shares or 6.00% of BSC’s issued and paid-up capital.

²⁶ Total value of consideration of the connected transaction with ICC is Baht 468.93 million.

²⁷ Total value of consideration of the connected transaction with BSC is Baht 66.99 million.

²⁸ Total value of consideration of the connected transaction with SPI is Baht 60.29 million.

²⁹ The Board of Directors’ Meeting of the Company No. 8/2023 on August 11, 2023 resolved to approve the disposal of investment in ordinary shares in Treasure Hill Co., Ltd. (“TRH”) to Saha Pathana Real Estate Co., Ltd. (“SPR”), which is a connected person of the Company, in the amount of 120,000 shares at a price of Baht 100.00 per share, totaling Baht 12.00 million, representing 6.00% of TRH’s registered and paid-up capital. The value of such connected transaction between the Company and SPR is equal to 0.13% of the Company’s NTA as of June 30, 2023 (the Company’s NTA as of June 30, 2023 amounted to Baht 9,548.06 million). Since SPR is a related person of SPI under the Notifications on Connected Transactions, such transaction with SPR must also be incorporated into the total size of connected transaction with SPI.

³⁰ The Board of Directors’ Meeting of the Company No. 3/2024 on March 12, 2024 resolved to propose the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, to consider and approve the purchase of ordinary shares in Oxygen Asset Co., Ltd. (“OXA”) (in which the Company currently holds 90.00% of OXA’s issued and paid-up shares), engaging in secured lending business, from SPI in the amount of 99,997 shares or 9.9997% of OXA’s issued and paid-up

According to the Notifications on Connected Transactions, since the size of the connected transactions with ICC and SPI of 4.80% and 7.58% of the Company's NTA respectively is greater than 3.00% of the Company's NTA and its value also exceeds Baht 20.00 million, the Company is required to obtain approval from the Board of Directors and to prepare and disclose information on such asset disposal, which constitutes a connected transaction of the Company, to the SET pursuant to the Notifications on Connected Transactions, as well as to seek approval for such transaction from the shareholders' meeting, with affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest. The Company must also deliver a notice of the shareholders' meeting, accompanied by the independent financial advisor's opinion, to the shareholders at least 14 days ahead of the meeting date.

At the same time, according to the Notifications on Connected Transactions, the size of the connected transaction with BSC of 0.69% of the Company's NTA is greater in value than Baht 1.00 million but less than Baht 20.00 million, or higher than 0.03% but not exceeding 3.00% of the Company's NTA, whichever is higher. Therefore, the Company is required to obtain approval from the Board of Directors and to prepare and disclose information on such asset disposal, which constitutes a connected transaction of the Company, to the SET according to the Notifications on Connected Transactions, but is not required to seek approval from the shareholders' meeting. However, the Board of Directors' meeting of the Company viewed that such connected transaction is similar in nature to the connected transactions with ICC and SPI and, thus, deemed it appropriate to seek approval for all such connected transactions from the shareholders' meeting on the same occasion, with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest. The Company must also deliver a notice of the shareholders' meeting, accompanied by the independent financial advisor's opinion, to the shareholders at least 14 days ahead of the meeting date.

1.2. Date of the transaction

shares at a price of Baht 1,000 per share, totaling Baht 99.997 million, and the repayment of outstanding loan provided by SPI to OXA according to the shareholding proportion as a funding source for loan provision by OXA, with the outstanding loan as at March 12, 2024 of Baht 567.10 million, making up a total value of Baht 667.097 million. The connected transaction between the Company and SPI has a size equal to 6.83% of the Company's NTA as at December 31, 2023 (the Company's NTA as at December 31, 2023 was Baht 9,763.30 million). (Please refer to the Information Memorandum on Acquisition of Assets in Oxygen Asset Co., Ltd. from Saha Pathana Inter-Holding Plc., which is a connected person of the Company, as per Enclosure 5, and the opinion report of the financial advisor on the connected transaction (purchase of 9.9997% of shares in Oxygen Asset Co., Ltd.), as per Enclosure 8.)

The Company will enter into TNLX Share Disposal Transaction by selling 6,000,000 ordinary shares in TNLX, representing 100.00% of the registered and paid-up capital, to the purchasers after approval has been obtained from the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, and after all conditions precedent specified in the share sale and purchase agreement have been fulfilled or a waiver or renunciation of right has been given by the relevant contract parties and all acts have been performed to ensure a success in TNLX Share Disposal Transaction as specified in the share sale and purchase agreement. In this regard, the Company already signed the share sale and purchase agreement with the purchasers, namely ICC, BSC and IDF, on February 26, 2024 and with SPI on February 29, 2024 (“Share Sale and Purchase Agreement”), and expects that TNLX Share Disposal Transaction will be completed by July 2024.

1.3. Relevant parties and their relationship

1.3.1. Contract parties

- Seller : Thanulux Plc. (“the Company” or “TNL”)
- Purchasers : (1) I.C.C. International Plc. (“ICC”)
 (2) I.D.F. Co., Ltd. (“IDF”)
 (3) BSC So In Co., Ltd. (“BSC”)
 (4) Saha Pathana Inter-Holding Plc. (“SPI”)

1.3.2. Relationship

Purchaser	Relationship
(1) I.C.C. International Plc. (“ICC”)	ICC is deemed a connected person of the Company because they have a mutual major shareholder, i.e. SPI. As of December 28, 2023, SPI held 128,535,000 shares ^{1/} in the Company, representing 42.19% of the Company’s issued and paid-up capital, and, as of February 26, 2024 held 72,092,990 shares ^{2/} in ICC, representing 24.81% of ICC’s issued and paid-up capital. Moreover, they have one common director, Mr. Thamarat Chokwatana. ICC also is the Company’s shareholder, holding, as of December 28, 2023, 19,092,709 shares ^{1/} or 6.27% of the Company’s issued and paid-up capital.

Purchaser	Relationship
(2) I.D.F. Co., Ltd. ("IDF")	IDF is not deemed a connected person of the Company because Mr. Thamarat Chokwatana, who is the Company's director, is the shareholder of IDF, holding, as of April 26, 2023, only 1,000 shares ^{3/} in IDF or 1.11% of IDF's issued and paid-up capital, which does not constitute a major shareholding or provide control power in IDF.
(3) BSC So In Co., Ltd. ("BSC")	BSC is deemed a connected person of the Company because Mr. Thamarat Chokwatana, who is the Company's director, is the director and major shareholder of BSC. As of August 3, 2023, Mr. Thamarat Chokwatana (including his related persons) held 1,400,000 shares ^{4/} in BSC, representing 14.00% of BSC's issued and paid-up capital.
(4) Saha Pathana Inter-Holding Plc. ("SPI")	SPI is deemed a connected person of the Company because it is the Company's major shareholder, holding, as of December 28, 2023, 128,535,000 shares ^{1/} in the Company, representing 42.19% of the Company's issued and paid-up capital.

Remark:

- 1/ Based on the Company's shareholding information as at the latest register book closing date to suspend share transfer (XO) on December 28, 2023.
- 2/ Based on ICC's shareholding information as at the latest register book closing date to suspend share transfer (XD) on February 26, 2024.
- 3/ Based on IDF's shareholding information as at April 26, 2023 derived from the juristic entity database of Business Online Plc. ("BOL").
- 4/ Based on BSC's shareholding information as at August 3, 2023 derived from BOL's juristic entity database, with Mr. Thamarat Chokwatana holding 800,000 shares or 8.00% of BSC's issued and paid-up capital, and his spouse and minor children together holding 600,000 shares or 6.00% of BSC's issued and paid-up capital.

1.4. Details of the assets being disposed of

The Company will sell all 6,000,000 ordinary shares it holds in TNLX, which has engaged in textile and apparel business, representing 100.00% of the registered and paid-up capital, at the offering price of Baht 111.65 per share totaling Baht 669,900,000.00 (or Baht 669.90 million) to the following four purchasers:

- (1) ICC, which is a connected person of the Company, in the amount of 4,200,000 shares, representing 70.00% of the registered and paid-up capital, totaling Baht 468,930,000.00 (or Baht 468.93 million);
- (2) IDF, which is not a connected person of the Company, in the amount of 660,000 shares, representing 11.00% of the registered and paid-up capital, totaling Baht 73,689,000.00 (or Baht 73.69 million);
- (3) BSC, which is a connected person of the Company, in the amount of 600,000 shares, representing 10.00% of the registered and paid-up capital, totaling Baht 66,990,000.00 (or Baht 66.99 million); and
- (4) SPI, which is a connected person of the Company, in the amount of 540,000 shares, representing 9.00% of the registered and paid-up capital, totaling Baht 60,291,000.00 (or Baht 60.29 million).

TNLX's profile is as follows:

1.4.1. General information

Company name	TNLX Co., Ltd. ("TNLX")
Date of registration	December 28, 2022
Juristic person registration number	0105565204525
Address	No. 129/1 Chong Nonsi Road, Chong Nonsi Sub-district, Yan Nawa District, Bangkok 10120
Nature of business	Producer and distributor of finished garments and leather products at home and overseas under both licensed international trademarks and TNLX's own brands
Registered and paid-up capital	Baht 600.00 million, divided into 6,000,000 ordinary shares with a par value of Baht 100.00 per share (as of June 29, 2023)

1.4.2. Background

In September 2022, Thanulux Plc. (“the Company” or “TNL”) restructured its shareholding and business group. On September 30, 2022, the Board of Directors’ Meeting No. 8/2022 resolved to approve the establishment of TNLX Co., Ltd. (“TNLX”) as a subsidiary of the Company to support the transfer of the entire business in production and distribution of finished garments and leather products at home and overseas under both licensed international trademarks and the Company’s own brands (“Textile Business”) that has been operated by the Company to TNLX for further operation by TNLX. TNLX was incorporated as a limited company on December 28, 2022 with an initial registered capital of Baht 1.00 million, divided into 10,000 ordinary shares with a par value of Baht 100.00 per share, of which 9,997 shares, or 99.97%, are held by the Company.

On April 25, 2023, the Company’s Annual General Meeting of Shareholders No. 49 resolved to approve the business restructuring through partial business transfer (PBT), i.e. Textile Business, including the transfer of assets, liabilities, contracts, benefits and all personnel involved and used in Textile Business to TNLX. In this regard, the Company encourages TNLX to operate business under the “Asset Light” model, by transferring only assets that are necessary for the operation of TNLX’s Textile Business, including land and buildings that could generate long-term benefit to TNLX, so as to increase the flexibility in management and the competitiveness in terms of cost and adaptation for Textile Business to be able to compete with competitors in the same industry.

On June 21, 2023, the Extraordinary General Meeting of Shareholders of TNLX No. 1/2023 resolved to approve the increase of TNLX’s registered capital from Baht 1.00 million to Baht 600.00 million by issuance of 5,990,000 ordinary shares with a par value of Baht 100.00 per share as consideration for the business transfer and as working capital of TNLX. The Company already made a full payment for the newly issued shares in the amount of Baht 599.00 million, and TNLX registered the capital increase with the Ministry of Commerce on June 26, 2023. The Company also completed the partial business transfer, i.e. Textile Business, to TNLX, with effect on July 1, 2023.

1.4.3. Nature of business

TNLX commenced operation of textile and apparel business on July 1, 2023, as the manufacturer and distributor of finished garments and leather goods for men, women and children under both international trademarks licensed to it and its own house brands for domestic sales and export. Its products can be classified by category as follows:

Finished garments

TNLX's finished garments cater for men, women and children customer groups. Products for men and women consist of shirts, polo shirts, trousers, suits, jackets, pajamas, underwear, neckties, handkerchiefs, scarves, swimsuits, sportswear and socks under the trademarks Arrow, EXCELLENCY, GETAWAY, COOL, Guy Laroche, DAKS, ELLE HOMME, Takeo Kikuchi, Olymp, HORNBILL, ICON, Positive, MIX-SELF, and Erawon. As for children products, it manufactures and distributes not only garments for newborn babies to 8-years-old kids, but also diapers, bedding, socks, dolls and accessories for toddlers under Absorba trademark.

Leather goods

These products are manufactured for men and women, consisting of wallets, handbags and belts under the trademarks Arrow, EXCELLENCY, GETAWAY, Guy Laroche, DAKS, and LOUIS FONTAINE.

Other products

Other products include food, drinking water, household equipment, beauty products under Erawon brand, and healthcare products.

Number of factories operated by TNLX and their location and production capacity are as follows:

Factory location	Products manufactured	Yearly production capacity (pieces)
129/1 Chong Nonsi Road, Chong Nonsi Sub-district, Yan Nawa District, Bangkok	Clothes Leather goods	367,200 90,000
99/3 Moo 5, Saha Group Industrial Park – Lamphun, Pa Sak Sub-district, Mueang Lamphun District, Lamphun Province	Leather goods	450,000
125 Moo 5, Saha Group Industrial Park – Kabin Buri, Suwannason Road, Nonsi Sub-district, Kabin Buri District, Prachin Buri Province	Clothes	658,000
269/15 Moo 15, Saha Group Industrial Park – Mae Sot, Mae Kasa Sub-district, Mae Sot District, Tak Province	Leather goods	186,000
Total		1,751,200

Source: TNLX

1.4.4. List of TNLX's shareholders (as of June 29, 2023)

Name	Before the transaction ^{1/}		After the transaction	
	No. of shares (shares)	Percentage (%)	No. of shares (shares)	Percentage (%)
1. Thanulux Plc.	5,999,997	100.00	-	-
2. Three individuals as TNLX's representatives for company establishment	3	0.00	-	-
3. I.C.C. International Plc. ("ICC")	-	-	4,200,000	70.00
4. I.D.F. Co., Ltd. ("IDF")	-	-	660,000	11.00
5. BSC So In Co., Ltd. ("BSC")	-	-	600,000	10.00
6. Saha Pathana Inter-Holding Plc. ("SPI")	-	-	540,000	9.00
Total	6,000,000	100.00	6,000,000	100.00

Remark: 1/ Based on the list of shareholders (BorOrChor.5) of TNLX dated June 29, 2023

1.4.5. Board of Directors (as of December 28, 2022)

	Name	Position
1.	Mr. Thamarat Chokwatana ^{1/}	Director
2.	Ms. Dusadee Soontorntrumrong	Director
3.	Ms. Marin Leelanuwatana	Director
4.	Ms. Yupaporn Jearrakul	Director
5.	Mr. Suchart Layluxsiri	Director
6.	Mr. Vichai Kulsomphob ^{2/}	Director
7.	Ms. Suthida Jongjenkit ^{3/}	Director

Source: TNLX's Affidavit dated December 28, 2022

Remark: Authorized signatories: Any two of all the directors are authorized to co-sign, with company's seal affixed, except where it is the operation of direct marketing business and the performing of any act relating to the consumer protection law with the Office of the Consumer Protection Board, in which case any two of the four directors, namely Ms. Dusadee Soontorntrumrong, Ms. Marin Leelanuwatana, Ms. Yupaporn Jearrakul and Mr. Suchart Layluxsiri, shall be authorized to co-sign, with company's seal affixed.

1/ Being the director of the Company and of ICC.

2/ Being the executive director of the Company and the director of SPI.

3/ Being the director of the Company and the executive of SPI.

1.4.6. Financial highlights

(Unit: Baht million)	Fiscal Year 2022 ^{1/} (Dec 31, 2022)	Fiscal Year 2023 (Dec 31, 2023)
Total assets	1.00	908.88
Total liabilities	0.04	286.64
Issued and paid-up capital	1.00	600.00
Retained earnings (losses) - Unappropriated	(0.04)	22.24
Shareholders' equity	0.96	622.24
Total revenues	-	778.16
Total costs and expenses	0.04	755.88
Net profit (loss)	(0.04)	22.28

Source: TNLX's audited financial statements for the years ended December 31, 2022 and 2023

Remark: 1/ For the period from December 28, 2022 (date of incorporation) to December 31, 2022

1.5. Total value of consideration, payment for consideration and basis for determination of value of consideration

1.5.1. Total value of consideration

The Company will enter into TNLX Share Disposal Transaction by selling all 6,000,000 ordinary shares it holds in TNLX, representing 100.00% the registered and paid-up capital, at the offering price of Baht 111.65 per share totaling Baht 669,900,000.00 (or Baht 669.90 million) to four purchasers, as follows:

Name	No. of shares sold (shares)	Percentage of sale (%)	Offering price (Baht/share)	Total value of consideration (Baht)
(1) I.C.C. International Plc. ("ICC"), which is a connected person of the Company	4,200,000	70.00	111.65	468,930,000.00
(2) I.D.F. Co., Ltd. ("IDF"), which is not a connected person of the Company	660,000	11.00	111.65	73,689,000.00
(3) BSC So In Co., Ltd. ("BSC"), which is a connected person of the Company	600,000	10.00	111.65	66,990,000.00
(4) Saha Pathana Inter-Holding Plc. ("SPI"), which is a connected person of the Company	540,000	9.00	111.65	60,291,000.00
Total	6,000,000	100.00	111.65	669,900,000.00

Remark: TNLX's ordinary shares have a par value of Baht 100.00 per share and a book value of Baht 103.71 per share according to its financial statements for the year ended December 31, 2023, audited by a certified public accountant.

1.5.2. Payment for consideration

The Company will receive cash payment for the consideration from all purchasers in a total amount of Baht 669.90 million as specified in the Share Sale and Purchase Agreement after all conditions precedent specified in such agreement have been fulfilled or a waiver or renunciation of right has been given by the relevant contract parties and all acts have been performed to ensure a success in TNLX Share Disposal Transaction as specified in the Share Sale and Purchase Agreement, as per the details in Item 1.7, and after approval has been obtained from the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, in the case of disposal of TNLX shares to ICC, BSC and SPI, which are connected persons of the Company. In this regard, the Company expects that TNLX Share Disposal Transaction will be completed by July 2024.

