

This English Translation has been prepared solely for the convenience of foreign shareholders of Chiangmai Frozen Foods Public Company Limited and should not be relied upon as the definitive and official Opinion of the Company on the Tender Offer. The Thai version of the Opinion of the Company on the Tender Offer is the definitive and official document and shall prevail in all respects in the event of any inconsistency with the English Translation.

**Opinion of the Company on the Tender Offer for Securities  
(Form 250-2)**

**Of**



**Chiangmai Frozen Foods Public Company Limited**

***The Offeror***

**Northern Agricultural Company Limited**

***The Independent Financial Advisor***

**Asia Plus Advisory Company Limited**



**16 October 2558**

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Attachment 1 : The Independent Financial Advisor opinion on the Tender Offer of  
Chiangmai Frozen Foods Public Company Limited

**Opinion of the Company on the Tender Offer for Securities**

16 October 2015

To The Shareholders of Chiangmai Frozen Foods Public Company Limited

On 8 October 2015, Chiangmai Frozen Foods Public Company Limited (“CM” or “the Company”) received a copy of the Tender Offer for the Company’s securities (Form 247-4) from Northern Agricultural Company Limited (the “Offeror”) with the following details:

Type of securities	Number of securities to be purchased		Number of securities to be purchased as % of		Tender Offer price per share (THB)	Total Tender Offer value (THB)
	Shares/Units	Voting rights	Total paid-up shares of the Company	Total voting rights of the Company		
Ordinary shares	251,155,875	251,155,875	65.89	65.89	3.85	966,950,118.75
Preferred shares	-	-	-	-	-	-
Warrants	-	-	-	-	-	-
Convertible debentures	-	-	-	-	-	-
Other securities (if any)	-	-	-	-	-	-
			Total	65.89	Total	966,950,118.75

**The Tender Offer Price and the Tender Offer Period**

The Tender Offer Price is THB 3.85 (three point eight five Baht) per share. The payment shall be paid in cash. The Offeree is subject to a brokerage fee of 0.25 percent of the Tender Offer Price and the value added tax (VAT) of 7.00 percent of the brokerage fee. As a result, net price to be received is THB 3.839701 (three point eight three nine seven zero one Baht) per share (excluding withholding tax deductible by law (if any)).

The Tender Offer Period will last for 25 business days starting from 12 October 2015 to 16 November 2015, during office hours from 9.00 a.m. to 4.00 p.m.

The Tender Offer Price and the Tender Offer Period is the final offer which shall not be amended unless the following incidents take place:

- The Offeror may lower the Tender Offer Price and/or extend the Tender Offer Period if there be any event or action causing a severe damage to the financial status or assets of the Company, or if any extraordinary events including but not limited to announcement of extra public holiday occurs during the Tender Offer Period.
- The Offeror may amend the offer terms and/or extend the Tender Offer Period to compete with any persons who submits the Tender Offer for the Company’s securities during the Tender Offer Period.
- The Offeror may lower the Tender Offer Price should the Company declares or pays dividends or allowing any benefits during or after the announcement of intention to make a Tender Offer. Such decreasing amount is equal to the benefits received.

The Offeror may cancel the Tender Offer upon the occurrence of one or more of the following events:

- An occurrence of any event or action after the acceptance of the Tender Offer by the SEC but within the Tender Offer period, which causes or may cause severe damage to the status or to the assets of the Company, and such events or actions do not result from the acts of the Offeror or any act for which the Offeror is responsible;



- An occurrence of any other event which causes a significant decrease of the value in the Company's shares; or
- An occurrence of any events or actions by the Company as defined in the Notification of Capital Market Supervisory Board TorChor. 14/2554, Re: Actions or exceptions of actions that may affect the result of the Tender Offer of the Target.

Shareholders, who do not receive a copy of the Tender Offer, can contact the following address:

Chiangmai Frozen Foods Public Company Limited  
149/34 Soi Anglo Plaza, Surawongse Road, Bangrak, Bangkok 10500  
Tel: 0-2634-006104  
Fax: 0-2238-4090

or download from the following website: [www.cmfrozen.com](http://www.cmfrozen.com)

The Company has considered the Tender Offer by taking into account the interest of the shareholders, and has the opinion as follows:

## 1. The status of the Company in relation to the past and future operating results, including assumption used in the forecast

### 1.1 Background

Chiangmai Frozen Foods Public Company Limited (the “Company”) was established in November 1988 with a registered capital of THB 50 million. The Company produces and distributes frozen fruits and vegetables such as soybean, green bean, and baby corn. In 1991, the Company increased its registered capital to THB 125 million. In 1993, the Company became listed company on the SET under the name “CM”.

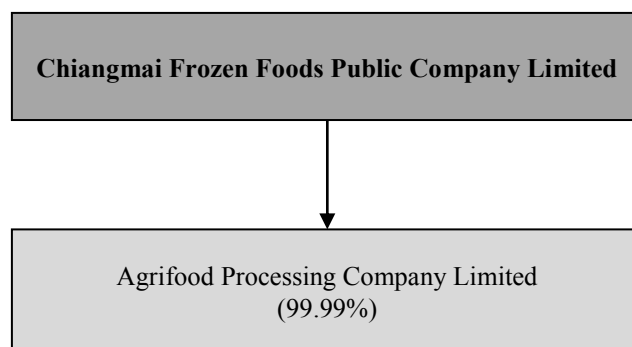
In 2003, the Company and River Kway International Company Limited jointly set up Agrifood Processing Company Limited, 51 percent interest held by the Company, to export frozen baby corn product. Later in 2004, the Company acquired 49 percent interest from River Kway International Company Limited, increasing its shareholding to 100 percent interest in Agrifood Processing Company Limited. In 2014, Agrifood Processing Company Limited stopped its operation and transferred its exporting business of baby corn and employees to the Company.