1.5.3. Basis for determination of value of consideration

The total sale and purchase value of TNLX shares of Baht 669.90 million has been determined from mutual negotiations between the Company (as the seller) and ICC, IDF, BSC and SPI (as the purchasers) under the Share Sale and Purchase Agreement, based on the valuation of TNLX shares by the Company, using the discounted cash flow model, which is deemed a suitable approach for TNLX whose business is operated on a going-concern basis. From the projection of TNLX's performance and cash flow over a 10-year period using a discount rate, which properly reflects risk, of 10.23%, a fair value has been appraised in a range of Baht 629.53 million – Baht 678.23 million, representing a fair value of TNLX shares of Baht 104.92 – 113.04 per share.

1.6. Calculation of transaction size

Under TNLX Share Disposal Transaction, the Company will dispose of 6,000,000 ordinary shares in TNLX, representing 100.00% of the registered and paid-up capital, which is regarded as a disposal of assets pursuant to the Notifications on Acquisition or Disposal. The transaction has a maximum size of 6.27%, calculated under the net tangible assets ("NTA") basis according to the Company's consolidated financial statements, audited by a certified public accountant, for the year ended December 31, 2023 and TNLX's audited financial statements for the year ended December 31, 2023. Details of the transaction size calculation are as follows:

Asset disposal transaction

Basis of calculation	Details of calculation	Transaction size
(1) Net tangible assets (NTA)	$\frac{\text{Baht 612.33 million}^{1/} \times 100.00\%^{2/} \times 100}{\text{Baht 9,763.30 million}^{3/}}$	6.27%
(2) Net profit	$\frac{\text{Baht 22.28 million}^{4/} \times 100.00\%^{2/} \times 100}{\text{Baht 503.38 million}^{5/}}$	4.43%
(3) Total value of consideration	$\frac{\text{Baht 669.90 million}^{6/} \times 100}{\text{Baht 13,420.42 million}^{7/}}$	4.99%
(4) Value of equity shares	Not applicable, because the Company does not issue any new securities as payment for the share price	-

- Remark:
- 1/ TNLX's NTA is calculated from total assets of Baht 908.88 million less intangible assets of Baht 9.91 million, less total liabilities of Baht 286.65 million, resulting in NTA of Baht 612.33 million according to the audited consolidated financial statements for the year ended December 31, 2023.
 - 2/ This is the percentage of disposal of TNLX shares in this transaction.
 - 3/ The Company's NTA is calculated from total assets of Baht 13,420.42 million less right-of-use assets of Baht 21.55 million, less intangible assets of Baht 11.02 million, less goodwill of Baht 693.53 million, less total liabilities of Baht 2,926.94 million, less non-controlling interests of Baht 26.46 million, add liabilities under right of use of Baht 22.38 million, resulting in NTA of Baht 9,763.30 million according to the audited consolidated financial statements for the year ended December 31, 2023.
 - 4/ This is the net profit for the previous 12-month period of TNLX based on the audited financial statements for the year ended December 31, 2023.
 - 5/ This is the net profit attributable to the Company for the previous 12-month period based on the audited consolidated financial statements for the year ended December 31, 2023.
 - 6/ Total value of consideration is calculated from the total value of ordinary shares to be sold under TNLX Share Disposal Transaction to four purchasers of Baht 669.90 million. As of December 31, 2023, the Company did not provide any loans, guarantees and other commitments to TNLX.
 - 7/ Total assets of the Company are derived from its audited consolidated financial statements for the year ended December 31, 2023.

When combined with value of another asset disposal transaction approved on the same occasion at the Board of Directors' Meeting No. 2/2024 on February 26, 2024 and three other asset disposal transactions occurring in the past six-month period, the total transaction size is equal to 9.14% under the NTA basis, from which the maximum transaction value is obtained, the details of which are as tabulated below:

Basis for calculation	Transaction size			Total
	Asset disposal approved by the Board of Directors' Meeting No. 2/2024 on February 26, 2024		Other asset disposal transactions in previous six months	
	TNLX Share Disposal Transaction	Other transaction approved on the same occasion ^{1/}	Other three transactions ^{2/}	
(1) NTA	6.27%	2.86%	0.01%	9.14%
(2) Net profit	4.43%	4.06%	0.00%	8.49%
(3) Total value of consideration	4.99%	1.82%	2.18%	8.99%
(4) Value of equity shares	- ^{3/}	- ^{3/}	- ^{3/}	- ^{3/}

Remark: 1/ The Board of Directors' Meeting of the Company No. 2/2024 on February 26, 2024 resolved to approve the disposal of ordinary shares in Saha Pathana Inter-Holding Plc. ("SPI") to Chokwatana Co., Ltd. ("Chokwatana"), which is not a connected person of the Company, in the amount of 3,500,000 shares at a price of Baht 69.65 per share, totaling Baht 243.78 million, representing 0.61% of SPI's registered and paid-up capital.

2/ Three asset disposal transactions occurring in the previous six months are as follows:

- 1) The Board of Directors' Meeting of the Company No. 8/2023 on August 11, 2023 resolved to approve the disposal of investment in ordinary shares in Treasure Hill Co., Ltd. ("TRH") to Saha Pathana Real Estate Co., Ltd. ("SPR"), which is a connected person of the Company, in the amount of 120,000 shares at a price of Baht 100.00 per share, totaling Baht 12.00 million, representing 6.00% of TRH's registered and paid-up capital.
- 2) The Board of Directors' Meeting of the Company No. 8/2023 on August 11, 2023 resolved to approve the disposal of land belonging to Oxygen 1 Co., Ltd. ("ONE"), an indirect subsidiary, to a non-connected person, at a price of Baht 250.00 million.
- 3) On December 18, 2023, the Company's CEO approved the disposal of investment in ordinary shares in Osoth Inter Laboratories Co., Ltd. ("OSI") to S&J International Enterprises Plc. ("S&J"), which is a connected person of the Company, in the amount of 8,932 shares at a price of Baht 100.00 per share, totaling Baht 0.89 million, representing 0.13% of OSI's registered and paid-up capital.

3/ This is not applicable because the Company does not issue any new securities as payment for the share price.

Therefore, the size of such transaction is less than 15.00% and the Company is accordingly not required to comply with the Notifications on Acquisition or Disposal. However, the entry into TNLX Share Disposal Transaction will result in TNLX ceasing to be the Company's subsidiary. As such, the Company is obligated to prepare and disclose information on the transaction to the SET under the SET's Notification on Rules, Conditions and Procedures for Disclosure of Information and Other Acts of Listed Companies B.E. 2560.

In addition, the disposal of shares in TNLX to ICC, BSC and SPI constitutes a connected transaction under the Notifications on Connected Transactions. This is because ICC and the Company have a mutual major shareholder, i.e. SPI which holds shares in the Company in the amount of 42.19% of the Company's issued and paid-up capital (data as of December 28, 2023) and holds shares in ICC in the amount of 24.81% of ICC's issued and paid-up capital (data as of February 26, 2024). Moreover, BSC has its major shareholder serve as the Company's director, i.e. Mr. Thamarat Chokwatana who (including his related persons) holds shares in BSC in the amount of 14.00%³¹ of BSC's issued and paid-up capital (data as of August 3, 2023); and SPI is the Company's major shareholder, holding 42.19% of the Company's issued and paid-up capital (data as of December 28, 2023). The details are provided in Item 1.3.2. In view of size of the connected transaction in the category of assets and services-related transaction under the Notifications on Connected Transactions, it is found that the connected transactions by the Company with ICC, BSC and SPI have a size equal to 4.80%, 0.69% and 0.62% respectively of net tangible assets ("NTA") of the Company (its NTA as at December 31, 2023 amounted to Baht 9,763.30 million) according to the consolidated financial statements, audited by a certified public accountant, for the year ended December 31, 2023. Details of the transaction size calculation are shown below:

Connected transaction

Transaction	Details of calculation	Transaction size
(1) Disposal of TNLX shares to ICC	$\frac{\text{Baht } 468.93 \text{ million}^{1/} \times 100}{\text{Baht } 9,763.30 \text{ million}^{2/}}$	4.80%
(2) Disposal of TNLX shares to IDF	This is not deemed a connected transaction with the Company under the Notifications on Connected Transactions as IDF is not a connected person of the Company.	-
(3) Disposal of TNLX shares to BSC	$\frac{\text{Baht } 66.99 \text{ million}^{3/} \times 100}{\text{Baht } 9,763.30 \text{ million}^{2/}}$	0.69%
(4) Disposal of TNLX shares to SPI	$\frac{\text{Baht } 60.29 \text{ million}^{4/} \times 100}{\text{Baht } 9,763.30 \text{ million}^{2/}}$	0.62%

Remark: 1/ Total value of consideration is calculated from value of TNLX shares sold to ICC of Baht 468.93 million, as detailed in Item 1.5.1.

2/ The Company's NTA is calculated from total assets of Baht 13,420.42 million less right-of-use assets of Baht 21.55 million, less intangible assets of Baht 11.02 million, less goodwill of Baht 693.53 million, less total liabilities of Baht 2,926.94 million, less non-controlling interests of Baht 26.46 million, add liabilities under right

³¹ Mr. Thamarat Chokwatana holds 800,000 shares in BSC, representing 8.00% of BSC's issued and paid-up capital, and his spouse and minor children together hold 600,000 shares or 6.00% of BSC's issued and paid-up capital.

of use of Baht 22.38 million, resulting in NTA of Baht 9,763.30 million according to the audited consolidated financial statements for the year ended December 31, 2023.

- 3/ Total value of consideration is calculated from value of TNLX shares sold to BSC of Baht 66.99 million, as detailed in Item 1.5.1.
- 4/ Total value of consideration is calculated from value of TNLX shares sold to SPI of Baht 60.29 million, as detailed in Item 1.5.1.

In the past six-month period, the Company did not enter into any other connected transactions with ICC and BSC or their respective related persons. However, the Company entered into one connected transaction with SPI's related person, with transaction size equal to 0.13% of the Company's NTA, and will enter into one connected transaction with SPI that will be proposed for approval from the shareholders' meeting on the same occasion, with transaction size equal to 6.83% of the Company's NTA. Therefore, the total value of the connected transaction between the Company and SPI is equal to 7.58% of the Company's NTA. The details are as shown below:

Transaction	Transaction size		
	TNLX Share Disposal Transaction	Other connected transaction in previous six months and other connected transaction to be proposed to the shareholders' meeting on this occasion	Total
(1) Value of connected transaction with ICC	4.80%	-	4.80%
(2) Value of connected transaction with IDF	IDF is not a connected person of the Company; therefore, this is not deemed a connected transaction under the Notifications on Connected Transactions.		
(3) Value of connected transaction with BSC	0.69%	-	0.69%
(4) Value of connected transaction with SPI	0.62%	6.96% ^{1/2/}	7.58% ^{1/2/}

Remark: 1/ The Board of Directors' Meeting of the Company No. 8/2023 on August 11, 2023 resolved to approve the disposal of investment in ordinary shares in Treasure Hill Co., Ltd. ("TRH") to Saha Pathana Real Estate Co., Ltd. ("SPR"), which is a connected person of the Company, in the amount of 120,000 shares at a price of Baht 100.00 per share, totaling Baht 12.00 million, representing 6.00% of TRH's registered and paid-up capital. The value of such connected transaction between the Company and SPR is equal to 0.13% of the Company's NTA as of June 30, 2023 (the Company's NTA as of June 30, 2023 amounted to Baht 9,548.06 million). Since SPR is a related person of SPI under the Notifications on Connected Transactions, such transaction with SPR must also be incorporated into the total size of connected transaction with SPI.

- 2/ The Board of Directors' Meeting of the Company No. 3/2024 on March 12, 2024 resolved to propose the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, to consider and approve the purchase of ordinary shares in Oxygen Asset Co., Ltd. ("OXA") (in which the Company currently holds 90.00% of OXA's issued and paid-up shares), engaging in secured lending business, from SPI in the amount of 99,997 shares or 9.9997% of OXA's issued and paid-up shares at a price of Baht 1,000 per share, totaling Baht 99.997 million, and the repayment of outstanding loan provided by SPI to OXA according to the shareholding proportion as a

funding source for loan provision by OXA, with the outstanding loan as at March 12, 2024 of Baht 567.10 million, making up a total value of Baht 667.097 million. The connected transaction between the Company and SPI has a size equal to 6.83% of the Company's NTA as at December 31, 2023 (the Company's NTA as at December 31, 2023 was Baht 9,763.30 million). (Please refer to the Information Memorandum on Acquisition of Assets in Oxygen Asset Co., Ltd. from Saha Pathana Inter-Holding Plc., which is a connected person of the Company, as per Enclosure 5, and the opinion report of the financial advisor on the connected transaction (purchase of 9.9997% of shares in Oxygen Asset Co., Ltd.), as per Enclosure 8.)

According to the Notifications on Connected Transactions, since the size of the connected transactions with ICC and SPI of 4.80% and 7.58% of the Company's NTA respectively is greater than 3.00% of the Company's NTA and its value also exceeds Baht 20.00 million, the Company is required to obtain approval from the Board of Directors and to prepare and disclose information on such asset disposal, which constitutes a connected transaction of the Company, to the SET according to the Notifications on Connected Transactions, as well as to seek approval for such transaction from the shareholders' meeting, with affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest. The Company must also deliver a notice of the shareholders' meeting, accompanied by the independent financial advisor's opinion, to the shareholders at least 14 days ahead of the meeting date.

At the same time, according to the Notifications on Connected Transactions, the size of the connected transaction with BSC of 0.69% of the Company's NTA is greater in value than Baht 1.00 million but less than Baht 20.00 million, or higher than 0.03% but not exceeding 3.00% of the Company's NTA, whichever is higher. Therefore, the Company is required to obtain approval from the Board of Directors and to prepare and disclose information on such asset disposal, which constitutes a connected transaction of the Company, to the SET according to the Notifications on Connected Transactions, but is not required to seek approval from the shareholders' meeting. However, the Board of Directors' meeting of the Company viewed that such connected transaction is similar in nature to the connected transactions with ICC and SPI and, thus, deemed it appropriate to seek approval for all such connected transactions from the shareholders' meeting on the same occasion, with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest. The Company must also deliver a notice of the shareholders' meeting, accompanied by the independent financial advisor's opinion, to the shareholders at least 14 days ahead of the meeting date.

1.7. Conditions for the transaction

The entry into TNLX Share Disposal Transaction with the connected persons is subject to approval from the shareholders' meeting, with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest, together with appointment of an SEC-approved IFA, and also is contingent upon fulfillment of all conditions precedent specified in the share sale and purchase agreement, and other agreements, contracts and documents relating to the transaction. The key conditions precedent can be summarized as follows:

- (1) The Company's and the purchasers' representations and warranties must be true and correct in all respects as at the Closing Date.
- (2) As at the Closing Date, there must not be any incident or act that may cause a material adverse effect on TNLX or obstruct the entering into the transaction as specified in the Share Sale and Purchase Agreement.
- (3) The Board of Directors' meeting and/or the shareholders' meeting of the Company and the purchasers (as the case may be) approve TNLX Share Disposal Transaction and the execution of and compliance with the TNLX share sale and purchase agreement.
- (4) The Company must ensure that the purchasers receive a letter of resignation as the director in TNLX in the case where the purchasers express an intention to nominate new directors in TNLX in proportion to their respective shareholding after the Closing Date.
- (5) The Company must be eligible for exemption from value added tax under Chapter 4, special business tax under Chapter 5, and stamp duty under Chapter 6 in category 2 of the Revenue Code according to the Royal Decree Issued under the Revenue Code Governing the Exemption from Revenue Taxes (No. 516) B.E. 2554, with respect to the partial business transfer.

1.8. Agreements relating to the transaction

Summary of the Share Sale and Purchase Agreement for TNLX Share Disposal Transaction is provided in Attachment 2 of this report.

1.9. Timeline for the transaction

Procedures	Tentative target date
<p>(1) The Board of Directors' meeting is held to consider and approve the disposal of all ordinary shares held by the Company in TNLX, its subsidiary, to a group of connected and non-connected persons, which constitutes a significant asset disposal transaction and connected transaction.</p>	<p>The Board of Directors' Meeting No. 2/2024 was held on February 26, 2024.</p>
<p>(2) The Company enters into the share sale and purchase agreement with the four purchasers.</p>	<p>ICC, BSC and IDF signed the agreement on February 26, 2024 after completion of the Board of Directors' Meeting No. 2/2024, and SPI signed the agreement on February 29, 2024.</p>
<p>(3) The shareholders' meeting of the Company is convened, whereby a notice of the meeting, accompanied by the IFA's opinion, must be delivered to the shareholders at least 14 days ahead of the meeting date, and the shareholders' approval must be passed with affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest.</p>	<p>The Annual General Meeting of Shareholders No. 50 will be held on April 22, 2024.</p>
<p>(4) TNLX Share Disposal Transaction is entered into.</p>	<p>After obtaining approval from the Annual General Meeting of Shareholders No. 50, which will be held on April 22, 2024, with the transaction expected to be completed by July 2024</p>

1.10. Plan for use of funds obtained from the asset disposal

After completion of the disposal of all its shares in TNLX, the Company will use the proceeds received from such transaction, totaling Baht 669.90 million, for its business expansion with the focus on growth in the financial business and/or related businesses, which aligns with its strategic plan, and/or for loan repayment to reduce finance costs.