The Company had continually increased its registered capital in order to strengthen its capital base and increase its competitive advantage. As of 30 June 2015, the Company has a registered and paid-up capital of THB 381,145,725 divided into 381,145,725 million shares with a par value of THB 1 per share.

### 1.2 Nature of business

The Company operates in manufacturing and exporting of frozen vegetables i.e. frozen soybean, frozen green bean, frozen sween corn, frozen baby corn, and frozen mixed vegetables. The Company’s processing methods include selecting, cutting, washing, boiling, freezing in cold storage, packing and exporting to overseas. The Company’s main market is Japan, which accounting for over 80 percent of the Company’s export value. At the present, the Company has 2 plants operating in Sansai, Chiangmai with a total capacity of 42,000 tons.

#### The Company’s Group Structure



### 1.3 Board of Directors

As of 28 April 2015, the Board of Directors of the Company comprises of 10 members as follows.

- |                                   |   |
|-----------------------------------|---|
| 1. Mr. Prayoon Pholpipattanaphong | Chairman  |
| 2. Mr. Prapas Pholpipattanaphong  | Managing Director   |
| 3. Mr. Suwat Phongphasura         | Executive Director  |
| 4. Mr. Prayuth Pholpipattanaphong | Executive Director  |
| 5. Mr. Ankoon Pholpipattanaphong  | Executive Director  |
| 6. Mr. Lan, Mu – Chiou            | Non-executive Director  |
| 7. Mr. Amnuay Yossuck             | Independent Director and Chairman of the Board of Audit Committee |
| 8. Mr. Ampon Ruayfupant           | Independent Director and Audit Committee                          |
| 9. Dr. Phusit Wonglorsaichon      | Independent director  |
| 10. Miss Darunee Ruangtham        | Independent Director and Audit Committee                          |

#### Expected Board of Directors after the Tender Offer

After the completion of the Tender Offer, the Offeror has no plan to make a significant change to the Company's current Board of Directors. For the purpose of good corporate governance, Mr. Prayoon Pholpipattanaphong will step down from the Chairman of Executive Committee position but will remain a member of the said Committee and the Chairman of the Board of Directors. The Board of Directors will search for the new Chairman of Executive Committee with appropriate qualification, knowledge, and expertise.

### 1.4 Shareholding structure

As of 16 October 2015, the latest book closing date, the Company has a registered and paid-up capital of THB 38,145,725 divided into 381,145,725 million paid-up common shares with a par value of THB 1 per share. The Company's top 10 shareholders are as follows:

Name	Number of share	% of total paid-up shares
1. Northern Agricultural Company Limited (the "Offeror")		
1.1 Northern Agricultural Company Limited	129,989,850	34.11
1.2 Concert parties		
1) Mr. Prayoon Pholpipattanaphong	306,517	0.08
2) Mr. Ekaphong Pholpipattanaphong	874,090	0.23
3) Mr. Ankoon Pholpipattanaphong	3,702,600	0.97
4) Mr. Nirand Pholpipattanaphong	3,702,600	0.97
1.3 Persons under section 258 of 1.1 and 1.2		
1) Mrs. Jarurat Pholpipattanaphong	181,500	0.05
2) Miss Pantira Pholpipattanaphong	181,500	0.05
3) Miss Atipa Pholpipattanaphong	181,500	0.05
<b>Total of the Offeror</b>	<b>139,120,157</b>	<b>36.50</b>
2. Nomura Securities Company Limited – Client A/C	19,057,313	5.00
3. Mr. Lan, Mu-Chiou and spouse	18,030,830	4.73
4. Miss Nongnuch Benjasiriwan	15,348,680	4.03
5. Mr. Prapas Pholpipattanaphong and spouse	14,441,170	3.79
6. Thai NVDR Company Limited	11,055,266	2.90
7. Miss Chang, Min-Fang	8,837,730	2.32

Name	Number of share	% of total paid-up shares
8. Mr. Lan, Ming-Te	7,209,514	1.89
9. Mr. Lan, Ming-Shih	7,037,625	1.85
10. Mr. Lu, Yu-Chin	6,105,309	1.60
<b>Total of top 10 shareholders</b>	<b>246,243,594</b>	<b>64.61</b>
11. Others	134,902,131	35.39
<b>Total</b>	<b>381,145,725</b>	<b>100.00</b>

Expected shareholding structure after the Tender Offer

In case that all shareholders, except the Offeror's concert parties and their related persons under section 258 who have indicated to reject the Tender Offer, accept the Tender Offer, shareholders after the completion of the Tender Offer will be as follows:

Name	Number of share	% of total paid-up shares
1. Northern Agricultural Company Limited (the "Offeror")		
1.1 Northern Agricultural Company Limited	372,015,418	97.60
1.2 Concert parties		
1) Mr. Prayoon Pholpipattanaphong	306,517	0.08
2) Mr. Ekaphong Pholpipattanaphong	874,090	0.23
3) Mr. Ankoon Pholpipattanaphong	3,702,600	0.97
4) Mr. Nirand Pholpipattanaphong	3,702,600	0.97
1.3 Persons under section 258 of 1.1 and 1.2		
1) Mrs. Jarurat Pholpipattanaphong	181,500	0.05
2) Miss Pantira Pholpipattanaphong	181,500	0.05
3) Miss Atipa Pholpipattanaphong	181,500	0.05
<b>Total of the Offeror</b>	<b>381,145,725</b>	<b>100.00</b>
<b>Total</b>	<b>381,145,725</b>	<b>100.00</b>

## 1.5 Financial position and operating results

Consolidated financial position of the Company and its subsidiaries as of 31 December 2012 - 2014 and 30 June 2014 and 2015, are shown in the table below.