2. Opinion of the Independent Financial Advisor on reasonableness of the connected transaction

2.1. Objective and necessity of the transaction

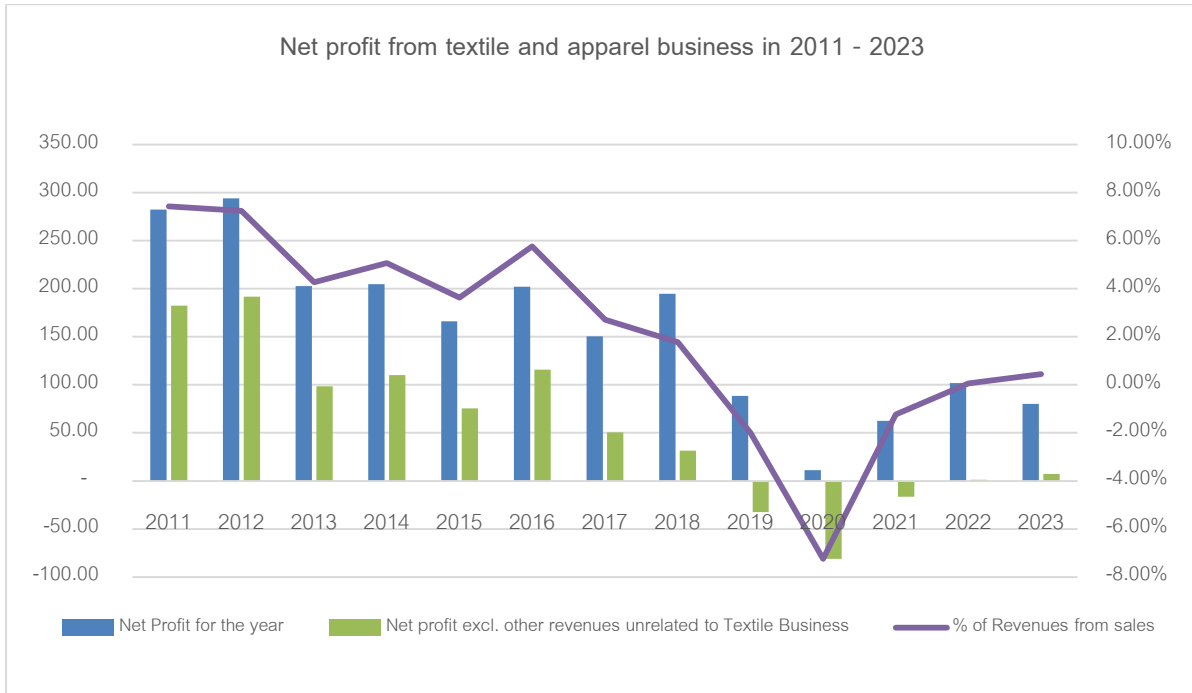
Textile and apparel industry has been threatened by stiffer competition, triggered by labor shortage and higher wage rates in Thailand than those of rival countries in the region. Moreover, the Company has over the past 2-3 years been hit by the spread of coronavirus disease 2019 (“COVID-19”), which has continually developed several variants and posed a crucial risk to the overall economic condition. Amid this crisis, the Company had to temporarily ceased the production at its Kabin Buri and Lamphun branches during June-August 2020. As well, its two subsidiaries, (1) Celebrate Wealth Co., Ltd. (“CBW”), an apparel subcontractor and distributor, and (2) S. Apparel Co., Ltd. (“SAP”), an apparel distributor, had been affected by such situation and finally had to cease operation in 2020. Then in 2023, CBW registered company dissolution with the Department of Business Development and completely made capital repayment to its shareholders on August 25, 2023, while SAP will further register company dissolution.

Due to the above impacts, the Company’s profitability from Textile Business,³² its core activity, over the past 13 years (2011-2023) plunged from Baht 191.70 million in 2011 to Baht 31.66 million in 2018 and contracted further to a net loss of Baht (16.49) million - Baht (81.09) million in 2019-2021 in the wake of the COVID-19 crisis, before picking up slightly to a net profit of Baht 1.13 million in 2022 and Baht 7.02 million³³ in 2023, as illustrated in the graph below:

³² Excluding other revenues unrelated to Textile Business and non-recurring income such as dividend income, interest income, rental income from leasing of assets, gain on disposal of investments in joint ventures, and gain on sales of investment properties, amounting to Baht 73.11 million – Baht 163.08 million in 2011-2023.

³³ Net profit from Textile Business in 2023 was the sum of net profit under the Company’s operation in January-June 2023 and net profit under TNLX’s operation in July-December 2023, excluding other revenues unrelated to Textile Business and non-recurring income.

Graph: Net profit for the year and net profit (excluding other revenues unrelated to Textile Business)

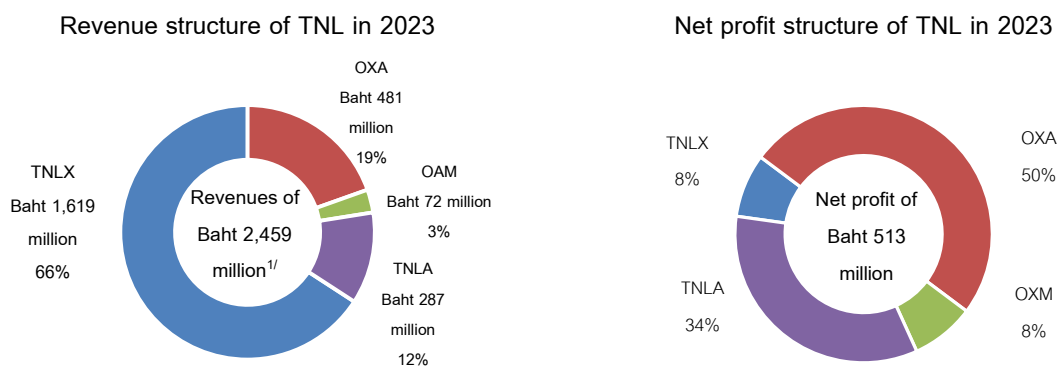


In view of the lowered profitability of Textile Business, the Company explored the investment opportunity in new assets and/or businesses with the potential to sustainably grow its revenues and profit in place of Textile Business, which used to deliver a healthy profit to the Company. Thus, in late 2022, the Company invested in new businesses of secured lending, NPLs and NPAs management, and real estate development for sale (collectively called “Other Businesses”) and underwent a shareholding restructuring with the entrance of BTS Group Holdings Plc. (“BTS”) as its major shareholder along with SPI.

In 2023, the Company continued with the business restructuring plan by making a partial business transfer (PBT), i.e. transfer of Textile Business, to TNLX, its subsidiary, with effect on July 1, 2023. As a consequence, the Company has switched from operating the core business in textile and apparel to becoming a holding company. Under this new business structure, the Company operates business through investment in subsidiaries which have engaged in four main businesses: (1) textile and apparel business operated by TNLX; (2) secured lending business by Oxygen Asset Co., Ltd. (“OXA”); (3) NPLs and NPAs management business by Oxygen Asset Management Co., Ltd. (“OAM”) (businesses in (2) and (3) collectively called “Financial Business”); and (4) real estate development for sale business by TNL Alliance Co., Ltd. (“TNLA”). Subsequent to such business restructuring in the form of PBT, the Company will record revenues from dividend income from investments in subsidiaries and other companies, interest income, rental income from leasing of properties, and other income in its separate financial statements.

2023 was the first fiscal year that the Company began to recognize its operating results from Other Businesses managed through its three subsidiaries for a full year from the beginning of the year. Revenues from Other Businesses may not be as high as those from Textile Business since Other Businesses generate revenues partly from Financial Business, whose revenue is from interest income, and partly from real estate development for sale business, which is still under project development and, thus, has not yet recognized any revenues from sales. However, Other Businesses could deliver a high net profit for the Company, with a net profit of Baht 513.38 million recorded in its consolidated financial statements for 2023. Of such net profit, 92% was contributed by Other Businesses from the performance of OXA, OAM and TNLA and 8%³⁴ by Textile Business from the performance of TNLX. From such high returns delivered by Other Businesses, the Company could record dramatic net profit growth in its consolidated financial statements for 2023, with the net profit jumping by Baht 411.52 million from Baht 101.86 million in 2022 to Baht 513.38 million in 2023.

Figure: Revenue and net profit structure of the Company in 2023



1/ Excluding profit from sale of investment in two joint venture companies, Phraram 9 Alliance Co., Ltd. ("PA9") and Khu Khot Station Alliance Co., Ltd. (KK"), to Proud Real Estate Plc. ("PROUD") of Baht 201.22 million.

Striving to nurture consistent growth and healthy returns for its shareholders in the long term, the Company views that Textile Business has been plagued by intense competition, risk of market uncertainties both at home and overseas, and geopolitical conflicts, and, therefore, is less likely to generate a good profit for the Company as in the past. Moreover, as a midstream producer selling its products primarily through sales agents for further market-making with consumers, the Company is unable to freely determine the selling prices in order to maintain its profitability in time of stiff competition and economic slowdown, as evident from the shrinkage in returns from Textile Business over the past several years. In light of these constraints, the

³⁴ Net profit from Textile Business in 2023 was the sum of net profit under the Company's operation in January-June 2023 and net profit under TNLX's operation in July-December 2023, including other revenues unrelated to Textile Business but excluding non-recurring income.

Company deems that by disposing of its investment in TNLX, which operates Textile Business that has generated a lowered return during the past several years and incurred a loss in some years, the Company will be able to mitigate business risk and improve its overall performance. It will bring in approximately Baht 669.90 million from the disposal of Textile Business, which will help to enhance its liquidity and financial position, and can instantly recognize a profit from such transaction in the amount of about Baht 69.74 million in its financial statements (see more details in Item 2.2.1(2)). The Company also plans to use such fund to further develop its remaining businesses, i.e. Financial Business and real estate development for sale business, which it believes will have a good growth prospect and can generate favorable returns for the shareholders in the long term in line with its policy.

2.2. Comparison of advantages and disadvantages of the transaction

2.2.1. Advantages and benefits of the transaction

- (1) *The Company can use the proceeds obtained from the disposal of TNLX shares to develop the remaining Financial Business and real estate development for sale business or invest in new businesses with growth prospect.*

The Company will bring in Baht 669.90 million from the disposal of its shares in TNLX. Thus, it will have more funds available for expansion of investment in the existing businesses, which have strong potentials and could deliver a favorable return, as shown below:

Operated by	TNLX	OXA	OAM	TNLA
Type of business	Textile	Secured lending	NPLs and NPAs management	Real estate development for sale
Revenues (Baht million)				
(1) Revenues from sales and subcontracted production services	1,619.30	-	-	-
(2) Interest income	-	481.09	71.46	79.76
(3) Project consulting and supervision fee income	-	-	-	207.20
Total revenues (1) – (3) (Baht million)	1,619.30	481.09	71.46	286.96 ^{1/}
Net profit contributed by each business (Baht million)	43.29	258.01	39.21	172.87
Net profit contributed by each business (%)	8	50	8	34

Source: Consolidated financial statements for 2023 of the Company and information from the Company

Remark: 1/ Excluding profit from sale of investment in two joint venture companies, Phraram 9 Alliance Co., Ltd. ("PA9") and Khu Khot Station Alliance Co., Ltd. (KK"), to Proud Real Estate Plc. ("PROUD") of Baht 201.22 million.

From the above table, it is apparent that Textile Business has experienced stiff competition over the past years, which has dampened its profitability such that it could no longer generate a favorable return for the Company. Meanwhile, secured lending business, operated by OXA in which the Company invested around late 2022, could deliver a satisfactory return to the Company with net profit contribution as high as 50% of the Company's total net profit in 2023. OXA's loan portfolio, net of allowance for credit losses, has grown steadily, from Baht 3,592.84 million as at the end of 2022 to Baht 5,884.22 million as at year-end 2023. The Company believes that, once OXA has become financially prepared and the economy has recovered, OXA will be able to satisfy the demand for loans to a greater extent, which will relatively result in greater returns for the Company in the long term. Besides, the Company is open to the opportunity to invest in new promising businesses in order to grow together in the future.

(2) *The Company can instantly recognize a profit from disposal of all shares in TNLX.*

Given a success in TNLX Share Disposal Transaction, it is expected that the Company will obtain proceeds from sale of 6,000,000 shares in TNLX at the offering price of Baht 111.65 per share in a total amount of Baht 669.90 million (before deduction of expenses related to such transaction), with a gross profit estimated at Baht 69.74 million,³⁵ as follows:

	Amount (Baht million)
Total disposal value of TNLX shares	669.90
Less Value of investment in TNLX as at December 31, 2023 ^{1/}	(600.00)
Less Estimated expenses related to TNLX Share Disposal Transaction ^{2/}	(5.00)
Add Gain on investment in TNLX in 2023	22.28 ^{3/}
Gross profit from TNLX Share Disposal Transaction	87.18
Less Estimated net income tax (20%)	(17.44)
Estimated gross profit from TNLX Share Disposal Transaction-net	69.74

Remark: 1/ Based on the Company's separate financial statements for the year ended December 31, 2023

2/ Comprising expenses on property appraisal, advisory fees, other fees, etc.

3/ Based on TNLX's financial statements for the year ended December 31, 2023

The Company will instantly recognize a profit of approximately Baht 69.74 million from TNLX Share Disposal Transaction in the period the transaction has taken place, thereby leading its net profit and shareholders' equity in the consolidated financial statements to increase by the amount equal to such profit from sale of TNLX shares of Baht 69.74 million.

³⁵ The gross profit expected from this transaction is merely a preliminary data for decision making, estimated from TNLX's performance up to December 31, 2023. However, the actual profit will be based on data up to the Closing Date, which may deviate from such estimate of Baht 69.74 million, depending on TNLX's performance up to the Closing Date and the related expenses actually incurred.

- (3) *This will result in lowered burden and greater flexibility in management of Textile Business.*

Textile Business, which involves production and distribution of products, is reliant on the management team and a large workforce of more than 2,000. Its goal achievement involves a process that encourages the alignment of organizational, unit, and individual goals, along with two-way communications between supervisors and subordinates about targets, outputs, performance monitoring, and feedback in a systematic manner. In its past operation, the Company put its utmost effort in business management to ensure smooth operation of its Textile Business amid the fierce competition, unfavorable economic environment, and the COVID-19 crisis. After the disposal of TNLX shares, it will no longer have to manage TNLX and can focus on utilizing human resources to increase efficiency in management and seeking the opportunity to expand investment in the remaining businesses or new businesses that have strong fundamental factors and growth prospects so as to create value added to the Company and its shareholders in the future.

- (4) *This can eliminate a conflict of interest that may arise from joint business operation between TNLX and the connected persons.*

TNLX operates Textile Business with factories that produce clothes and leather goods for sales under brands such as ARROW, EXCELLENCY, GETAWAY, COOL, Guy Laroche, DAKS, ELLE, HOMME, Takeo Kikuchi, Olymp, ICON, Positif, MIX-SELF and Erawon. Its transactions include distribution of products and services, procurement of products and raw materials, and other trading transactions performed in conjunction with ICC and Sahapat Group members ("SPI Group"). In 2023, for instance, it sold products through ICC, which was appointed as a selling agent for redistribution to department stores or wholesalers, or through other related companies such as World Saha Fashion Co., Ltd., in a combined amount of Baht 805.18 million or 49.72% of revenues from sales. At the same time, products and raw materials were partially procured from factories in SPI Group, e.g., procurement of threads and fabrics from Erawan Textile Co., Ltd., in an aggregate amount of Baht 35.65 million or 3.14% of costs of sales. These transactions are deemed as related party transactions because both SPI and the Company are its major shareholders. However, the said related party transactions are executed in the usual course of business between TNLX and the connected persons under general commercial terms and conditions similar to those transacted by reasonable persons with general contract parties in the same circumstances. The management will seek approval from the Board of Directors' meeting in the fourth quarter of each year and report the Board of Directors on a quarterly basis.

After completion of TNLX Share Disposal Transaction, TNLX will cease to be the Company's subsidiary. Thus, the number of future related party transactions of the Company and its remaining subsidiaries will decrease as they will no longer have to recognize the related party transactions arising from the usual course of business of TNLX, which will help to eliminate a conflict of interest between the Company and the connected persons and reduce the Company's burden on formulation of monitoring measures in line

with the lower number of related party transactions, while enhancing other business management that is beneficial to the Company.

2.2.2. Disadvantages and risks of the transaction

(1) *The Company will lose the share of profit from investment in TNLX, its subsidiary.*

After completion of the sale of all 6,000,000 shares in TNLX, representing 100.00% of the registered and paid-up capital, to four purchasers, namely (1) ICC, (2) IDF, (3) BSC, and (4) SPI, TNLX will cease to be the Company's subsidiary and the Company will no longer receive dividend from TNLX. As such, given that the Thai economy rebounds to steady growth and TNLX can thereby start to operate profitably in the future, the Company will lose the opportunity to receive dividend from such profit sharing.

However, the sale of investment in TNLX will unlikely have a material adverse impact on the Company's consolidated financial statements. The rationale behind this is that, over the past period, the Company had been hit by the economic downturn, severe competition, and COVID-19 pandemic during 2019-2021, with its Textile Business³⁶ incurring a net loss of between Baht (16.49) million and Baht (81.09) million and beginning to enjoy a net profit of Baht 1.13 million and Baht 7.02 million in 2022 and 2023 respectively. Textile Business is still plagued by intense competition, risk of market uncertainties both at home and overseas, and geopolitical conflicts, which have dampened the economy and consumers' purchasing power. Therefore, it is less likely to generate a good profit for the Company anytime soon.

Table: Illustrating net profit for the year and net profit (excluding other revenues unrelated to Textile Business) for 2018-2023

(Unit: Baht million)	2018	2019	2020	2021	2022	2023
(1) Revenues from sales	1,778.72	1,633.19	1,119.14	1,332.66	1,777.06	1,619.30
(2) Net profit for the year	194.73	88.31	11.03	62.61	101.86	80.13
(3) Other revenues unrelated to Textile Business	163.08	120.85	92.12	79.10	100.73	73.10
(4) Net profit from Textile Business (4) = (2) – (3)	31.66	(32.54)	(81.09)	(16.49)	1.13	7.02
(5) Net profit from Textile Business as % of revenues from sales (%) (5) = (4) / (1)	1.78%	-1.99%	-7.25%	-1.24%	0.06%	0.43%

³⁶ Excluding other revenues unrelated to Textile Business and non-recurring income such as dividend income, interest income, rental income from leasing of assets, gain on disposal of investments in joint ventures, and gain on sales of investment properties, amounting to Baht 73.11 million – Baht 163.08 million in 2011-2023.