Statement of Financial Position	31 Dec 2012		31 Dec 2013		31 Dec 2014		30 Jun 2015	
	THB million	%	THB million	%	THB million	%	THB million	%
<b>Assets</b>								
Cash and cash equivalents	354.3	24.6	175.9	12.1	172.9	12.5	437.7	30.6
Short - term investment (fixed deposits)	205.6	14.3	406.0	27.9	296.0	21.3	50.0	3.5
Trade and other receivables	63.3	4.4	96.0	6.6	91.6	6.6	131.2	9.2
Accounts receivable - planters	49.7	3.4	39.6	2.7	24.8	1.8	27.1	1.9
Inventories	356.8	24.7	339.5	23.3	438.7	31.5	442.6	30.9
<b>Total current assets</b>	<b>1,029.7</b>	<b>71.4</b>	<b>1,057.0</b>	<b>72.7</b>	<b>1,022.0</b>	<b>73.7</b>	<b>1,088.7</b>	<b>76.1</b>
Fixed deposits pledged as collateral	14.9	1.0	15.2	1.0	0.0	0.0	0.0	0.0
Property, plant and equipment	381.3	26.4	388.0	25.3	347.2	25.0	326.1	22.8
Computer software	4.6	0.3	4.0	0.3	6.8	0.5	7.1	0.5
Deferred tax assets	7.0	0.5	8.1	0.6	9.3	0.7	8.4	0.6
Other non – current assets	4.2	0.3	1.8	0.1	1.8	0.1	1.1	0.1
<b>Total non – current assets</b>	<b>412.0</b>	<b>28.6</b>	<b>397.1</b>	<b>27.3</b>	<b>365.1</b>	<b>26.3</b>	<b>342.7</b>	<b>23.9</b>
<b>Total assets</b>	<b>1,441.8</b>	<b>100.0</b>	<b>1,454.1</b>	<b>100.0</b>	<b>1,387.0</b>	<b>100.0</b>	<b>1,431.3</b>	<b>100.00</b>
<b>Liabilities</b>								
Trade and other payables	93.4	6.5	81.7	5.6	74.2	5.3	88.5	6.2
Accrued income tax	17.2	1.2	7.2	0.5	1.7	0.1	16.9	1.2
Other current liabilities	2.8	0.2	3.2	0.2	3.4	0.2	3.9	0.3
<b>Total current liabilities</b>	<b>113.5</b>	<b>7.9</b>	<b>92.0</b>	<b>6.3</b>	<b>79.2</b>	<b>5.7</b>	<b>109.2</b>	<b>7.6</b>
Employee benefit obligations	29.6	2.1	35.3	2.4	40.3	2.9	41.0	2.9
<b>Total non – current liabilities</b>	<b>29.6</b>	<b>2.1</b>	<b>35.3</b>	<b>2.4</b>	<b>40.3</b>	<b>2.9</b>	<b>41.0</b>	<b>2.9</b>
<b>Total liabilities</b>	<b>143.1</b>	<b>9.9</b>	<b>127.3</b>	<b>8.8</b>	<b>119.5</b>	<b>8.6</b>	<b>150.2</b>	<b>10.5</b>
<b>Shareholders' equity</b>								
Share capital – Issued and paid up	381.1	26.4	381.1	26.2	381.1	27.5	381.1	26.6
Premium on share capital	68.0	4.7	68.0	4.7	68.0	4.9	68.0	4.8
<b>Total share capital</b>	<b>449.1</b>	<b>31.2</b>	<b>449.1</b>	<b>31.0</b>	<b>449.1</b>	<b>32.4</b>	<b>449.1</b>	<b>31.4</b>
Retained earnings								
Appropriated for legal reserve	38.1	2.6	38.1	2.6	38.1	2.7	38.1	2.7
Unappropriate	811.4	56.3	839.6	57.7	780.2	56.3	793.8	55.5
<b>Total retained earnings</b>	<b>849.5</b>	<b>58.9</b>	<b>877.7</b>	<b>60.4</b>	<b>818.4</b>	<b>59.0</b>	<b>831.9</b>	<b>58.1</b>
<b>Total shareholders' equity</b>	<b>1,298.7</b>	<b>90.1</b>	<b>1,326.8</b>	<b>91.2</b>	<b>1,267.5</b>	<b>91.4</b>	<b>1,281.1</b>	<b>89.5</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,441.8</b>	<b>100.0</b>	<b>1,454.1</b>	<b>100.0</b>	<b>1,387.0</b>	<b>100.0</b>	<b>1,431.3</b>	<b>100.0</b>



Consolidated financial performance of the Company and its subsidiaries for the year 2012 - 2014 and the six-month periods of 2014 and 2015 are shown in the table below.

Statement of Comprehensive income	2012		2013		2014		Jan-Jun 2014		Jan-Jun 2015	
	THB million	%	THB million	%	THB million	%	THB million	%	THB million	%
<b>Revenues</b>										
Revenue from sales	1,491.5	98.8	1,426.5	98.7	1,413.6	98.6	734.1	98.5	714.1	99.0
Other income	17.7	1.2	19.1	1.3	19.8	1.4	11.4	1.5	7.1	1.0
<b>Total sales and other income</b>	<b>1,509.2</b>	<b>100.0</b>	<b>1,445.6</b>	<b>100.0</b>	<b>1,433.4</b>	<b>100.0</b>	<b>745.5</b>	<b>100.0</b>	<b>721.2</b>	<b>100.0</b>
Gain (loss) on exchange rate	11.6	0.8	17.7	1.2	(29.6)	(2.1)	(32.5)	(4.4)	0.3	0.0
<b>Total revenue</b>	<b>1,520.8</b>		<b>1,463.3</b>		<b>1,403.8</b>		<b>713.0</b>		<b>721.5</b>	
<b>Expenses</b>										
Cost of sales	1,110.8	73.6	1,112.9	77.0	1,140.9	79.6	557.9	74.8	564.5	78.3
Selling expenses	110.2	7.3	104.6	7.2	100.5	7.0	51.8	6.9	47.8	6.6
Administrative expenses	91.4	6.1	89.1	6.2	91.8	6.4	50.6	6.8	39.8	5.5
<b>Total expenses</b>	<b>1,312.4</b>	<b>87.0</b>	<b>1,306.6</b>	<b>90.4</b>	<b>1,333.2</b>	<b>93.0</b>	<b>660.3</b>	<b>88.5</b>	<b>652.1</b>	<b>90.4</b>
<b>Earnings before interest expenses and tax expenses</b>	<b>208.4</b>	<b>13.8</b>	<b>156.7</b>	<b>10.8</b>	<b>70.5</b>	<b>4.9</b>	<b>52.7</b>	<b>7.1</b>	<b>69.4</b>	<b>9.6</b>
Interest expenses	-	-	-	-	-	-	-	-	-	-
Tax expense	34.3	2.3	20.9	1.4	10.1	0.7	8.6	1.2	17.7	2.5
<b>Net profits for the period</b>	<b>174.1</b>	<b>11.5</b>	<b>135.8</b>	<b>9.4</b>	<b>60.4</b>	<b>4.2</b>	<b>44.1</b>	<b>5.9</b>	<b>51.7</b>	<b>7.2</b>
<b>Other comprehensive income for the period:</b>										
Actuarial losses – net of tax	-	-	0.9	0.1	1.6	0.1	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>174.1</b>	<b>11.5</b>	<b>134.9</b>	<b>9.3</b>	<b>58.8</b>	<b>4.1</b>	<b>44.1</b>	<b>5.9</b>	<b>51.7</b>	<b>7.2</b>
<b>Profit attributable to:</b>										
Equity holders of the Company	174.1	11.5	134.9	9.3	58.8	4.1	44.1	5.9	51.7	7.2
Non – controlling interests	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>174.1</b>	<b>11.5</b>	<b>134.9</b>	<b>9.3</b>	<b>58.8</b>	<b>4.1</b>	<b>44.1</b>	<b>5.9</b>	<b>51.7</b>	<b>7.2</b>

Key financial ratios for 2012- 2014 and the six-month periods of 2014 and 2015 are shown in the table below.

Financial ratios	Unit	2012	2013	2014	Jan-Jun 2014	Jan-Jun 2015
<b>Liquidity Ratio</b>						
Current ratio	Time	9.1	11.5	12.9	8.2	10.0
Quick ratio	Time	5.5	7.4	7.0	5.0	5.6
<b>Profitability Ratio</b>						
Gross profit margin	%	25.5	22.0	19.3	24.0	21.0
Net profit margin	%	11.7	9.5	4.3	6.2	7.2
Return on equity	%	13.9	10.3	4.7	3.5	4.0
<b>Efficiency Ratio</b>						
Return on total assets	%	12.8	9.4	4.3	3.1	3.6
Return on fixed assets	%	59.8	52.2	33.8	12.7	15.9
Total assets turnover	Time	1.1	1.0	1.0	0.5	0.5
<b>Financial Policy Ratio</b>						
Debt to equity ratio	Time	0.1	0.1	0.1	0.1	0.1
Book value per share	THB	3.41	3.48	3.33	3.29	3.36
Net profit per share	THB	0.45	0.36	0.16	0.12	0.14
Dividend per share	THB	0.28	0.31	0.10	-	-

### 1.5.1 Operation results

#### *Revenue*

Total revenue in 2012 was THB 1,520.8 million, which mainly consisted of sales revenue amounted of THB 1,491.5 million. Others were interest revenue, revenues from selling of waste products, and gain on disposal of assets amounted of THB 17.7 million. The Company also recorded a gain from exchange rate amounted of THB 11.6 million.

Total revenue in 2013 was THB 1,463.3 million, decreased by THB 57.6 million or 3.8 percent due to a decrease in sale quantity of 1,601 tons as a depreciation of the currency of the Company's trading partner causing higher cost of imported products and decrease in consumption in the trading partner country. Sales revenue decreased from THB 1,491.5 million to THB 1,426.5 million or 4.4 percent. Other income was reported at approximately THB 19.1 million. In addition, the Company recorded a gain from exchange rate amounted of THB 17.7 million.

Total revenue in 2014 was THB 1,403.8 million, decreased by THB 59.5 million or 4.2 percent due to a decrease in sales quantity by 1,591 tons as a result of an increase in local sales tax and a depreciation of the local currency against US Dollar of the trading partner country. A depreciation of its local currency resulted in a higher cost for import goods and lower consumption in the country. In addition, a loss from exchange rate occurred for an amount of THB 29.6 million.

Total revenue for the first six-month period ended June 2015 was THB 721.5 million, increased by THB 8.5 million or 1.2 percent, mainly resulted from a decrease in loss on exchange rate. The Company recorded a gain on exchange rate of THB 0.3 million this year compared to a loss of THB 32.5 million for the same period last year. Sales revenue decreased by THB 20.0 million due to the economic slowdown in the Company's trading partner country.

#### *Expenses*

Total expenses in 2012 were THB 1,312.4 million, consisted of cost of goods sold amounted of THB 1,110.8 million, selling expenses amounted of THB 110.2 million, mainly were transportation expenses and commission expenses, and administrative expenses amounted of THB 91.4 million, mainly were personal expenses.

Total expenses in 2013 were THB 1,306.6 million. Although sales quantities and revenue decreased, a total amount of cost of goods sold was in the same level as previous year. The increase in minimum wage, electricity cost and packaging cost resulted in a higher cost for the Company. Selling expenses were amounting to THB 104.6 million, decreased from a previous year due to a decrease in freight cost. In addition, administrative expenses were amounting to THB 89.1 million.

Total expenses in 2014 were THB 1,333.3 million, increased by THB 26.7 million or 2.0 percent. A continuity of an increase in electricity cost and a decrease in efficiency of production, due to low quality raw material, increased the Company's cost. Selling expenses were amounting to THB 100.5 million, decreased from previous year due to a decrease in freight cost. Administrative expenses were amounting to THB 91.8 million which was approximately the same as previous year.