- (2) *The Company will rely on the performance of Financial Business and real estate development for sale business, which are new businesses it has just invested in.*

As of December 31, 2023, the Company had a registered capital of Baht 311.55 million and a paid-up capital of Baht 304.62 million. It operates as a holding company, with five subsidiaries engaging in three business lines as follows:

Business operated by subsidiaries	Shareholding percentage (%)	Year of establishment/ investment
1. Textile Business		
1.1. TNLX Co., Ltd. ("TNLX") ^{1/}	100.00	2023
1.2. S. Apparel Co., Ltd. ("SAP") ^{2/}	99.99	1988
2. Financial Business		
2.1. Oxygen Asset Co., Ltd. ("OXA")	90.00	2022
2.2. Oxygen Asset Management Co., Ltd. ("OAM")	99.99	2022
3. Real estate development for sale business		
3.1. TNL Alliance Co., Ltd. ("TNLA")	99.98	2022

Remark: 1/ In 2023, the Company continued with the business restructuring plan by making a partial business transfer (PBT), i.e. a transfer of Textile Business, to TNLX, its subsidiary, with effect on July 1, 2023.

- 2/ Textile Business was earlier operated by three entities, TNLX, SAP, and Celebrate Wealth Co., Ltd. ("CBW"), and, as from December 31, 2023, has been under sole operation of TNLX. SAP has already ceased operation and will proceed to register company dissolution. CBW already registered company dissolution with the Department of Business Development and completely made capital repayment to its shareholders on August 25, 2023.

As shown on the above table, if the Company disposes of its shares in TNLX, which operates Textile Business in which the Company has had more than 40 years of expertise and experience, it will engage in two remaining businesses, Financial Business and real estate development for sale business, which are considered new to it. The Company has just invested in these businesses in late 2022 and has, thus far, gained the experience in the businesses for only a short period of time.

However, OXA generates income mainly from interest receivable from short-term and long-term loan provision, which is not a complicated business. Besides, OXA itself has a team of staff and management who are knowledgeable, capable and experienced in lending business, thus enabling OXA to operate its business as usual. As at the end of 2023, OXA's secured loan portfolio amounted to Baht 5,940 million (net of allowance for credit losses of Baht 5,884.22 million), with LTV ratio of 50%. NPLs and NPAs management business involves the purchase and/or acceptance of the transfer of NPLs and/or NPAs from financial institutions and/or financial business operators through bidding for further management. Although the

business is new to the Company, OAM has a team of staff and management who have profound knowledge, capability and experience in this business. To mitigate risk in asset management, it opts to invest in the assets that are secured by collateral with high liquidity and located in good locations. The Company is confident that the friendly, easily accessible customer services along with provision of financial literacy can improve efficiency in joint solving of bad debt problems. As at the end of 2023, OAM's portfolio consisted of total loan management of more than Baht 3,824 million and NPLs of Baht 927.19 million.

Real estate development for sale business is managed by TNLA through six joint venture companies. The joint venture partners have had longer than 30 years of expertise and experience in this business and are the developers of all eight real estate projects worth Baht 22,117 million, which are scheduled for completion in 2024-2025 under the management contract that specifies the project's minimum required rate of return whereby they will also receive such return from the projects. Therefore, this can ensure that they will exercise due care in construction supervision and will complete the project development by the specified period of time and in compliance with the conditions set out in the contract despite changes in the relevant factors such as cost of building materials, labor cost, interest rate, etc. As at the end of 2023, the average successful sales and construction progress of all those projects was roughly 43% and 36% of total project value respectively.

(3) *Diversification of business risk will decrease.*

After completion of TNLX Share Disposal Transaction, the diversification of business risk will decrease since the Company will have to rely on revenues and returns solely from Other Businesses, which are (1) Financial Business, consisting of secured lending and NPLs and NPAs management, and (2) real estate development for sale business. The performance of Financial Business and real estate development for sale business is highly sensitive to changes in the economy, while textile and apparel, as consumer products used in everyday life, are more resilient amid the economic uncertainty. As such, after completion of TNLX Share Disposal Transaction, the Company will no longer be able to diversify its business risk through Textile Business.

However, in the operation of Textile Business, the Company is a midstream producer selling its products primarily through sales agents for further market-making with consumers. Thus, the Company is unable to freely determine the selling prices in order to maintain its profitability in time of stiff competition and economic slowdown, as evident from the shrinkage in returns from Textile Business over the past several years. In light of these constraints, the Company has decided to dispose of its investment in TNLX.

2.2.3. Advantages and benefits of not entering into the transaction

- (1) *The Company will still enjoy profit sharing from the investment in TNLX, its subsidiary.*

The Company will still enjoy profit sharing from the investment in TNLX, its subsidiary. However, if TNLX operates at a loss, the Company must also accept the share of loss from such investment.

- (2) *The Company will not have to rely on the performance of Financial Business and real estate development for sale business, which are new businesses it has just invested in.*

The Company will continue to manage Textile Business in which it has had more than 40 years of management experience. Moreover, it will not have to rely on revenues from the remaining businesses, i.e. Financial Business and real estate development for sale business, which are new businesses it has just invested in and gained experience in for only a short period of time, thus likely leading to risk of the new businesses failing to achieve the expected performance.

2.2.4. Disadvantages and risks of not entering into the transaction

- (1) *The Company will not receive funds from disposal of TNLX shares for use to develop the remaining Financial Business and real estate development for sale business or invest in new businesses that have growth potentials.*

The Company will not receive funds from disposal of TNLX shares for use to develop the remaining Financial Business and real estate development for sale business or invest in new businesses that have growth potentials. It may have to raise funds from external sources if it has insufficient working capital to support its other businesses, which may increase its finance costs.

- (2) *Returns obtainable may not be worth cost of resources allocated for management of Textile Business.*

The Company still has to allocate its resources to the management of Textile Business, which currently remains vulnerable to tough competition and unfavorable economic environment, including the COVID-19 situation. Therefore, returns obtainable may not be worth cost of such allocated resources for the management of Textile Business.

2.3. Comparison of advantages/benefits and disadvantages/risks between entering into the transaction with the connected persons and the transaction with a third party

2.3.1. Advantages/benefits of entering into the transaction with the connected persons

- (1) *Entering into the transaction with the connected persons is more likely to be successful than executing the transaction with a third party.*

The sale of TNLX shares to ICC, BSC and SPI is considered a transaction entered into with the connected persons of the Company because ICC and the Company have a mutual major shareholder, BSC has its major shareholder serve as the Company's director, and SPI is the Company's major shareholder, the details of which are provided in Item 1.3.2. Therefore, entering into such transaction with the connected persons is more likely to be successful than executing the transaction with a third party since they are the key trade partners of TNLX in both raw material supply and product distribution and are related to each other, for example, having the same major shareholders. It is less likely that there will be any third party interested in buying the investment in TNLX for further management due to risk in that the trade terms and conditions may change from those earlier granted to TNLX by the trade partners. Besides, the transaction with the connected persons can be negotiated more easily and quickly than the transaction with a third party, considering that ICC, BSC and SPI have profound knowledge, understanding and experience in Textile Business. Therefore, compared with the transaction with a third party, the transaction with the connected persons can be processed with more convenience and rapidity and will enable all coordination to be made efficiently under the terms and conditions specified in the relevant agreements.

2.3.2. Disadvantages/risks of entering into the transaction with the connected persons

- (1) *The Company will be subject to the duties arising from entering into the transaction with the connected persons pursuant to the Notifications on Connected Transactions.*

The disposal of shares in TNLX to ICC, BSC and SPI constitutes a connected transaction according to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Entering into Connected Transactions, dated August 31, 2008 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546, dated November 19, 2003 (as amended) ("**Notifications on Connected Transactions**"). Therefore, the Company will be required to fulfill the following duties prescribed in the Notifications on Connected Transactions:

- (a) Disclose information on the connected transaction of the Company and the connected persons to the SET.
- (b) Appoint an independent financial advisor (IFA) to provide opinion on the connected transaction.

- (c) Convene a shareholders' meeting to consider and approve the transaction, including all other related matters, with affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest; and deliver a notice of the meeting, accompanied by the IFA's opinion, to the shareholders at least 14 days ahead of the meeting date.

2.3.3. Advantages/benefits of entering into the transaction with a third party

- (1) *The Company will not be subject to the duties arising from entering into the transaction with the connected persons pursuant to the Notifications on Connected Transactions.*

If the Company enters into TNLX Share Disposal Transaction with a third party, this will not be considered a connected transaction and, thus, the Company will not be required to comply with the Notifications on Connected Transactions. That is, it will not have to seek approval from the shareholders' meeting, nor to appoint an independent financial advisor to provide opinion on the connected transaction, thereby helping to save cost of preparations for such transaction.

2.3.4. Disadvantages/risks of entering into the transaction with a third party

- (1) *It may be impossible to find any third party who is interested in the transaction.*

Since the key trade partners of TNLX in both raw material procurement and product distribution mostly are interrelated companies, for example, having the same major shareholders, it is less likely that there will be any third party interested in buying the investment in TNLX for further management due to risk in that the trade terms and conditions may change from those earlier granted to TNLX by the trade partners.

- (2) *Negotiation will be more difficult with a third party than with the connected persons.*

If the Company enters into the transaction with a third party, it may be more difficult to conclude the negotiation for the transaction than in the case of the transaction made with the connected persons and may also be more time-consuming. Moreover, there is risk of the two parties finally failing to reach the terms and conditions to their mutual satisfaction and the Company itself failing to achieve its established goal.

3. Opinion of the Independent Financial Advisor on appropriateness of value of the assets being disposed of and conditions for the connected transaction

3.1. Fair value appraisal of the ordinary shares

The Company intends to sell all 6,000,000 ordinary shares it holds in TNLX, representing 100.00% of the registered and paid-up capital, at the equal offering price to all four purchasers of Baht 111.65 per share, totaling Baht 669,900,000.00 (or Baht 669.90 million), consisting of:

- (1) ICC, which is a connected person of the Company, in the amount of 4,200,000 shares, representing 70.00% of the registered and paid-up capital, totaling Baht 468,930,000.00 (or Baht 468.93 million);
- (2) IDF, which is not a connected person of the Company, in the amount of 660,000 shares, representing 11.00% of the registered and paid-up capital, totaling Baht 73,689,000.00 (or Baht 73.69 million);
- (3) BSC, which is a connected person of the Company, in the amount of 600,000 shares, representing 10.00% of the registered and paid-up capital, totaling Baht 66,990,000.00 (or Baht 66.99 million); and
- (4) SPI, which is a connected person of the Company, in the amount of 540,000 shares, representing 9.00% of the registered and paid-up capital, totaling Baht 60,291,000.00 (or Baht 60.29 million).

In expressing our opinion on the fairness of price and conditions for the transaction, we have measured a fair value of TNLX shares by using different valuation approaches as a basis for identifying the appropriateness of the sale and purchase price, as follows:

- 3.1.1. Book Value Approach
- 3.1.2. Adjusted Book Value Approach
- 3.1.3. Market Comparable Approach
 - (1) Price to Book Value Ratio Approach
 - (2) Price to Earnings Ratio Approach
 - (3) EV/EBITDA Ratio Approach
- 3.1.4. Market Value Approach
- 3.1.5. Discounted Cash Flow Approach

The details of our valuation of TNLX shares by each approach are as follows:

3.1.1. Book Value Approach

By this approach, the shares are appraised from net book value of assets (total assets deducted by total liabilities) or equivalent to only the equity attributable to owners of TNLX, divided by number of shares to obtain the shares' book value.

We appraise a fair value of TNLX shares by this approach, using information from its financial statements as of December 31, 2023, which were audited by Mr. Wichart Lokatekrawee, CPA Registration No. 4451, of EY Office Ltd., an SEC-approved auditor. Details of the share valuation are as follows:

Items as at December 31, 2023	Baht million
Issued and paid-up capital	600.00
Retained earnings	
Appropriated	-
Unappropriated	22.24
Shareholders' equity of TNLX	622.24
Par value (Baht/share)	100.00
No. of shares (million shares)	6.00
Book value per share (Baht/share)	103.71

By the book value approach, a fair value of shareholders' equity of TNLX is appraised at Baht 622.24 million, representing a fair value of TNLX shares of Baht 103.71 per share (par value of Baht 100.00 per share), which is (lower) than the offering price to the connected persons of Baht 111.65 per share by Baht (7.94) per share or (7.11)%.

The share valuation by this approach reflects TNLX's financial position as of December 31, 2023 only, but does not reflect current market value of its assets, nor its profitability in the future. We view that the fair value appraisal of TNLX shares by the book value approach is not suitable.

3.1.2. Adjusted Book Value Approach

Under this method, the shares are valued by adjusting the book value shown on TNLX's financial statements as at December 31, 2023 for the items that materially affect value of assets and liabilities in order to reflect the net asset value that is as close as possible to the present value. We have considered the significant items on such financial statements for the book value adjustment as follows:

(a) Adjustment for surplus (deficit) on asset revaluation

The Company has engaged Sims Property Consultants Co., Ltd. (“SIMS”), by Mr. Kitjawat Mahakusol, the principal appraiser (WorThor.048) and an SEC-approved independent valuer, to conduct a fair value measurement, for public purposes, of two construction items,³⁷ which are (1) a two-storied office building with garment factory, having a total usable area of 3,934.00 square meters, and (2) a one-storied repair and maintenance building with a usable area of 110.00 square meters, located in Saha Group Industrial Park – Mae Sot, off Mae Sot – Mae Sariang Road (Hwy.105), Kasa Sub-district, Mae Sot District, Tak Province. In this regard, SIMS prepared a property appraisal report No. 66-1-2604-GL-1, dated December 27, 2023. However, the property appraised did not include the land where the two buildings are located because those buildings are on the leased land owned by SPI.

SIMS employed the replacement cost approach, which was deemed a suitable method, to evaluate (1) the two-storied office building with garment factory and (2) the one-storied repair and maintenance building. It estimated the cost of reconstruction of the two buildings based on the current price in order to obtain the replacement cost, which was deducted by depreciation cost according to the two buildings’ physical condition and useful life, resulting in a fair value of the two buildings of Baht 66.30 million. (Please see more information on such property appraisal in Attachment 1.) The details are as shown below:

Asset details in brief	Book value as of Dec 31, 2023 (2)	Fair value appraised by SIMS (1)	Surplus (Deficit) on asset revaluation (3) = (1) - (2)	Deferred tax (liabilities) assets (4) = 20% * (3)	Gain (Loss) on asset revaluation (5) = (3) - (4)
Two-storied office building with garment factory and one-storied repair and maintenance building with a total usable area of 4,044.00 sqm. ^{1/}	65.31	66.30	0.99	0.20	0.79

Remark: * Shareholders can study more details of the property appraisal report in Attachment 1 of this report.

1/ Located on the leased land under title deeds no. 46830, 46831 and 46832 with a total area of 2.34 rai or 936.00 square wah, owned by SPI.

³⁷ The two construction items, (1) a two-storied office building with garment factory and (2) a one-storied repair and maintenance building, were originally constructed by the Company for use as the office and factory in its Textile Business. They are located on the leased land under title deeds no. 46830, 46831 and 46832 with a total area of 2.34 rai or 936.00 square wah, owned by SPI. Then in July 2023, the Company made a partial business transfer, i.e. a transfer of Textile Business including these constructions, to TNLX and already transferred the construction permit no. 162/2561 to TNLX on February 23, 2024.

Opinion of the IFA on the property appraisal approach

SIMS examined and considered various factors relating to the valuation such as appropriateness of use, general market condition and limitations, specific features of the property, and legal rights before selecting the appraisal method that suits the nature of such property. SIMS employed the replacement cost approach for appraisal of the two buildings, which we consider appropriate because SIMS appraised such properties on the basis of reconstruction of the appraised buildings at a replacement cost, deducted by depreciation cost according to physical condition and useful life of the buildings and constructions, in order to obtain the depreciated replacement cost. The valuation of replacement cost and the assumption on depreciation according to physical condition are in line with the guidelines set out by the Valuers Association of Thailand. Therefore, we view that such appraisal method is appropriate.

(b) Working capital

For trade accounts receivable and inventories, the allowance for credit losses, allowance for decline in value of inventories and slowing moving inventories, and right to returned goods have been estimated based on past experience and forecast of their future trend and in accordance with the accounting standards. Therefore, we have not made adjustment to this item.

(c) Commitments and contingent liabilities

Significant commitments of TNLX include letter of guarantee for electricity usage, lease and service agreements relating to business operation of TNLX, agreements with trademark owners, software installation contract, FX forward contract, etc. However, since the aforementioned commitments and contingent liabilities arise from the ordinary course of business of TNLX, we have not made adjustment to this item in the share valuation by this approach.

Details of the adjustment to the shares' book value are as follows:

Unit: Baht million

Items	Book value after adjustment
Paid-up capital	600.00
Retained earnings	
Appropriated	-
Unappropriated	22.24
Shareholders' equity of TNLX as of December 31, 2023	622.24
<i>Adjusted item:</i>	
<i>Add</i> Surplus on revaluation of constructions	0.79
Shareholders' equity of TNLX after adjustment	623.03

Items	Book value after adjustment
Par value (Baht/share)	100.00
No. of shares (million shares)	6.00
Price per share	103.84

By the adjusted book value approach, a fair value of shareholders' equity of TNLX is appraised at Baht 623.03 million, representing a fair value of TNLX shares of Baht 103.84 per share (par value of Baht 100.00 per share), which is (lower) than the offering price to the connected persons of Baht 111.65 per share by Baht (7.81) per share or (7.00)%.

The share valuation by this approach could reflect TNLX's net asset value that is more updated than the share valuation by the book value approach. However, this approach takes no account of TNLX's future performance and profitability, nor the overall economic and industrial trends. We view that the fair value appraisal of TNLX shares by the adjusted book value approach is not suitable.

3.1.3. Market Comparable Approach

By this approach, the shares are valued based on various market ratios, including (1) price to book value (P/BV) ratio, (2) price to earnings (P/E) ratio, and (3) enterprise value to EBITDA (EV/EBITDA) ratio, of companies listed on the SET which generate income from production and sale or authorized distribution of textile, apparel and fashion products in the amount of not less than 50% of their total sales revenues and bring in sales revenues of between Baht 1,000 million and Baht 5,000 million so as to align with the core business of TNLX, which generates income mainly from manufacturing and distribution of textile and apparel products and recorded revenues from sales of Baht 1,619.30 million³⁸ for the year 2023 ended December 31, 2023. The reference companies that meet the aforementioned qualifications are comprised of six SET-listed companies, or called the "Peer Group."

³⁸ Revenues from sales in 2023 were the sum of revenues from Textile Business under the Company's operation in January-June 2023 and revenues from Textile Business under TNLX's operation in July-December 2023.

Details of the Peer Group are as follows:

Symbol	Company's name	Nature of business	Sales revenues (Baht million)*	
SET-listed reference companies				
1	CPH	Castle Peak Holdings Plc.	CPH engages in garment and real estate businesses.	1,261.12
2	MC	MC Group Plc.	MC operates retailing business of apparels and lifestyle products under brands owned by its group of companies and other companies. It focuses on brand management, sales and marketing management, product design, product sourcing, and warehouse and logistics management.	2,183.87
3	PAF	Pan Asia Footwear Plc.	PAF engages in the manufacture and distribution of footwear, bags, and shoe parts, subcontracted production of moulds, forming of plastic and natural rubber, and organic agriculture. In 2021, it recorded revenues from sales of footwear, bags, and shoe parts in the amount of more than 80% of total sales revenues.	2,864.13
4	RSP	Rich Sport Plc.	RSP is an importer and distributor of fashion and lifestyle products under world-renowned brands in Thailand and Cambodia.	1,451.42
5	SABINA	Sabina Plc.	SABINA designs, manufactures and sells lingerie under the brand name Sabina and to the distributors of brand names in Europe.	3,431.06
6	WACOAL	Thai Wacoal Plc.	WACOAL manufactures and distributes finished garment products including lingerie, ladies' outerwear and children wear products, with lingerie as the main product under the brand WACOAL, for both domestic sales and export.	3,608.92

Source: www.set.or.th

Remark: * Consolidated financial statements for the year ended December 31, 2023

1. *Price to Book Value Ratio Approach*

Under the P/BV ratio approach, the shares are appraised by taking book value shown on TNLX's financial statements as at December 31, 2023, equal to Baht 103.71 per share, multiplied by the average of P/BV ratio of the Peer Group prevailing in different time periods of one month, three months, six months, nine months and 12 months up to the cut-off date of February 23, 2024 (which was the last business day before the Board of Directors' Meeting of the Company No. 2/2024 on February 26, 2024 resolved to propose the shareholders' meeting to consider and approve the disposal of all shares in TNLX to ICC, IDF, BSC and SPI).

Average P/BV ratio of the Peer Group:

Peer Group	Average of past 1 month	Average of past 3 months	Average of past 6 months	Average of past 9 months	Average of past 12 months
1 CPH	0.50	0.50	0.59	0.67	0.77
2 MC	2.84	2.71	2.73	2.73	2.63
3 PAF	1.30	1.14	1.14	1.16	1.15
4 RSP	1.05	1.03	1.03	1.06	1.08
5 SABINA*	5.42	5.31	5.08	4.94	4.94
6 WACOAL	0.69	0.68	0.70	0.71	0.72
Average*	1.28	1.21	1.24	1.27	1.27

Source: www.setsmart.com

Remark: * P/BV ratio of SABINA is excluded from the calculation because it is deemed the outlier.

Conclusion of the valuation of TNLX shares by the P/BV ratio approach

Period	Average P/BV ratio of Peer Group	Book value (Baht/share)	Fair value of TNLX shares (Baht/share)	Fair value of shareholders' equity of TNLX (Baht million)
Average of past 1 month	1.28	103.71	132.75	796.50
Average of past 3 months	1.21	103.71	125.49	752.94
Average of past 6 months	1.24	103.71	128.60	771.60
Average of past 9 months	1.27	103.71	131.71	790.26
Average of past 12 months	1.27	103.71	131.71	790.26

By the P/BV ratio approach, a fair value of shareholders' equity of TNLX is appraised in a range of Baht 752.94 million - Baht 796.50 million, representing a fair value of TNLX shares of Baht 125.49 – 132.75 per share (par value of Baht 100.00 per share), which is higher than the offering price to the connected persons of Baht 111.65 per share by Baht 13.84 – 21.10 per share or 12.40% – 18.90%.

The share valuation by this approach is based on TNLX's book value, which reflects its performance and financial position at a given period of time, but does not reflect its future profitability. We view that the fair value appraisal of TNLX shares by the P/BV ratio approach is not suitable.

2. Price to Earnings Ratio Approach

By this method, the shares are appraised from TNLX's net profit for the previous 12 months (January 1, 2023 – December 31, 2023),³⁹ equal to Baht 3.71 per share, multiplied by the average P/E ratio of the Peer Group prevailing in different time periods of one month, three months, six months, nine months and 12 months up to the cut-off date of February 23, 2024 (which was the last business day before the Board of Directors' Meeting of the Company No. 2/2024 on February 26, 2024 resolved to propose the shareholders' meeting to consider and approve the disposal of all shares in TNLX to ICC, IDF, BSC and SPI).

Average P/E ratio of the Peer Group:

Peer Group	Average of past 1 month	Average of past 3 months	Average of past 6 months	Average of past 9 months	Average of past 12 months
1 CPH	4.84	4.87	4.42	4.11	4.01
2 MC	16.35	15.75	15.81	15.65	15.38
3 PAF*	188.66	166.50	101.60	76.89	66.54
4 RSP	11.40	11.11	12.15	13.18	14.29
5 SABINA	21.00	20.56	20.59	20.79	21.11
6 WACOAL	28.08	27.59	26.81	30.23	32.85
Average*	19.21	18.75	18.84	19.96	20.91

Source: www.setsmart.com

Remark: * P/E ratios of CPH and PAF are excluded from the calculation because they are deemed the outliers.

Conclusion of the valuation of TNLX shares by the P/E ratio approach

Period	Average P/E ratio of Peer Group	Earnings per share (Baht/share)	Fair value of TNLX shares (Baht/share)	Fair value of shareholders' equity of TNLX (Baht million)
Average of past 1 month	19.21	3.71	71.27	427.62
Average of past 3 months	18.75	3.71	69.56	417.36
Average of past 6 months	18.84	3.71	69.90	419.40
Average of past 9 months	19.96	3.71	74.05	444.30
Average of past 12 months	20.91	3.71	77.58	465.48

By the P/E ratio approach, a fair value of shareholders' equity of TNLX is appraised in a range of Baht 417.36 million - Baht 465.48 million, representing a fair value of TNLX shares of Baht 69.56 – 77.58 per

³⁹ TNLX has just accepted a partial business transfer (PBT), i.e. a transfer of Textile Business which had earlier been operated by the Company and became under the operation of TNLX as from July 1, 2023. Therefore, in 2023, TNLX recorded revenues from sales, EBITDA, and net profit from Textile Business for only six months, from July 1 to December 31, 2023.

share (par value of Baht 100.00 per share), which is (lower) than the offering price to the connected persons of Baht 111.65 per share by Baht (42.09) – (34.07) per share or (37.70)% – (30.52)%.

The share valuation by this approach focuses only on TNLX's profitability over the previous 12 months. However, TNLX had not yet commenced operation in the first half of 2023. It was not until July 1, 2023 that it accepted a partial business transfer (PBT), i.e. a transfer of Textile Business which had originally been operated by the Company and became under the operation of TNLX instead according to the Company's business restructuring plan. Therefore, TNLX's performance in 2023 could not reflect the ability to generate a profit from Textile Business for a full year as TNLX undertook such business operation and recorded a net profit for only six months, from July 1 to December 31, 2023. Moreover, this approach takes no account of TNLX's capability and profitability in the future. We view that the fair value appraisal of TNLX shares by the P/E ratio approach is not suitable.

3. *EV/EBITDA Ratio Approach*

By this approach, the shares are appraised from the average EV/EBITDA ratio of the Peer Group, multiplied by EBITDA of TNLX, then deducted by financial liabilities and non-controlling interests, and added by cash of TNLX. The formula for share value calculation by the EV/EBITDA ratio approach is as follows:

$$\begin{aligned} \text{TNLX's EV} &= \text{Average EV/EBITDA of Peer Group} \times \text{EBITDA} \\ \text{Total equity value} &= \text{TNLX's EV} - \text{Non-controlling interests} - \text{Financial liabilities} + \text{Cash} \\ \text{Share value} &= \text{Total equity value} / \text{Total number of paid-up shares} \end{aligned}$$

Average EV/EBITDA ratio of the Peer Group:

Peer Group	Average of past 1 month	Average of past 3 months	Average of past 6 months	Average of past 9 months	Average of past 12 months
1 CPH [*]	4.96	4.04	3.93	3.81	3.81
2 MC	8.97	8.79	8.81	8.77	8.52
3 PAF	18.54	16.48	14.66	13.28	12.81
4 RSP	7.85	5.94	5.42	5.65	5.98
5 SABINA	15.62	15.08	14.92	15.09	15.30
6 WACOAL [*]	27.22	26.68	27.05	27.95	29.17
Average^{1/}	12.75	11.57	10.95	10.70	10.65

Source: Bloomberg

Remark: ^{*} EV/EBITDA ratios of CPH and WACOAL are excluded from the calculation because they are deemed the outliers.

As at December 31, 2023, TNLX had cash and cash equivalents of Baht 347.92 million, without any interest-bearing financial liabilities, and EBITDA for the previous 12 months (January 1, 2023 – December 31, 2023)⁴⁰ of Baht 39.96 million, and without any non-controlling interests.

Conclusion of the valuation of TNLX shares by the EV/EBITDA ratio approach

Average of the previous period	Average EV/EBITDA ratio of Peer Group	EBITDA (Baht million)	TNLX's EV (Baht million)	Fair value of shareholders' equity of TNLX (Baht million)	Total number of issued and paid-up shares (million shares)	Fair value of TNLX shares (Baht/share)
1 month	12.75	39.96	509.49	857.41	6.00	142.90
3 months	11.57	39.96	462.34	810.26	6.00	135.04
6 months	10.95	39.96	437.56	785.48	6.00	130.91
9 months	10.70	39.96	427.57	775.49	6.00	129.25
12 months	10.65	39.96	425.57	773.49	6.00	128.92

By the EV/EBITDA ratio approach, a fair value of shareholders' equity of TNLX is appraised in a range of Baht 773.49 million - Baht 857.41 million, representing a fair value of TNLX shares of Baht 128.92 – 142.90 per share (par value of Baht 100.00 per share), which is higher than the offering price to the connected persons of Baht 111.65 per share by Baht 17.27 – 31.25 per share or 15.47% – 27.99%.

The share valuation by this approach focuses only on TNLX's profitability over the previous 12 months. TNLX had not yet commenced operation in the first half of 2023. It was not until July 1, 2023 that it accepted a partial business transfer (PBT), i.e. a transfer of Textile Business which had originally been operated by the Company and became under the operation of TNLX instead according to the Company's business restructuring plan. Therefore, TNLX's performance in 2023 could not reflect the ability to generate EBITDA from Textile Business for a full year as TNLX undertook such business operation and recorded EBITDA for only six months, from July 1 to December 31, 2023. Moreover, this approach takes no account of TNLX's capability and profitability in the future. We view that the fair value appraisal of TNLX shares by the EV/EBITDA ratio approach is not suitable.

⁴⁰ TNLX has just accepted a partial business transfer (PBT), i.e. a transfer of Textile Business which had earlier been operated by the Company and became under the operation of TNLX as from July 1, 2023. Therefore, in 2023, TNLX recorded revenues from sales, EBITDA, and net profit from Textile Business for only six months, from July 1 to December 31, 2023.

3.1.4. Market Value Approach

Under this approach, the share valuation is based on the weighted average market price (trading value/trading volume) of shares that are traded on the SET over different periods. Since TNLX shares are not listed on either the SET or the mai, there is no market price available. Therefore, we cannot appraise a fair value of TNLX shares by this approach.

3.1.5. Discounted Cash Flow Approach

By this approach, the shares are valued based on TNLX's future profitability by calculating present value of net cash flow expected from its future operation under financial projection for a period of about five years from 2024 to 2028, which is a projection period considered adequate to reflect the operation of TNLX's Textile Business since it has been operated for more than 40 years, or already reached its maturity, and TNLX has no plan for business expansion throughout such period. The projection is subject to the assumption that TNLX continues operation on a going concern basis and there is no material change taking place. It is also based on the economic condition and current circumstances where the business operation is under the existing management team.

We have prepared the financial projection based on the information and assumptions obtained from TNLX and the information received from interviews with the executives and staff concerned. The objective is to identify a fair value of TNLX shares and the appraised share value may not be used as a reference price for any purposes other than the objective mentioned above. We have reviewed such information in accordance with professional standards and deem that the information is adequate and reliable for use in the valuation of TNLX shares.

If there is any material change from the established assumptions in the economic condition and other external factors that have an impact on the operation of TNLX, as well as change in the internal situation of TNLX, the share value appraised by this approach may not be used as a reference price.

However, since TNLX has just accepted a partial business transfer (PBT), i.e. Textile Business, from TNL, with effect on July 1, 2023, TNLX accordingly does not have any historical records on such business operation. Therefore, our appraisal of a fair value of TNLX shares is based on the information on past operation of Textile Business under the original management of TNL, assuming that Textile Business has been managed by TNLX from the beginning.

The key assumptions used in the financial projection of TNLX are as follows:

Overall, TNLX views that sales revenues from Textile Business could grow only to some extent by around 4%-5% a year. While global economy still witnesses an ongoing slowdown or a temporary pickup, consumers' demand has not yet fully recovered amid the current inflationary pressure, thus hampering an increase in selling prices. On the side of cost, TNLX has made a tremendous effort to control cost at an

acceptable level and has closely monitored and supervised business operation to enable Textile Business to continue generating a profit. However, considering the hikes in raw material cost, wages and energy cost, it is therefore predicted that Textile Business, hindered by an array of challenges, will remain incapable of recovering and delivering a healthy profit as in the past.

(a) Revenues from sales

TNLX generates revenues mainly from manufacturing and distribution of finished garments and leather goods under various brands, including ARROW, EXCELLENCY, GETAWAY, COOL, Guy Laroche, DAKS, ELLE, HOMME, Takeo Kikuchi, Olymp, ICON, Positif, MIX-SELF, and Erawon ("Textile Business"). The products are distributed both domestically and overseas. Textile Business recorded total revenues from sales of Baht 1,332.66 million in 2021 and Baht 1,777.06 million in 2022, representing a y-o-y surge of Baht 444.40 million or 33.35%. Of such increase amount, Baht 244.99 million was a rise in revenues from domestic sales, driven by Thai economic recovery which prompted consumers to become more relaxed in their everyday life, and Baht 199.41 million was growth in revenues from export sales, similarly propelled by the economic improvement, coupled with higher purchase volume from existing customers, orders received from new customers, and cost advantage due to the baht weakening.

For 2023, sales revenues declined by Baht (157.76) million or (8.88)% from 2022 to Baht 1,619.30 million. Such decrease stemmed from a high value of overseas purchase orders in 2022 during the initial period after a recovery from the COVID-19 pandemic, while the economy did not improve as expected, resulting in shrinking demand from overseas markets in 2023 amid global economic slowdown. Thus, revenues from sales returned to normal, from the previous year's record high.

From 2024 until the end of the projection period, revenues from sales are forecast to grow by 4.07% - 4.14% per year. TNLX views that, overall, revenues from sales could grow only to some extent by around 4%-5% a year, driven by an increase in total sales volume of 1.97% – 2.41% amid an ongoing recovery in tourism and positive impacts from the government's policy to lower cost of living and boost consumers' spending and purchasing power. TNLX will still emphasize its online sales channel, which shows a continued growth prospect and can efficiently reach new consumer groups. At the same time, TNLX will retain its existing client base through the current distribution channels, comprising sales through selling agents for redistribution to department stores or wholesalers and sales through factory outlets and community malls. TNLX will also seek to penetrate new markets by participating in trade exhibitions at home and abroad.

Average selling price is anticipated to increase in a narrow range of 1.68% – 2.08% per year because it stayed at a low level in 2021 due to the COVID-19 impacts and then in 2022-2023 rebounded to about the same as the pre-pandemic level. As such, the average selling price during the projection period is set to increase at a slower pace than in 2022-2023 in order to remain competitive in the current economic environment with tough competition from both local and foreign rivals.

Year	Historical data			Projection				
	2021	2022	2023	2024	2025	2026	2027	2028
Revenues from sales (Baht million)	1,332.66	1,777.06	1,619.30	1,686.07	1,755.80	1,827.94	1,902.88	1,980.42
Change (%)		33.35%	(8.88)%	4.12%	4.14%	4.11%	4.10%	4.07%
Sales volume (million pieces)	2.70	3.45	2.84	2.90	2.97	3.04	3.10	3.17
Change (%)		27.78%	(17.68)%	2.11%	2.41%	2.36%	1.97%	2.26%
Selling price (Baht/piece)	493.58	515.09	570.18	581.40	591.18	601.30	613.83	624.74
Change (%)		4.36%	10.69%	1.97%	1.68%	1.71%	2.08%	1.78%

(b) Other revenues

Other revenues, comprising revenues from subcontracted production service rendering to affiliated companies and general customers, revenues from discount programs under trade partners' responsibility,⁴¹ revenues from product delivery charged by TNLX from customers, and others, amounted to Baht 28.55 million, Baht 27.54 million, and Baht 29.05 million in 2021-2023 respectively. Other revenues are projected to be 1.83% of revenues from sales, which is equal to the average percentage of other revenues over the past three years, and to remain constant throughout the projection period.