Total expenses for the first six-month period ended June 2015 were THB 652.1 million, decreased by THB 8.1 million or 1.2 percent. The Company's cost of goods sold slightly increased due to an effect of low quality raw material. In 2014, the Company recorded an expense for the misfiling of non-refundable input VAT for totaling THB 10.6 million. In 2015, there was an expense for advisory service in relation to an investment in Myanmar for totaling THB 1.5 million and a slightly increase in freight cost due to a depreciation of the Thai Baht currency.

### ***Net operating results***

Net profit for the year 2012 to the first six-month period ended June 2015 were THB 174.1 million, THB 134.9 million, THB 58.8 million, and THB 51.7 million, respectively. Net profit margin for the year 2012 to the six-month period ended June 2015 were 11.4 percent, 9.2 percent, 4.2 percent, and 7.2 percent, respectively. A decrease in net profit and net profit margin from 2012 to 2014 were resulted from an underachievement of sales target, an increase in the Company's cost, and an inefficient production resulted from low quality raw material. However, there was a pick-up in net profit and net profit margin in 2015 resulted from a decrease in a loss from exchange rate amounted to THB 32.8 million and a lower energy cost compared to those of the same period last year.

## **1.5.2 Financial position**

### ***Assets***

Total assets as of December 2012 to June 2015 were THB 1,441.8 million, THB 1,454.1 million, THB 1,387.0 million, and THB 1,431.3 million, respectively. Assets mainly comprise cash and cash equivalent, inventories, and plant, property and equipment

As of December 2014, cash and cash equivalent (including fixed deposit) significantly decreased to THB 468.9 million from THB 581.9 million last year while inventories increased from THB 339.5 million in 2013 to THB 438.7 million in 2014 or increased by THB 99.2 million as the Company produced more products in 2014. This is due to a termination of the rice mortgage program together with a declining of the domestic rice price, resulting in more farmers switched to plant soybeans and green beans As a result, the Company was able to find more raw materials for production. Other assets slightly changed as a result of operations.

As of June 2015, cash and cash equivalent (including fixed deposits) was THB 487.7 million and inventories were THB 442.6 million, both slightly changed from December 2014. Property, plant, and equipment were THB 326.1 million, decreased by THB 21.1 million because of depreciation expenses.

### ***Liabilities***

Total liabilities as of December 2012 to June 2015 were THB 143.1 million, THB 127.3 million, THB 119.5 million, and THB 150.2 million, respectively. Liabilities mainly comprise trade and other payables, and employee benefit obligations. Both were approximately 86.0 percent to 95.8 percent of total liabilities.

Liabilities had been declining from 2012 to 2014 due to a decrease in accrued income tax in accordance to the Company's profit. However, there was an increase in the six-month period ended June 2015 for THB 15.2 million due to a pick-up in the Company's profit.

#### ***Shareholders' equity***

Total shareholders' equity as of December 2012 to June 2015 were THB 1,298.7 million, THB 1,326.8 million, THB 1,267.5 million, and THB 1,281.1 million, respectively. An increase in shareholders' equity in each period resulted from the profitability of the Company. Unappropriated retained earnings changed due to the Company's operation result and dividend payments. The Company's dividend payout per share were THB 0.28, THB 0.31, and THB 0.10 for the period 2012, 2013 and 2014, respectively.

From December 2014 to June 2015, the Company's current ratio decreased from 12.9 times to 10.0 times and debt to equity ratio remained constant at 0.1 times. However, as of June 2015, the Company had cash and cash equivalent (including fixed deposits) totaling THB 487.7 million which indicated the strength of the Company's financial status.

### **1.5.3 Future business outlook**

After the completion of the Tender Offer, the Offeror has no intention to make any significant changes to the Company's business operation, management structure, disposition of any operating assets, and financial structure. The Company shall continue its operation as manufacturer and exporter of frozen vegetable products such as frozen soybeans, frozen green beans, frozen sweet corns, and frozen baby borns and to distribute its product overseas especially Japan.

The Company expects that its sales quantity and product price will be in the same range as of the previous year due to a continuity of an economic slowdown in Japan resulted from an increase in sales tax since 1 April 2014 and a depreciation of the JPY that caused the Japanese importers to experience higher import cost. Despite the higher production cost, the Company could not increase the selling price to reflect its actual cost due to a slow consumption in Japan. However, the Company's operating result is expected to improve from previous year as THB has been continued to depreciate against the USD, the Company's main trading currency. A decrease in the global oil price also benefits the Company as its production cost and freight cost will be reduced. In addition, the Company plans to improve its efficiency in harvesting to increase its efficiency in productivity and reduce its cost. The Company does not expect any significant changes to the Company's business, market condition and environment, and business risks.

## 2. Opinion on the accuracy of the Company's information contained in the Tender Offer statement

The Board of Directors has the opinion that the Company's information showned in Part 3 of the Tender Offer statement (Form 247-4) dated 8 October 2015 is accurate in material aspects.

## 3. Any relationship or agreement between the directors of the Company and the Offeror whether done personally or by the status of directors or the representative of the Offeror which includes the holding of shares in the Offeror and any contract or understanding or agreement between each other in such transaction (such as management etc.)

### 3.1 Any relationship between the Company's directors and the Offeror

As of the Tender Offer submission date, there are two members of the Company's Board of Directors who are also members of the Offeror's Board of Directors.

Name	Position in the Company	Position in the Offeror
1. Mr. Prayoon Pholpipattanaphong	Chairman	Chairman
2. Mr. Suwat Phongphasura	Director	Director

### 3.2 Shareholding by the Company's directors in the Offeror's juristic entity, concert party and persons under section 258

As of the Tender Offer submission date, there are two members of the Company's Board of Directors who also hold shares of the Offerors, concert party and persons under section 258.