Year	Historical data			Projection				
	2021	2022	2023	2024	2025	2026	2027	2028
Other revenues	28.55	27.54	29.05	30.86	32.13	33.45	34.82	36.24
As % of total sales	2.14%	1.55%	1.79%	1.83%	1.83%	1.83%	1.83%	1.83%

(c) Cost of sales (excluding depreciation and amortization)

Cost of sales (excluding depreciation and amortization) was Baht 924.32 million in 2021 and then went up to Baht 1,220.16 million in 2022 and down to Baht 1,120.32 million in 2023 in line with the increase and decrease in revenues from sales in each year, representing 69.36%, 68.66% and 69.19% of revenues from sales in 2021-2023 respectively. The higher percentage of cost of sales to sales revenues in 2023 than that in 2022 resulted from the fact that, in 2022, revenues from overseas sales went up and the products with increased orders from foreign customers delivered a high profit margin, while in 2023, overseas sales dropped along with a relative decrease in the products with a high profit margin. Cost of sales in 2024-2028 is projected by TNLX to be about the same as product mix in 2023, which is close to the pre-pandemic level.

⁴¹ Discount programs are provided for customers jointly with trade partners or department stores. For instance, TNLX and trade partners jointly distribute discount coupons to customers, whereby TNLX is responsible for such discount jointly with trade partners in the mutually agreed proportion. Trade partners are to transfer the discount portion for which they are responsible to TNLX and TNLX will recognize such amount as other revenues.

However, it is anticipated that the percentage of cost of sales will edge up from 2023. The rationale behind this is that the Company, in the first half of 2023, underwent business restructuring through a partial business transfer (PBT), i.e. a transfer of its Textile Business, including assets, liabilities, contracts, benefits, and all personnel involved and used in the operation of Textile Business, to TNLX. In this regard, the Company encourages TNLX to operate business under the “Asset Light” model, by transferring only assets that are necessary for the operation of TNLX’s Textile Business so as to increase the flexibility in management. TNLX has changed from possessing real properties such as land and factories to renting properties from the Company for use in its business operation. By doing so, TNLX could reduce depreciation cost but has to carry higher rental expenses instead. Therefore, cost of sales (excluding depreciation and amortization) is projected at 69.30% of revenues from sales throughout the projection period.

Year	Historical data			Projection				
	2021	2022	2023	2024	2025	2026	2027	2028
Cost of sales* (Baht million)	924.32	1,220.16	1,120.32	1,168.45	1,216.77	1,266.76	1,318.70	1,372.43
As % of total sales	69.36%	68.66%	69.19%	69.30%	69.30%	69.30%	69.30%	69.30%

Remark * Excluding depreciation and amortization

(d) Selling and administrative expenses (excluding depreciation and amortization)

Selling and administrative expenses are divided into two portions as follows:

— Variable costs

These expenses will vary with revenues from sales, comprising royalty fees, advertisement and promotion expenses, product delivery and storage expenses, and commissions. Based on the past records, the percentage of these expenses to revenues from sales was quite steady. Therefore, it is assumed as follows:

Royalty fees are paid by TNLX as compensation for the use of trademarks granted by owners, charged as a percentage of total sales. In 2021-2023, royalty fees went up from Baht 23.50 million to Baht 33.11 million and Baht 38.49 million, accounting for 1.76%, 1.86% and 2.38% respectively. While revenues from sales in 2022 were higher than those in 2023, the percentage of royalty fees to revenues from sales in such year was lower than that in 2023. This was because products under the licensed brands were mainly sold locally, whereas, in 2022, revenues from overseas sales saw strong growth, but not from products under the licensed brands. In 2023, local sales outperformed overseas sales, which witnessed a decline and led the percentage of royalty fees to revenues from sales in 2022 to be lower than that in 2023. Royalty fees are assumed at 2.38% of sales revenues, based on a projection that the percentage of sales of products under the licensed brands in 2023 would be close to the percentage of local sales and overseas sales in the future, which is about the same as the pre-COVID-19 level. Royalty fees are forecast to remain constant at 2.38% of sales revenues throughout the projection period.

Advertisement and promotion expenses and product delivery and storage expenses will likely increase due to advertisement and promotion campaigns organized to boost sales through each channel. Besides, over the past two years, online distribution has received overwhelming interest and response from customers, thus pushing up product storage and delivery expenses. Meanwhile, commissions move up and down in tandem with sales. Therefore, advertisement and promotion expenses, product delivery and storage expenses, and commissions as a percentage of revenues from sales are set to remain constant at 2.25%, 1.49% and 0.42% respectively or equal to the percentage of each of these variable costs to sales in 2023, which is expected to be close to that in future operation.

Year	Historical data			Projection				
	2021	2022	2023	2024	2025	2026	2027	2028
Variable costs (Baht million)								
Royalty fees	23.50	33.11	38.49	40.13	41.79	43.51	45.29	47.13
Advertisement and promotion expenses	26.31	34.76	36.40	37.94	39.51	41.13	42.81	44.56
Product delivery and storage expenses	15.11	23.96	24.05	25.12	26.16	27.24	28.35	29.51
Commissions	6.90	7.45	6.84	7.08	7.37	7.68	7.99	8.32
As % of sales								
Royalty fees	1.76%	1.86%	2.38%	2.38%	2.38%	2.38%	2.38%	2.38%
Advertisement and promotion expenses	1.97%	1.96%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Product delivery and storage expenses	1.13%	1.35%	1.49%	1.49%	1.49%	1.49%	1.49%	1.49%
Commissions	0.52%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%	0.42%

— Fixed costs

Employee-related expenses such as salary and staff welfare are assumed to increase by 5% per year from 2023 until the end of the projection period, which is in line with the past pay increase rate.

Public utility fees, computer and computer system expenses, repair and maintenance costs, and other administrative and selling expenses such as fuel cost, cleaning expense, security fee, POS maintenance cost, audit fee, etc. are estimated to increase by 2% per year from 2023 until the end of the projection period (close to the average inflation rate in the past 20 years).

Year	Historical data			Projection				
	2021	2022	2023	2024	2025	2026	2027	2028
Fixed costs (Baht million)								
Employee-related expenses	235.07	285.79	271.45	285.03	299.28	314.24	329.95	346.45
Public utility fees	8.74	9.84	9.57	9.76	9.96	10.16	10.36	10.57

Year	Historical data			Projection				
	2021	2022	2023	2024	2025	2026	2027	2028
Computer and computer system expenses	6.79	9.29	10.04	10.24	10.44	10.65	10.86	11.08
Repair and maintenance costs	3.90	4.53	6.31	6.44	6.57	6.70	6.83	6.97
Other administrative expenses	26.69	41.32	35.25	35.95	36.67	37.40	38.15	38.91
Other selling expenses	23.98	44.76	27.83	28.39	28.96	29.54	30.13	30.73
Growth rate (%)								
Employee-related expenses		21.58%	(5.02%)	5.00%	5.00%	5.00%	5.00%	5.00%
Public utility fees		12.59%	(2.73%)	2.00%	2.00%	2.00%	2.00%	2.00%
Computer and computer system expenses		36.79%	7.99%	2.00%	2.00%	2.00%	2.00%	2.00%
Repair and maintenance costs		16.20%	39.25%	2.00%	2.00%	2.00%	2.00%	2.00%
Other administrative expenses		54.83%	(14.70%)	2.00%	2.00%	2.00%	2.00%	2.00%
Other selling expenses		86.71%	(37.83%)	2.00%	2.00%	2.00%	2.00%	2.00%

(e) Capital expenditure

In 2024, TNLX plans to invest in auto cut machine and other machines for efficiency improvement and machinery replacement in the amount of Baht 16.00 million. In 2025-2027, it plans to invest in new machinery procurement for efficiency improvement and machinery replacement at its Lamphun and Mae Sot Branches in the amount of approximately Baht 77.00 million. Investment will be made firstly at Lamphun Branch in 2025 and then Mae Sot Branch in 2026. Expenses on regular repair and maintenance of buildings and equipment are estimated at Baht 8 million a year from 2028 onwards.

For intangible assets, TNLX expects that, in 2024, it will invest in workflow & e-document system to support online transactions and also in additional development of personnel section's work system. However, the investment in work systems is expected to be gradually and continuously made to support a faster and more convenient work, and is therefore estimated at Baht 2.0 million per year, close to the previous investment cost.

Year	Historical data			Projection				
	2021	2022	2023	2024	2025	2026	2027	2028
Investment in property, plant and equipment (Baht million)	15.14	19.94	18.96	16.00	33.00	26.00	18.00	8.00
Investment in intangible assets (Baht million)	1.32	3.00	1.55	2.00	2.00	2.00	2.00	2.00

(f) Income tax

Corporate income tax is estimated at 18% of pre-tax profit in 2024-2025 and 19% of pre-tax profit in 2026 because some leather goods production lines have not yet been granted tax benefits until the first quarter of 2026. Corporate income tax is then assumed at 20% of pre-tax profit from 2027 until the end of the projection period.

(g) Working capital

Working capital is assumed to remain constant throughout the projection period, as follows:

—	Trade and other current receivables	45	days
—	Inventories	95	days
—	Right to returned goods	7	days
—	Trade and other current payables	55	days
—	Provision for goods returned	14	days

The turnover of trade accounts receivable, right to returned goods, trade and other current payables, and provision for goods returned is estimated based on historical data, while inventories are based on the current policy where TNLX in 2023 aimed to reduce inventories to the level aligning with sales volume due to the huge stock previously maintained for participation in sales promotion events.

(h) Terminal growth rate

Terminal growth rate is estimated using the Perpetuity Growth Model. Garment market normally experiences continuous growth in value, while TNLX's products are under a variety of well-known brands. If it is able to only maintain the existing market share, its revenues from sales will continue to grow at least at the same rate as that of the garment market. Therefore, we assume that TNLX will likely be able to maintain the terminal growth rate of at least 2% per year (close to the average inflation rate in the past 20 years).

Based on the assumptions for financial projection described above, we have determined a net value of shareholders' equity of TNLX by calculating present value of cash flow obtained from projection of TNLX's operating performance and financial position, with an appropriate discount rate. Since TNLX did not have any financial liabilities as at December 31, 2023, we view that a suitable discount rate should be cost of equity (K_e), which is equal to 11.83% per year. Details of the calculation are as follows:

Calculation of Ke:

$$K_e = R_f + \beta(R_m - R_f)$$

Where:

Risk free rate (Rf) Risk free rate of return on investment, derived from www.thaibma.or.th as at February 23, 2024, is equal to 3.35% per year, based on bid yield on government bond with a maturity of 25 years, which is a period that could reflect investment condition in different time periods better than shorter-term data.

Beta (β) This is a variance of SET return compared with a variance of return on investment in TNLX shares. We use the beta of six companies in the Peer Group, as described in Section 'Market Comparable Approach,' based on the weekly trading statistics from Bloomberg over the past three years from February 24, 2021 to February 23, 2024. The beta of these reference companies is adjusted to arrive at an unlevered beta, which is then adjusted by the estimated debt to equity ratio of TNLX to obtain a re-levered beta, which is equal to 0.993, as illustrated in the below table:

	CPH	MC	PAF	RSP	SABINA	WACOAL	TNLX
Leveraged beta	1.84	1.29	1.75	1.29	1.02	0.88	0.99
D/E ratio	0.49	0.14	0.75	0.35	0.54	0.18	-
Effective tax rate	0.20	0.19	-	0.20	0.20	0.04	0.20
Unlevered beta	1.33	1.16	1.01	1.01	0.71	0.74	0.99

Rm This is the average rate of return on the SET over the past 25 years, which is a period that could reflect investment condition in different time periods better than shorter-term data (source: SET data from February 1999 to January 2024), equal to 11.89% per year.

Based on the above assumptions, we could determine a total fair value of TNLX shares at Baht 661.11 million, representing Baht 110.19 per share, which is the value of shareholders' equity of TNLX in the base case scenario, the details of which are tabulated below:

Unit: Baht million	Projection				
	2024	2025	2026	2027	2028
EBIT*(1-Tax rate)	36.21	33.85	30.39	30.26	33.83
<i>Add</i> Depreciation and amortization	20.27	25.28	30.97	32.98	30.48
<i>Changes in working capital:</i>					
Trade and other current receivables	(66.33)	(8.60)	(8.89)	(9.24)	(9.56)
Inventories	(15.33)	(12.58)	(13.01)	(13.52)	(13.99)
Right to returned goods	(22.41)	(0.93)	(0.96)	(1.00)	(1.03)
Trade and other current payables	34.25	7.28	7.53	7.83	8.10
Provision for goods returned	44.52	1.85	1.92	1.99	2.06
Capital expenditure	(18.00)	(35.00)	(28.00)	(20.00)	(10.00)
Free cash flow of TNLX	13.17	11.16	19.94	29.30	39.90
Terminal value					413.97
Total cash flow	13.17	11.16	19.94	29.30	453.86
Discount period	1.00	2.00	3.00	4.00	5.00
Discount rate	11.83%	11.83%	11.83%	11.83%	11.83%
Discount factor	0.89421	0.79962	0.71503	0.63939	0.57175
Present value of cash flow	11.78	8.93	14.26	18.74	259.49
Value of finished garment and leather goods business	313.19				
<i>Less</i> Financial liabilities ^{1/}	-				
<i>Add</i> Cash and cash equivalents ^{1/}	347.92				
Total value of shareholders' equity of TNLX	661.11				
No. of shares (million shares)	6.00				
Share value (Baht/share)	110.19				

In addition, we have performed a sensitivity analysis on the valuation of TNLX shares to cover a range of impacts that are expected from changes to various factors as follows:

Change in revenues from sales by +/-1% from the base case

Change in revenues from sales	(1.00)%	(0.50)%	0.00%	0.50%	1.00%
Fair value of TNLX shares (price/share)	104.48	107.33	110.19	113.04	115.89
Fair value of TNLX's shareholders' equity (Baht million)	626.88	643.98	661.14	678.24	695.34

Change in percentage of cost of sales to 68.80% – 69.80% of revenues from sales

Change in percentage of cost of sales to total sales	68.80%	69.05%	69.30%	69.55%	69.80%
Fair value of TNLX shares (price/share)	122.61	116.40	110.19	103.98	97.77
Fair value of TNLX's shareholders' equity (Baht million)	735.66	698.40	661.14	623.88	586.62

Change in terminal growth rate to 1% – 3% per year

Terminal growth rate	1.00%	1.50%	2.00%	2.50%	3.00%
Fair value of TNLX shares (price/share)	106.19	108.09	110.19	112.5	115.08
Fair value of TNLX's shareholders' equity (Baht million)	637.14	648.54	661.14	675.00	690.48

Change in return on equity by +/-1% from the base case

Change in return on equity	(1.00)%	(0.50)%	0.00%	0.50%	1.00%
Fair value of TNLX shares (price/share)	117.07	113.44	110.19	107.26	104.60
Fair value of TNLX's shareholders' equity (Baht million)	702.42	680.64	661.14	643.56	627.60

From the sensitivity analysis with changes to various factors as described above, a fair value of shareholders' equity of TNLX is appraised in a range of Baht 586.62 million – Baht 735.66 million, representing a fair value of TNLX shares of Baht 97.77 - 122.61 per share (in the base case scenario, a fair value of shareholders' equity of TNLX is Baht 661.11 million, representing a fair value of TNLX shares of Baht 110.19 per share), which is (lower)/higher than the offering price to the connected persons of Baht 669.90 million or Baht 111.65 per share by Baht (83.28) million – Baht 65.76 million or by Baht (13.88) -10.96 per share or (12.43)% – 9.82%.

The discounted cash flow (DCF) approach focuses on future operation and profitability of TNLX by taking into account the present value of its future net cash flow based on past operation, as well as the economic trend and future operation of TNLX. Therefore, this approach can reflect the true value of TNLX more accurately than all other approaches. Based on these reasons, we view that the fair value appraisal of TNLX shares by the DCF approach is suitable.

Table showing comparison of the appraised fair value of TNLX shares

Valuation approach	Appraised fair value of shareholders' equity of TNLX (Baht million)	Appraised fair value of TNLX shares (Baht/share)	Offering price of TNLX shares (Baht/share)	Appraised value higher/(lower) than offering price	
				Baht/share	%
1. Book value approach	622.24	103.71	111.65	(7.94)	(7.11)
2. Adjusted book value approach	623.03	103.84	111.65	(7.81)	(7.00)
3. Market comparable approach					
1) P/BV ratio approach	752.94 – 796.50	125.49 – 132.75	111.65	13.84 – 21.10	12.40 – 18.90
2) P/E ratio approach	417.36 – 465.48	69.56 – 77.58	111.65	(42.09) – (34.07)	(37.70) – (30.52)
3) EV/EBITDA ratio approach	773.49 - 857.41	128.92 – 142.90	111.65	17.27 – 31.2	15.47 – 27.99
4. Market value approach	N/A	N/A	111.65	N/A	N/A
5. Discounted cash flow approach	586.62 – 735.66	97.77-122.61	111.65	(13.88) -10.96	(12.43) – 9.82

There are different strengths and weaknesses of the above valuation approaches in identifying a fair value of the shares, as described below:

(1) The share valuation by the book value approach focuses on financial position at a given period of time and book value of assets, but does not reflect the true market value of assets and the future profitability.

(2) The adjusted book value (ABV) approach could reflect the net asset value more accurately than the share valuation by the book value approach. This is because the appraised book value of shares in (1) is adjusted by value of property, plant and equipment at a market value or fair value, and also by commitments and contingent liabilities, etc. However, this approach does not reflect TNLX's future profitability.

(3) The market comparable approach, comprising (3.1) P/BV ratio approach, (3.2) P/E ratio approach, and (3.3) EV/EBITDA ratio approach, may not reflect the true value of TNLX due to the variation and difference in certain factors of the Peer Group in terms of business operation policy, marketing plan, customer base, future business plan, financial structure, and profitability of each company. Moreover, TNLX had not yet commenced operation in the first half of 2023. It was not until July 1, 2023 that it accepted a partial business transfer (PBT), i.e. a transfer of Textile Business which had originally been operated by the Company and became under the operation of TNLX instead according to the Company's business restructuring plan. Therefore, TNLX's performance in 2023 could not reflect the ability to generate EBITDA and net profit from Textile Business for a full year as TNLX undertook such business operation and recorded EBITDA and net profit for only six months, from July 1 to December 31, 2023. Moreover, this approach takes no account of TNLX's capability and profitability in the future.

(4) The market value approach can well reflect demand for and supply of shares in different time periods. However, since TNLX shares are not listed on the stock exchange, there is no market price available. Therefore, we cannot appraise TNLX shares by this approach.

(5) The discounted cash flow (DCF) approach focuses on future operation and profitability of TNLX by taking into account the present value of its future net cash flow based on past operation, as well as the economic trend and future operation of TNLX. Therefore, this approach can reflect the true value of TNLX more accurately than all other approaches. Based on the above reasons, we are of the opinion that the most suitable approach for valuing TNLX shares is the DCF approach. By this approach, a fair value of shareholders' equity of TNLX is appraised in a range of Baht 586.62 million – Baht 735.66 million, representing a fair value of TNLX shares of Baht 97.77 - 122.61 per share (in the base case scenario, a fair value of shareholders' equity of TNLX is Baht 661.11 million, representing a fair value of TNLX shares of Baht 110.19 per share), which is (lower)/higher than the offering price to the connected persons of Baht 669.90 million or

Baht 111.65 per share by Baht (83.28) million – Baht 65.76 million or by Baht (13.88) -10.96 per share or (12.43)% – 9.82%.

In view of the appropriateness of value of the disposal of TNLX shares, we are of the opinion that the offering price for TNLX shares of approximately Baht 669.90 million or Baht 111.65 per share is higher than the fair value of shareholders' equity of TNLX appraised herein, using the discounted cash flow approach, at Baht 661.11 million, representing a fair value of TNLX shares of Baht 110.19 per share (base case), by Baht 8.79 million or by Baht 1.46 per share or 1.31%. Therefore, the offering price for TNLX shares of approximately Baht 669.90 million or Baht 111.65 per share to the connected persons is considered appropriate.

3.2. Assessment of appropriateness of conditions for the transaction

We have considered all conditions specified in the TNLX share sale and purchase agreements between the Company and the four purchasers, the key terms and conditions of which are not different from each other. We are of the opinion that the conditions therein such as the terms of payment for the shares, the conditions precedent, and all other agreed conditions (see more details of the agreements in Attachment 2) are the terms and conditions for share sale and purchase agreements in general. The key conditions precedent are as follows: (1) the Company's and the purchasers' representations and warranties must be true and correct in all respects as at the Closing Date; (2) as at the Closing Date, there must not be any incident or act that may cause a material adverse effect on TNLX or obstruct the entering into the transaction as specified in the Share Sale and Purchase Agreement; (3) the Board of Directors' meeting and/or the shareholders' meeting of the Company and the purchasers (as the case may be) approve TNLX Share Disposal Transaction and the execution of and compliance with the TNLX share sale and purchase agreement; (4) the Company must ensure that the purchasers receive a letter of resignation as the director in TNLX in the case where the purchasers express an intention to nominate new directors in TNLX in proportion to their respective shareholding after the Closing Date; and (5) the Company must be eligible for exemption from value added tax under Chapter 4, special business tax under Chapter 5, and stamp duty under Chapter 6 in category 2 of the Revenue Code according to the Royal Decree Issued under the Revenue Code Governing the Exemption from Revenue Taxes (No. 516) B.E. 2554, with respect to the partial business transfer. Therefore, we deem that the conditions for this transaction are appropriate.

4. Conclusion of opinion of the Independent Financial Advisor

The Company intends to sell all 6,000,000 ordinary shares it holds in TNLX, its subsidiary engaging in Textile Business, representing 100.00% of the registered and paid-up capital, at the offering price of Baht 111.65 per share, totaling Baht 669,900,000.00 (or Baht 669.90 million), which is equal to TNLX's business value, including its net debt, to four purchasers, comprising ICC, BSC, SPI, which are the connected persons, and IDF, which is not a connected person of the Company.

The objective is to structure the business in a clear and sustainable manner, with a focus on driving growth through financial business and related businesses that can support each other under the Company's strategy. After completion of the disposal of the ordinary shares in TNLX, the Company will no longer hold any shares in TNLX and TNLX will cease to be its subsidiary.

TNLX Share Disposal Transaction is regarded as a disposal of assets pursuant to the Notifications on Acquisition or Disposal. The transaction has a maximum size of 6.27%, calculated under the net tangible assets ("NTA") basis according to the audited financial statements for the year ended December 31, 2023. When combined with value of another asset disposal transaction⁴² approved on the same occasion at the Board of Directors' Meeting No. 2/2024 on February 26, 2024 and three other asset disposal transactions⁴³ occurring in the past six-month period, the total transaction size is equal to 9.14% under the NTA basis, from which the maximum transaction value is obtained. Therefore, the size of this transaction is less than 15.00% and the Company is thereby not required to comply with the Notifications on Acquisition or Disposal.

However, TNLX Share Disposal Transaction will result in TNLX ceasing to be the Company's subsidiary. As such, the Company is obligated to prepare and disclose information on the transaction to the SET under the SET's Notification on Rules, Conditions and Procedures for Disclosure of Information and Other Acts of Listed Companies B.E. 2560.

⁴² The Board of Directors' Meeting of the Company No. 2/2024 on February 26, 2024 resolved to approve the disposal of ordinary shares in Saha Pathana Inter-Holding Plc. ("SPI") to Chokwatana Co., Ltd. ("Chokwatana"), which is not a connected person of the Company, in the amount of 3,500,000 shares at a price of Baht 69.65 per share, totaling Baht 243.78 million, representing 0.61% of SPI's registered and paid-up capital.

⁴³ The Board of Directors' Meeting of the Company No. 8/2023 on August 11, 2023 resolved to approve (1) the disposal of investment in ordinary shares in Treasure Hill Co., Ltd. ("TRH") to Saha Pathana Real Estate Co., Ltd. ("SPR"), which is a connected person of the Company, in the amount of 120,000 shares at a price of Baht 100.00 per share, totaling Baht 12.00 million, representing 6.00% of TRH's registered and paid-up capital; and (2) the disposal of land belonging to Oxygen 1 Co., Ltd. ("ONE"), an indirect subsidiary, to a non-connected person, at a price of Baht 250.00 million.

Moreover, on December 18, 2023, the Company's CEO approved the disposal of investment in ordinary shares in Osoth Inter Laboratories Co., Ltd. ("OSI") to S&J International Enterprises Plc. ("S&J"), which is a connected person of the Company, in the amount of 8,932 shares at a price of Baht 100.00 per share, totaling Baht 0.89 million, representing 0.13% of OSI's registered and paid-up capital.

In addition, the disposal of shares in TNLX to ICC, BSC and SPI constitutes a connected transaction⁴⁴ according to the Notifications on Connected Transactions. This is because ICC and the Company have a mutual major shareholder, i.e. SPI which holds shares in the Company in the amount of 42.19% of the Company's issued and paid-up capital (data as of December 28, 2023) and holds shares in ICC in the amount of 24.81% of ICC's issued and paid-up capital (data as of February 26, 2024). Moreover, BSC has its major shareholder serve as the Company's director, i.e. Mr. Thamarat Chokwatana who (including his related persons) holds shares in BSC in the amount of 14.00%⁴⁵ of BSC's issued and paid-up capital (data as of August 3, 2023); and SPI is the Company's major shareholder, holding 42.19% of the Company's issued and paid-up capital (data as of December 28, 2023). The details are provided in Item 1.3.2. In view of size of the connected transaction in the category of assets and services-related transaction under the Notifications on Connected Transactions, it is found that the connected transactions by the Company with ICC, BSC and SPI have a size equal to 4.80%,⁴⁶ 0.69%⁴⁷ and 0.62%⁴⁸ respectively of net tangible assets ("NTA") of the Company (its NTA as at December 31, 2023 amounted to Baht 9,763.30 million) according to the consolidated financial statements, audited by a certified public accountant, for the year ended December 31, 2023. In the past six-month period, the Company did not enter into any other connected transactions with ICC and BSC or their respective related persons. However, the Company entered into one connected transaction with SPI's related person,⁴⁹ with transaction size equal to 0.13% of the Company's NTA, and will enter into one connected transaction with SPI that will be proposed for approval from the shareholders' meeting on the same occasion,⁵⁰ with transaction size equal to 6.83% of the Company's NTA. Therefore, the total value of the connected transaction between the Company and SPI is equal to 7.58% of the Company's NTA.

⁴⁴ The disposal of TNLX shares to IDF does not constitute a connected transaction under the Notifications on Connected Transactions since IDF is not a connected person of the Company.

⁴⁵ Mr. Thamarat Chokwatana holds 800,000 shares in BSC, representing 8.00% of BSC's issued and paid-up capital, and his spouse and minor children together hold 600,000 shares or 6.00% of BSC's issued and paid-up capital.

⁴⁶ Total value of consideration of the connected transaction with ICC is Baht 468.93 million.

⁴⁷ Total value of consideration of the connected transaction with BSC is Baht 66.99 million.

⁴⁸ Total value of consideration of the connected transaction with SPI is Baht 60.29 million.

⁴⁹ The Board of Directors' Meeting of the Company No. 8/2023 on August 11, 2023 resolved to approve the disposal of investment in ordinary shares in Treasure Hill Co., Ltd. ("TRH") to Saha Pathana Real Estate Co., Ltd. ("SPR"), which is a connected person of the Company, in the amount of 120,000 shares at a price of Baht 100.00 per share, totaling Baht 12.00 million, representing 6.00% of TRH's registered and paid-up capital. The value of such connected transaction between the Company and SPR is equal to 0.13% of the Company's NTA as of June 30, 2023 (the Company's NTA as of June 30, 2023 amounted to Baht 9,548.06 million). Since SPR is a related person of SPI under the Notifications on Connected Transactions, such transaction with SPR must also be incorporated into the total size of connected transaction with SPI.

⁵⁰ The Board of Directors' Meeting of the Company No. 3/2024 on March 12, 2024 resolved to propose the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, to consider and approve the purchase of ordinary shares in

According to the Notifications on Connected Transactions, since the size of the connected transactions with ICC and SPI of 4.80% and 7.58% of the Company's NTA respectively is greater than 3.00% of the Company's NTA and its value also exceeds Baht 20.00 million, the Company is required to obtain approval from the Board of Directors and to prepare and disclose information on such asset disposal, which constitutes a connected transaction of the Company, to the SET pursuant to the Notifications on Connected Transactions, as well as to seek approval for such transaction from the shareholders' meeting, with affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest. The Company must also deliver a notice of the shareholders' meeting, accompanied by the independent financial advisor's opinion, to the shareholders at least 14 days ahead of the meeting date.

At the same time, according to the Notifications on Connected Transactions, the size of the connected transaction with BSC of 0.69% of the Company's NTA is greater in value than Baht 1.00 million but less than Baht 20.00 million, or higher than 0.03% but not exceeding 3.00% of the Company's NTA, whichever is higher. Therefore, the Company is required to obtain approval from the Board of Directors and to prepare and disclose information on such asset disposal, which constitutes a connected transaction of the Company, to the SET according to the Notifications on Connected Transactions, but is not required to seek approval from the shareholders' meeting. However, the Board of Directors' meeting of the Company viewed that such connected transaction is similar in nature to the connected transactions with ICC and SPI and, thus, deemed it appropriate to seek approval for all such connected transactions from the shareholders' meeting on the same occasion, with required affirmative votes of not less than three-fourths of the total number of votes of the shareholders attending the meeting and being entitled to vote, excluding votes of the shareholders having an interest. The Company must also deliver a notice of the shareholders' meeting, accompanied by the independent financial advisor's opinion, to the shareholders at least 14 days ahead of the meeting date.

Oxygen Asset Co., Ltd. ("OXA") (in which the Company currently holds 90.00% of OXA's issued and paid-up shares), engaging in secured lending business, from SPI in the amount of 99,997 shares or 9.9997% of OXA's issued and paid-up shares at a price of Baht 1,000 per share, totaling Baht 99.997 million, and the repayment of outstanding loan provided by SPI to OXA according to the shareholding proportion as a funding source for loan provision by OXA, with the outstanding loan as at March 12, 2024 of Baht 567.10 million, making up a total value of Baht 667.097 million. The connected transaction between the Company and SPI has a size equal to 6.83% of the Company's NTA as at December 31, 2023 (the Company's NTA as at December 31, 2023 was Baht 9,763.30 million). (Please refer to the Information Memorandum on Acquisition of Assets in Oxygen Asset Co., Ltd. from Saha Pathana Inter-Holding Plc., which is a connected person of the Company, as per Enclosure 5, and the opinion report of the financial advisor on the connected transaction (purchase of 9.9997% of shares in Oxygen Asset Co., Ltd.), as per Enclosure 8.)

The Company already signed the share sale and purchase agreement with all four purchasers, namely ICC, IDF and BSC, on February 26, 2024 after the Board of Directors' Meeting No. 2/2024, and with SPI on February 29, 2024. It expects that TNLX Share Disposal Transaction will be completed by July 2024 after approval has been obtained from the Annual General Meeting of Shareholders No. 50, to be held on April 22, 2024, and after all conditions precedent specified in the share sale and purchase agreement have been fulfilled or a waiver or renunciation of right has been given by the relevant contract parties and all acts have been performed to ensure a success in TNLX Share Disposal Transaction as specified in the share sale and purchase agreement.

The IFA is of the opinion that this transaction is reasonable and aligns with the objective to structure the business in a clear and sustainable manner, with a focus on driving growth through financial business and related businesses that can support each other under the Company's strategy. The transaction will have positive impacts on the Company as follows: (1) the Company can use the proceeds obtained from the disposal of TNLX shares to develop the remaining Financial Business and real estate development for sale business or invest in new businesses with growth potentials; (2) the Company can instantly recognize a profit from the disposal of all shares in TNLX; (3) this will result in lowered burden and greater flexibility in management of Textile Business; and (4) this can eliminate a conflict of interest that may arise from joint business operation between TNLX and the connected persons. However, the transaction also has the following disadvantages: (1) the Company will lose the share of profit from investment in TNLX, its subsidiary; (2) the Company will rely on the performance of Financial Business and real estate development for sale business, which are new businesses it has just invested in; and (3) diversification of business risk will decrease.

If the Company does not enter into the transaction, the advantages are that (1) it will still enjoy profit sharing from the investment in TNLX; and (2) it will not have to rely on the performance of Financial Business and real estate development for sale business, which are new businesses it has just invested in. Meanwhile, the disadvantages of not entering into the transaction are as follows: (1) the Company will not receive funds from the disposal of TNLX shares for use to develop the remaining Financial Business and real estate development for sale business or invest in new businesses with growth potentials; and (2) returns for the Company may not be worth cost of the allocation of its resources for the management of Textile Business.

Moreover, the disposal of shares in TNLX to ICC, BSC and SPI is deemed as a transaction entered into with the connected persons of the Company, as described in Item 1.3.2. Entering into such transaction with the connected persons is more likely to be successful than executing the transaction with a third party since the key trade partners of TNLX mostly are interrelated companies. It is less likely that there will be any third party interested in buying the investment in TNLX for further management. Besides, the transaction with the connected persons will enable all coordination to be made efficiently under the terms and conditions

specified in the relevant agreements. At the same time, there is a disadvantage in that the Company will be subject to the duties arising from entering into the transaction with the connected persons pursuant to the Notifications on Connected Transactions.

On the other hand, if the Company enters into the transaction with a third party instead of its connected persons, it will not be subject to the duties required under the Notifications on Connected Transactions. Nonetheless, in terms of the disadvantages, the Company may be unable to find any third party who is interested in the transaction, or if otherwise, negotiation with such third party may be more difficult, which may result in the Company failing to achieve its established goal.

As regards the transaction price, we deem that the discounted cash flow approach is most suitable for use in the valuation of TNLX shares. By this approach, a fair value of shareholders' equity of TNLX is appraised in a range of Baht 586.62 million – Baht 735.66 million, representing a fair value of TNLX shares of Baht 97.77 - 122.61 per share (in the base case scenario, a fair value of shareholders' equity of TNLX is Baht 661.11 million, representing a fair value of TNLX shares of Baht 110.19 per share), which is (lower) higher than the sale and purchase value of TNLX shares under the sale and purchase agreement of Baht 669.90 million or Baht 111.65 per share by Baht (83.28) million – Baht 65.76 million or Baht (13.88) - 10.96 per share or by (12.43)% – 9.82%. This approach focuses on TNLX's future business operation and profitability based on present value of its future free cash flow as well as the overall economic and industrial trends.

In view of the appropriateness of the disposal of TNLX shares to ICC, BSC and SPI, which are the connected persons, and IDF, at the total sale and purchase price of Baht 669.90 million, we are of the opinion that such price is within the range of a fair value appraised herein at Baht 586.62 million – Baht 735.66 million, representing a fair value of TNLX shares of Baht 97.77 - 122.61 per share, and such offering price is **higher than** the appraised fair value in the base case of Baht 661.11 million, representing a fair value of TNLX shares of Baht 110.19 per share. Therefore, **we view that the disposal price for TNLX shares to ICC, BSC, SPI, which are the connected persons, and IDF of Baht 669.90 million or Baht 111.65 per share is appropriate.**

In determining the appropriateness of the conditions for the transaction, we view that the key terms and conditions in the TNLX share sale and purchase agreements between the Company and each of the four purchasers are not different and are applicable to the sale and purchase agreement for ordinary shares in general. The key conditions precedent are as follows: (1) the Company's and the purchasers' representations and warranties must be true and correct in all respects as at the Closing Date; (2) as at the Closing Date, there must not be any incident or act that may cause a material adverse effect on TNLX or obstruct the entering into the transaction as specified in the Share Sale and Purchase Agreement; (3) the Board of Directors' meeting and/or the shareholders' meeting of the Company and the purchasers (as the case may be) approve TNLX Share Disposal Transaction and the execution of and compliance with the TNLX share sale and purchase agreement; (4) the Company must ensure that the purchasers receive a letter of resignation as

the director in TNLX in the case where the purchasers express an intention to nominate new directors in TNLX in proportion to their respective shareholding after the Closing Date; and (5) the Company must be eligible for exemption from value added tax under Chapter 4, special business tax under Chapter 5, and stamp duty under Chapter 6 in category 2 of the Revenue Code according to the Royal Decree Issued under the Revenue Code Governing the Exemption from Revenue Taxes (No. 516) B.E. 2554, with respect to the partial business transfer. Accordingly, **the conditions for this transaction are considered appropriate.**

Based on the above reasons, we are of the opinion that TNLX Share Disposal Transaction, as described above, is reasonable and beneficial to the Company's shareholders. **Thus, we recommend that the shareholders should approve the transaction.**

However, the decision as to whether to approve or disapprove the transaction depends mainly on the shareholders' individual judgment. Since the persons having an interest shall not be entitled to cast votes on this agenda item, the voting on the transaction rests with all the remaining shareholders.