Name	Number of shares	Percentage of total paid-up shares of the Offeror	Percentage of total voting rights of the Offeror
1. Mr. Prayoon Pholpipattanaphong	8,400,000	40.0	40.0
2. Mr. Ankoon Pholpipattanaphong	3,150,000	15.0	15.0

### 3.3 Direct and indirect shareholding by the Offeror or its authorized persons in the Company

As of the Tender Offer submission date, the Offeror and its authorized persons hold 132,746,617 shares of the Company, equivalent to 34.83 percent of the Company's total paid-up shares and voting right.

Name	Number of shares	Percentage of total paid-up shares of the Company	Percentage of total voting right of the Company
1. The Offeror	129,989,850	34.11	34.11
2. Mr. Prayoon Pholpipattanaphong	306,517	0.08	0.08
3. Mr. Suwat Phongphasura	2,450,250	0.64	0.64

**3.4 Other relationship to the Offerror's business group**

As of the Tender Offer submission date, the Company and the Offeror have common shareholders as follows.

Name	Percentage of total paid-up shares of the Offeror	Percentage of total paid-up shares of the Company
1. The Offeror	-	34.11
2. Mr. Prayoon Pholpipattanaphong	40.00	0.08
3. Mr. Ekaphong Pholpipattanaphong	15.00	0.23
4. Mr. Ankoon Pholpipattanaphong	15.00	0.97
5. Mr. Nirand Pholpipattanaphong	15.00	0.97

**3.5 Existing or perspective mutual agreements or contracts**

The Company and the Offeror have no existing or perspective mutual agreements or contracts.

#### 4. Opinion of the Board of Directors of the Company to securities holders

The Company held the Board of Directors' Meeting No.5/2015 on 16 October 2015 to consider the Tender Offer of the Offeror. There were 9 members of the Board of Directors attending the said meeting as follows.

- |                                   |  |
|-----------------------------------|--|
| 1. Mr. Prayoon Pholpipattanaphong | Chairman   |
| 2. Mr. Prapas Pholpipattanaphong  | Managing Director  |
| 3. Mr. Prayuth Pholpipattanaphong | Executive Director                                       |
| 4. Mr. Ankoon Pholpipattanaphong  | Executive Director                                       |
| 5. Mr. Lan, Mu – Chiou            | Non-executive Director                                   |
| 6. Mr. Amnuay Yossuck             | Independent Director and Chairman of the Audit Committee |
| 7. Mr. Ampon Ruayfupant           | Independent Director and Audit Committee                 |
| 8. Dr. Phusit Wonglorsaichon      | Independent Director                                     |
| 9. Miss Darunee Ruangtham         | Independent Director and Audit Committee                 |

There were 2 directors who have vested interest to this agenda, i.e. Mr. Prayoon Pholpipattanaphong and Mr. Ankoon Pholpipattanaphong. In their capacity as the representative directors and/or shareholders of the Offeror, they did not take part in the consideration and voting on this agenda.

##### 4.1 Reasons to accept or reject the Tender Offer

The Board of Directors' Meeting – excluding the directors who are related to the Offeror in their capacity as the representative directors and/or shareholders of the Offeror – has considered the Tender Offer (Form 247-4) and the Independent Financial Advisor's Opinion in relation to the Tender Offer of the Company's securities rendered by Asia Plus Advisory Company Limited (the "Independent Financial Advisor") and resolved that the shareholders should **reject** the Tender Offer due to the following reasons.

1. The Tender Offer Price is lower than the range of the Company's fair value

The Tender Offer Price of THB 3.85 per share is lower than the fair value range of THB 4.63 – 5.50 per share or 16.8 – 30.0 percent discount, determined by the IFA based on the adjusted book value and the discount cash flow approaches.

2. An opportunity to gain more benefits in the future

The Offeror does not plan to make significant changes in the Company's business operation and will support the Company's investment plan to expand its production to neighboring countries, and export its products to new markets in order to increase and diversify its revenue. These plans are expected to benefit the Company and its shareholders in the long term. If there is no significant change to the Company's business risk and the plan succeeds, shareholders, who reject the Tender Offer, shall have a chance to gain benefits from the Company's investment in the future.

Although shareholders, who reject the Tender Offer, may be able to sell their shares in the secondary market at premium price to the Tender Offer Price, they may not be able to sell their shares at the desired volume and price within the desired period because of a lack of liquidity of the Company's share.

The above Board of Director's opinion is intended simply as a basis for consideration of the shareholders. In deciding whether to accept or reject the Tender Offer, each shareholder should take into account the details of this opinion, in conjunction with the attached report of the IFA, and the information from the relevant sources that the shareholders consider reliable in order to support their decision. The final decision shall be solely according to each shareholder's discretion.

**4.2 Opinion and reasons of the Company's respective directors, and the number of shares held by the respective directors (only where the Board of Directors' resolution under 4.1 is not unanimous)**

-None-

**4.3 Benefits or effect of the business plan and policy specified in the Tender Offer, and the viability of the plan and policy**

The Board of Directors considered the plan and policy after the Tender Offer which are specified in the Tender Offer (Form 247-4) and opined as follows:

**4.3.1 The Company's status**

The Offeror has no intention to delist the Company's securities from the SET within 12 months after the completion of the Tender Offer except the case that the Company is unable to meet the listing requirement under the relevant SET's regulation.

The Board of Directors opined that there will be no impact to shareholders rejecting the Tender Offer because these shareholders shall be able to sell their shares in the SET within 12 months after the completion of the Tender Offer.

**4.3.2 Policies and plans of business operations**

Policies and plans of business operations within 12 months after the completion of the Tender Offer are summarized as follows.

***Policies and plans of business operation***

The Offeror does not plan to change the Company's business and operation materially. The Company will continue focusing on the current business which is the manufacture and export of frozen fruits and vegetables. However, the Offeror will support the Company's plans to expand the cultivated areas to neighboring countries, to increase product variety such as broccoli, taro, bamboo shoot, and etc., and to increase its sales volume in the United States of America, European countries, and Middle East countries. In addition, the Offeror will support the Company's plan to find alternative labor force to improve the Company's competitiveness in the future.