We hereby certify that we have rendered opinion with due care based on professional practices and in the interest of the shareholders.

Please be informed accordingly.

Yours sincerely,

Advisory Plus Company Limited

- *Thawatchai Vorawandthanachai* -

.....

(Mr. Thawatchai Vorawandthanachai)

Managing Director

- *Thanasak Boulowpetch* -

.....

(Mr. Thanasak Boulowpetch)

Supervisor

Attachment 1

Details of Property Appraisal of TNLX Co., Ltd.

Thanulux Plc. (“the Company” or “TNL”) has arranged for a fair value appraisal of the assets under the ownership of TNLX Co., Ltd. (“TNLX”), consisting of two construction items,⁵¹ which are (1) a two-storied office building with garment factory, having a total usable area of 3,930.00 square meters, and (2) a one-storied repair and maintenance building with a usable area of 110.00 square meters, located in Saha Group Industrial Park – Mae Sot, off Mae Sot – Mae Sariang Road (Hwy.105), Kasa Sub-district, Mae Sot District, Tak Province. In this regard, the Company engaged Sims Property Consultants Co., Ltd. (“SIMS” or “Independent Valuer”), by Mr. Kitjawat Mahakusol, the principal appraiser (WorThor.048) and an independent valuer approved by the Office of the Securities and Exchange Commission (“SEC”), to conduct such property appraisal for public purposed according to the appraisal report No. 66-1-2604-GL-1, dated December 27, 2023. However, the property appraised did not include the land where the two buildings are located because those buildings are on the leased land owned by Saha Pathana Inter-Holding Plc. (“SPI”).

SIMS employed the replacement cost approach, which was deemed a suitable method, to appraise (1) the two-storied office building with garment factory and (2) the one-storied repair and maintenance building, and arrived at a fair value of Baht 65,466,400.00 and Baht 836,000.00 respectively, **resulting in a total fair value of the two-storied office building with garment factory and the one-storied repair and maintenance building of Baht 66,300,000.00 (rounded off)**. The details are as shown below:

Appraised property*	Appraisal approach	Fair value appraised by Independent Valuer (Baht)
(1) Two-storied office building with garment factory	Replacement cost approach	65,466,400.00
(2) One-storied repair and maintenance building	Replacement cost approach	836,000.00
Total appraised fair value		66,302,400.00
or approximately (rounded off)		66,300,000.00

Remark: * The appraised property is located on a leased land under title deeds no. 46830, 46831 and 46832 with a total area of 2.34 rai or 936.00 square wah, under the ownership of Saha Pathana Inter-Holding Plc. (“SPI”).

⁵¹ The two construction items, (1) a two-storied office building with garment factory and (2) a one-storied repair and maintenance building, were originally constructed by the Company for use as the office and factory in its Textile Business. They are located on the leased land under title deeds no. 46830, 46831 and 46832 with a total area of 2.34 rai or 936.00 square wah, owned by Saha Pathana Inter-Holding Plc. (“SPI”). Then in July 2023, the Company made a partial business transfer, i.e. a transfer of Textile Business including these constructions, to TNLX and already transferred the construction permit no. 162/2561 to TNLX on February 23, 2024.

Pictures of the two-storied office building with garment factory and the one-storied repair and maintenance building

Two-storied office building with garment factory



One-storied repair and maintenance building

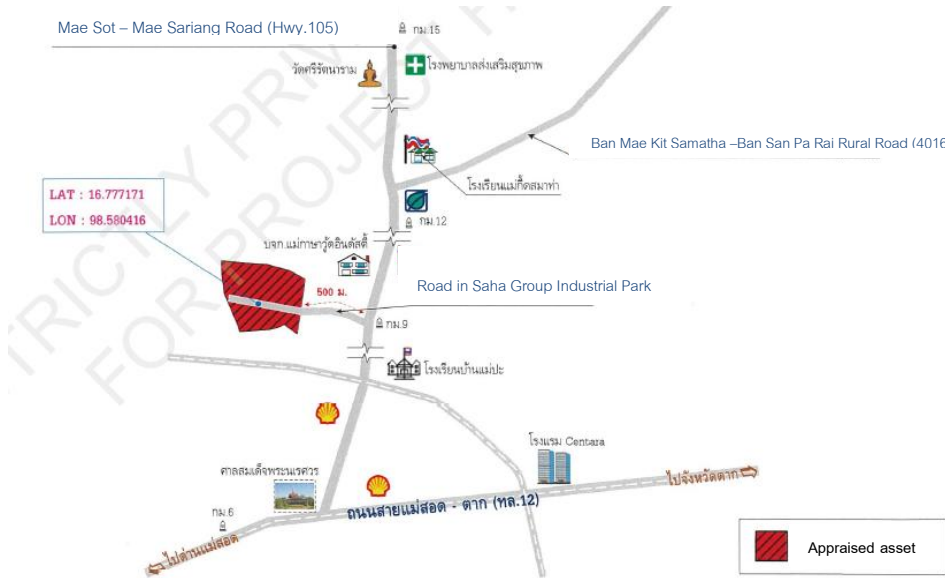


Source: Appraisal report by SIMS

Details of the assets being appraised

Particulars	Details
Purposes of appraisal	To identify the present market value and for public purposes
Type of property	Constructions
Location	Saha Group Industrial Park – Mae Sot, off Mae Sot – Mae Sariang Road (Hwy.105), Kasa Sub-district, Mae Sot District, Tak Province
GPS	LAT: 16.777171 / LON: 98.580416
Details of property	Comprising two construction items: (1) A two-storied office building with garment factory, and (2) A one-storied repair and maintenance building
Construction permit	No. 162/2561
Date of appraisal	December 25, 2023
Appraisal approach	Replacement cost approach
Appraised value	Baht 66,300,000.00

Map of location of the two-storied office building with garment factory and the one-storied repair and maintenance building



Source: Appraisal report by SIMS

1. Details of construction appraisal by the replacement cost approach

SIMS employed the replacement cost approach, which was deemed a suitable method, to appraise (1) the two-storied office building with garment factory and (2) the one-storied repair and maintenance building, based on the Construction Price Estimates B.E. 2566-2567 of the Valuers Association of Thailand, which are the standards for building of constructions under present evaluation, so as to obtain the replacement cost new, which was deducted by depreciation cost according to physical condition and useful life of the buildings to arrive at the depreciated replacement cost. Details of the appraisal are as follows:

General characteristics of the appraised constructions:

- (1) Two-storied office building with garment factory

	Details of constructions
Location	Located on land under title deeds no. 46830, 46831 and 46832
Details of building	
Type of building / no. of units	Single-layer reinforced concrete building
Size (width x length)	Approx. 24.00 x 78.00 meters
Internal usable area	Internal usable area approx. 3,744.00 sqm
	Extension area approx. 72.00 sqm
	Terrace/balcony space approx. 118.00 sqm

	Details of constructions
Building age	5 years
Construction condition	Good
Construction standard	General standard
Physical condition	Good
Building structure and decoration materials	
Structure	Reinforced concrete
Roof frame / roof	Steel / insulated metal sheet
Floor	Reinforced concrete
Flooring materials	60.00 x 60.00 cm. ceramic tiles, polished concrete, and terrazzo floor
Wall	Brick, covered with stucco and painted
Ceiling	Gypsum board, 9 mm. thickness, coated and painted
Door	Double sliding door, white aluminum door and PVC door
Window	Aluminum frame
Restroom	Floor: 30.00 x 30.00 cm. ceramic tiles Wall: Brick, covered with stucco and 30.00 x 30.00 cm. tiles
Sanitaryware	Flush toilet, shower tray, wash basin, wall mirror, wall rack, hand shower, rinsing spray set, and soap holder
Building area division and utilization	
Divided into:	Level 1: Office, restroom, kitchen, and factory hall
Current use	Two-storied office building with garment factory

(2) One-storied repair and maintenance building

	Details of constructions
Located	Located on land under title deeds no. 46830, 46831 and 46832
Details of building	
Type of building / no. of units	Single-layer reinforced concrete building
Size (width x length)	Approx. 10.00 x 11.00 m.
Internal usable area	Approx. 110.00 sqm
Building age	5 years
Construction condition	Moderate
Construction standard	Moderate
Physical condition	Moderate

	Details of constructions
Building structure and decoration materials	
Structure	Reinforced concrete
Roof frame / roof	Steel / insulated metal sheet
Floor	Reinforced concrete
Flooring materials	Polished concrete
Wall	Brick, covered with stucco and painted
Ceiling	Open
Door	Rolling shutter door and PVC door
Window	None
Restroom	Floor: Ceramic tiles Wall: Brick, covered with stucco and tiles
Sanitaryware	Flush toilet, wash basin, wall mirror, wall rack, hand shower, rinsing spray set, and soap holder
Building area division and utilization	
Divided into:	Level 1: Repair room and restroom
Current use	One-storied repair and maintenance building

Analysis of construction value:

No.	Details of constructions	Construction value (Baht)	
		Replacement cost	Present value
1	Two-storied office building with garment factory		
	- Internal usable area 3,744.00 sqm @ Baht 18,000.00	67,392,000.00	64,022,400.00
	- Extension area 72.00 sqm @ Baht 8,000.00	576,000.00	547,200.00
	- Terrace/balcony 118.00 sqm @ Baht 8,000.00	944,000.00	896,800.00
	<u>Less</u> Depreciation age approx. 5 yrs = 5.00%		
Total construction value (RCN ~ 17,517/sqm) (DRC ~ 16,641/sqm)		68,912,000.00	65,466,400.00
2	One-storied repair and maintenance building		
	- Internal usable area 110.00 sqm @ Baht 8,000.00	880,000.00	836,000.00
	<u>Less</u> Depreciation aged approx. 5 yrs = 5.00%		
Total construction value (RCN ~ 8,000/sqm) (DRC ~ 7,600/sqm)		880,000.00	836,000.00
Total construction value		69,792,000.00	66,302,400.00
Fire insurance (90% of RCN, excl. cost of building foundation at depreciated replacement cost)			59,672,160.00
or approx. (rounded off)			59,672,000.00

Remark: 1) For the above replacement cost, SIMS applied the Construction Price Estimates B.E. 2566-2567 of the Valuers Association of Thailand as a basis for unit price determination, with adjustment for other factors that affect the unit

price of construction according to the construction's format, structural design, decoration design and materials, sanitation system, etc.

- 2) For yearly depreciation, SIMS applied the Estimated Depreciation Rates B.E. 2566-2567 of the Valuers Association of Thailand as a basis for depreciation rate determination, with adjustment for other factors that affect the depreciation rates according to the construction work quality, quality of decoration materials, current utilization, repair and maintenance, etc.

The aforementioned constructions were appraised, using the replacement cost approach, at a **fair value of Baht 66,300,000.00.**

Opinion of the IFA on the property appraisal approach

SIMS examined and considered various factors relating to the valuation such as appropriateness of use, general market condition and limitations, specific features of the property, and legal rights before selecting the appraisal method that suit the nature of such property.

SIMS used the replacement cost approach for appraisal of (1) the two-storied office building with garment factory and (2) the one-storied repair and maintenance building, which, in our opinion, is appropriate. SIMS appraised such properties on the basis of reconstruction of the appraised buildings at a replacement cost, deducted by depreciation cost according to physical condition and useful life of the buildings and constructions, thereby obtaining a value that could reflect the depreciated replacement cost of the appraised properties. The valuation of replacement cost and the assumption on depreciation according to physical condition are in line with the guidelines set out by the Valuers Association of Thailand. Therefore, we view that such appraisal method is appropriate.

Attachment 2

Summary of Terms and Conditions of the Share Sale and Purchase Agreement

In entering into TNLX Share Disposal Transaction, the Company has prepared four share sale and purchase agreements, which contain identical terms and conditions, as summarized below:

Share Sale and Purchase Agreement

Signing date	February 26, 2024, with ICC, IDF and BSC February 29, 2024, with SPI
Contractual parties	<p><u>Seller</u></p> <p>Thanulux Plc. (“TNL”)</p> <p><u>Purchasers</u></p> <ol style="list-style-type: none"> 1. I.C.C. International Plc. (“ICC”) 2. I.D.F. Co., Ltd. (“IDF”) 3. BSC So In Co., Ltd. (“BSC”) 4. Saha Pathana Inter-Holding Plc. (“SPI”)
Price and payment	<p>Baht 111.65 per share</p> <p>The Purchasers must pay for the sale and purchase price of shares to the Seller on the Closing Date. The Purchasers agree to transfer such payment to a bank account as per the details notified by the Seller to the Purchasers in advance, or may pay for the sale and purchase price by a cashier’s check made payable to the Seller, or by any other means as mutually agreed upon.</p>
Closing Date	The two parties agree that the Closing Date of the sale and purchase of shares shall be no later than July 31, 2024.
Representations and warranties by the two parties	<p>All representations and warranties given by the Seller and the Purchasers are true and correct in all respects as of the Closing date of the sale and purchase of shares and the Closing Date of the transaction.</p> <ol style="list-style-type: none"> 1. Each party is by no means in a state of bankruptcy or insolvency. 2. Each party has legitimate power to enter into and perform duties under this agreement. 3. The parties hereto do not have any legal proceedings, arbitration proceedings, or any similar proceedings by or in front of a state agency, which are underway or, to the knowledge of the parties hereto, are likely to occur to the parties hereto,

and which, after a judgment thereon has not been made in their favor, may pose a material adverse effect on the Purchasers' ability to perform their duties under this agreement.

Representations and warranties by the Purchasers The Purchasers represent and warrant to the Seller that the information hereunder is true and correct in all respects as of the date of entering into this agreement and the Closing Date of the transaction:

1. This agreement and any documents that are integral parts of this agreement shall have full force and effect and be enforceable upon the Purchasers to the maximum extent according to the terms and conditions specified in this agreement and any such documents in all respects after the Purchasers have duly affixed their signature therein.
2. The Purchasers have legitimate capabilities to enter into and perform duties under this agreement, including sufficient financial capabilities to pay for the sale and purchase price of shares to the Seller in full amount on the Closing Date of the sale and purchase of shares.
3. The Purchasers have performed an independent due diligence review and all necessary reviews, including but not limited to the financial condition and business operation of TNLX, and have decided to enter into the transaction specified herein based on their own review and assessment.

Representations and warranties by the Seller The Seller represents and warrants to the Purchasers that the information hereunder is true and correct in all respects as of the date of entering into this agreement and the Closing Date of the transaction:

1. The Seller is the legitimate owner of the shares that will be sold and purchased and are free of any encumbrances and claims of any type, and has the ability and the right to dispose of, transfer and sell the shares that will be sold and purchased to the Purchasers without being subject to any requirements or conditions.
2. All information stated herein and other information given or provided by the Seller or the representatives or employees of the Seller during the period of due diligence review of TNLX before entering into this agreement and during the period after due diligence review of TNLX until the Closing Date of the sale and purchase of shares remain correct and complete in all respects. After enquiries have been duly made, the Seller has no knowledge of any factual information or

circumstances that have not been disclosed in writing to the Purchasers, which will lead such information to become untrue and incorrect or result in any misunderstanding or may affect the intention or desire of the Purchasers to enter into this share sale and purchase transaction.

- Conditions precedent
1. The representations and warranties given by the Seller and the Purchasers are true and correct in all respects as of the Closing date.
 2. As at the Closing Date, there must not be any incident or act that may cause a material adverse effect on TNLX or obstruct the entering into the transaction as specified in the share sale and purchase agreement.
 3. The Board of Directors' meeting and/or the shareholders' meeting of the Seller and the Purchasers (as the case may be) approve the TNLX share sale and purchase transaction and the execution of and compliance with the TNLX share sale and purchase agreement.
 4. The Seller must ensure that the Purchasers receive a letter of resignation as directors in TNLX in the case where the Purchasers express an intention to nominate new directors in TNLX in proportion to their respective shareholding after the Closing Date.
 5. The Purchasers must submit an evidence in form of a letter issued by the bank with which the Purchasers have maintained an account to confirm that they have full and sufficient funds to pay for the sale and purchase price of shares to the Seller.
 6. The Seller must be eligible for exemption from value added tax under Chapter 4, special business tax under Chapter 5, and stamp duty under Chapter 6 in category 2 of the Revenue Code according to the Royal Decree Issued under the Revenue Code Governing the Exemption from Revenue Taxes (No. 516) B.E. 2554, with respect to the partial business transfer.

Indemnification

The breaching party agrees to indemnify the non-breaching party for any damages caused by a breach of the representations and warranties or non-compliance with conditions under the agreement during a period of two years from the Closing Date, whereby the maximum value of the damage claims shall not exceed the sale and purchase price of shares. The liability for damages arising from the representations and warranties with respect to documents and tax-related issues shall be limited to a period of six months from the Closing Date. If the Purchasers need information about

this issue or would like to request extension of liability from the Seller, whereby the total period of the Seller's liability, inclusive of such extension, shall not exceed two years, the Purchasers shall so notify the Seller in writing. In this regard, the Seller reserves the right to extend such liability period as deemed fit.