In case the Company plans to acquire or dispose any assets, the Company and the Offeror must comply with the Notification of the Capital Market Supervisory Board No. TorChor 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, which is required an approval from the Company's shareholders' meeting. The Offeror will consider voting as appropriate.

The Offeror shall support the Company to use funding from its internal cash flow and loans from financial institutions to support its investment plan and shall not make significantly change to the Company's financial structure. The Offeror will carefully consider before taking any actions for the best interest of the Company. It is expected that the investment plan shall not be completed within 12 months after the end of the Tender Offer period.

***Management structure***

The Offeror does not plan to change the management structure. For the purpose of good corporate governance, Mr. Prayoon Pholpipattanaphon will step down from the Chairman of the Executive Committee but will remain as a member of the said committee and the Chairman of the Board of Directors of the Company. The Company's Board of Directors will search for the new Chairman with appropriate qualifications, knowledge, and expertise.



***Asset divestment plan***

The Offeror does not plan to divest the Company's assets.

***Dividend policy***

The Offeror does not plan to change the dividend policy. Currently, the Company will pay dividend at least 60 percent of the Company's net income. If there are significant changes in the Company's business, financial conditions, and any others, the Offeror may amend the Company's business policy and plan as appropriate for the best interest of the Company. In case there are material changes, the Offeror will seek an approval from the Board of Director's meeting and/or the Shareholders' meeting to comply with the relevant laws, rules, and regulation applicable at times.

***Financial structure policy***

The Offeror does not plan to change the Company's financial structure.

The Board of Directors has the opinion that those policies and plans of business operation mentioned above are reasonable and viable. The Company's shareholders will not be likely to get significant impact by these policies and plans because the Offeror does not plan to make any significant changes to the Company's policies and plans of business.

The Offeror plans to support the Company's investment plan in expansion of harvesting areas in neighboring country. Although the investment plan is in the area which the Company has expertise, the Company has planned to conduct the feasibility study on business, management, finance, laws and regulation and consult with its advisor for the best interest of the Company and its shareholder. The Company's investment plan may not be completed within 12 months after the end of the Tender Offer period. The Board of Directors has the opinion that the Company has sufficient fund from operation or loans from financial institutions to support its investment plan because the Company has strong financial status and no debts at the present.

**4.3.3 Related transaction**

At the present, the Company and the Offeror have no related transaction. After the end of the Tender Offer period, the Offeror does not plan to enter into any related party transaction with the Company. If there is any related party transaction between the Offeror and the Company in the future, such transactions will be similar to those of normal business transaction on an arm's-length basis. The Offeror will carefully consider the necessity and the reasonableness of such transaction. In addition, all related transaction will be complied with the rules and regulations prescribed by the SET and SEC.

The Board of Directors has the opinion that the related party transaction policy will have no significant effect to the shareholders because any related transaction will be complied with the rules and regulations of the SET and SEC.

**4.4 Additional opinion of the Board of Directors of the company (only for the Tender Offer for the Delisting from the SET according to the SET regulation)**

The purpose of the Tender Offer is not for delisting.

**5. Opinion of the shareholder's advisor who is the person named in the financial advisory list approved by the SEC**

Please consider the attachment 1, the Independent Financial Advisor opinion on the Tender Offer of Chaingmai Frozen Foods Public Company Limited dated 16 October 2015 prepared by Asia Plus Advisory Company Limited.



The Company hereby certifies that the above statements are true, complete, and accurate, without any information that might cause an essential misunderstanding, and no concealment has been made on any material information that should be explicitly disclosed.

On behalf of Chiangmai Frozen Foods Public Company Limited

*Prayoon Pholpipattanaphong*

(Mr. Prayoon Pholpipattanaphong)

Chairman of the Board of Directors



Independent Financial Advisor Opinion on the Tender Offer of  
**Chiangmai Frozen Foods Public Company Limited**  
**By Northern Agricultural Company Limited**

16 October 2015

Prepared by **Asia Plus Advisory Company Limited**

**Disclaimer:** This report was prepared in Thai and this English version is a translation of the Thai report. While every effort was made to ensure the accuracy of the translation, there could be some inconsistency between the Thai report and the English translation. In any case, the Thai report shall take precedence and be considered the official IFA report over its English translation

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16 October 2015

Subject: Opinion of Independent Financial Advisor on the Tender Offer for the securities of  
Chiangmai Frozen Foods Public Company Limited

To: Shareholders of Chiangmai Frozen Foods Public Company Limited

Chiangmai Frozen Foods Public Company Limited ("**CM**" or "**the Company**") received a copy of Tender Offer for the Company's securities dated 8 October 2015 (the "**Tender Offer**") from Northern Agricultural Company Limited (the "**Offeror**"), who is the Company's major shareholder. According to the Tender Offer Document (Form 247-4), on 29 September 2015, the Offeror acquired 46,463,750 shares of the Company, equivalent to 12.19 percent of total paid-up shares and voting rights. When combined with the 92,656,407 shares of the Company previously held by the Offeror, its concert parties, and the persons under Section 258 which is equivalent to 24.31 percent of total paid-up shares and voting rights, the group of persons holds the Company's shares in the total amount of 139,120,157 shares, or equivalent to 36.50 percent of total paid-up shares and voting rights.

The acquisition of the shares that exceeds the trigger point of 25.00 percent of the total voting rights requires the Offeror to make a Tender Offer for all remaining securities of the Company from other shareholders, according to the provisions prescribed in the Notification of the Capital Market Supervisory Board TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers, which requires any person who has purchased or taken any other action which results in his acquisition of shares, or his becoming a holder of shares, exceeding 25.00 percent, 50.00 percent, or 75.00 percent of total voting rights of the business, to make a tender offer for all securities of that company (Mandatory Tender Offer).

The Company has appointed Asia Plus Advisory Company Limited (the "**Independent Financial Advisor**"), who is certified by the Securities and Exchange Commission (the "**SEC**") to provide opinion to the Company's shareholders regarding the fairness and impacts from the Tender Offer for the securities of the Company.

In preparing this report, the Independent Financial Advisor has studied and analyzed the information contained in the Announcement of Intention to Make a Tender Offer (Form 247-3), the Tender Offer Document by Northern Agricultural Company Limited (Form 247-4), together with other related announcement disclosed to the SET, information and documents obtained from the Company and the Tender Offer Preparer, and other publicly available information including annual reports, annual registration statement (56-1), reviewed and audited financial statements, as well as the interview with the management and other relevant persons.

The opinion of the Independent Financial Advisor is based on the assumption that the aforementioned information and documents which the Independent Financial Advisor received and used in the analysis to provide the opinion in this report, are complete, accurate, and reliable, with no reason to doubt that the said information is inaccurate and/or untrue in material aspect which could significantly impact the completeness of the received

information. The Independent Financial Advisor has prepared this report based on the market, economic, and other conditions that exists at the time of the study and on the information made available up to the preparation date of this report. If there is any significant change in such information, there may be an impact to the business operations and the financial projections and the opinion of Independent Financial Advisor towards the shareholders' decision on the Tender Offer.

The Independent Financial Advisor's opinion is summarized as follows:

## Executive Summary

On 29 September 2015, Northern Agricultural Company Limited (the “**Offeror**”), a major shareholder of Chiangmai Frozen Foods Public Company Limited (“**CM**” or “**the Company**”) purchased from the SET an additional 46,463,750 ordinary shares of the Company, equivalent to 12.19 percent of total paid-up shares and voting rights. When combined with 92,656,407 shares or 24.31 percent of total paid-up shares and voting rights, that previously held by the Offeror, its concert party, and the persons under Section 258, the group of persons holds shares in the Company in the total amount of 139,120,157 shares, or equivalent to 36.50 percent of total paid-up shares and voting rights. Such acquisition of the shares results in the Offeror’s shareholding reach the trigger point of 25.00 percent of the Company’s total voting rights at which a tender offer for all securities of the Company is required pursuant to the Notification of the Capital Market Supervisory Board TorChor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers.

### Summary of the Tender Offer

On 8 October 2015, the Company received a copy of Tender Offer for the Company’s securities (the “**Tender Offer**” or “**Form 247-4**”) from the Offeror, who is a major shareholders of the Company holding 34.11 percent of total paid-up shares and voting rights, which indicates its intention to acquire all remaining 251,155,875 shares of the Company, or equivalent to 65.89 percent of total paid-up shares and voting rights. When excluded the number of shares held by the Offeror’s concert parties and the persons under Section 258 who indicated their intentions to reject the Tender Offer and collectively hold the Company’s shares in the amount of 9,130,307 shares, or equivalent to 2.39 percent of total paid-up shares and voting rights, the maximum number of shares the Offeror will be received from the Tender Offer shall be 242,025,568 shares, or 63.50 percent of total paid-up shares and voting rights. The Tender Offer Price is Baht 3.85 per share. The Company’s shareholders who wish to tender their shares (the “**Offeree**”) are subject to pay a brokerage fee of 0.25 percent of the Tender Offer Price and the Value Added Tax (VAT) of 7.0 percent of the brokerage fee. The net Tender Offer Price to be received by the Offeree will be Baht 3.839701 per share. The Tender Offer Period is 25 business days from 12 October 2015 to 16 November 2015, from 9.00 am. to 4.00 pm. Such Tender Offer’s price and period are final and shall not be changed.

### Opinion of the Independent Financial Advisor on the Fairness of Tender Offer Price

To evaluate the appropriateness of the Tender Offer Price, the Independent Financial Advisor assesses the value of the Company’s share based on 6 valuation methodologies, by referring to the Company’s audited and reviewed financial statements, share trading price before 8 October 2015 (the “**Tender Offer Date**”), the projected financial performance based on the interview with the Company’s management, other relevant information and documents, including an analysis of economic and industry conditions, and financial information of the comparable peers as disclosed to the public.

The results of the Company's share valuation can be summarized as follows:

Valuation Approach	Share value by the IFA (Baht per share)	Higher (lower) than Tender Offer Price (%)	Appropriateness
1. Book value approach	3.36	(12.7)	Not appropriate
<b>2. Adjusted book value approach</b>	<b>4.63</b>	<b>20.1</b>	<b>Appropriate</b>
3. Weighted average market price approach	3.76 – 3.91	(2.3) – 1.6	Not appropriate
4. Market comparable approach			
1) P/BV	3.65 – 4.79	(5.2) – 24.5	Not appropriate
2) P/E	3.31 – 4.16	(14.0) – 8.1	Not appropriate
3) EV/EBITDA	5.06 – 5.77	31.5 – 50.0	Not appropriate
<b>5. Discounted cash flow approach</b>			
<b>1) Base case</b>	<b>5.50</b>	<b>43.0</b>	<b>Appropriate</b>
2) Sensitization	4.99 – 5.54	29.6 – 43.9	
6. Dividend discount model			
1) Base case	3.08	(20.1)	Not appropriate
2) Sensitization	2.87 – 3.32	(25.5) – (13.8)	

The Independent Financial Advisor is of the opinion that the appropriate approaches for determining the fair value of the Company's share are the adjusted book value and the discounted cash flow (DCF) approaches. The discounted cash flow approach reflects the Company's ability to generate future earnings and operating cash flows by taking into account several factors affecting the Company's operation such as its competitive position, cost management, future investment in core operating assets, and working capital. The optimum price range of the Company's share determined under the DCF approach is Baht 5.50 per share. When considering the share price measured under the adjusted book value approach of Baht 4.63 per share as a base value, **an appropriate fair value range of the Company's share is Baht 4.63 – 5.50 per share**, which is higher than the Tender Offer Price of Baht 3.85 per share. Therefore, the Independent Financial Advisor is of the opinion that **the Tender Offer Price of Baht 3.85 per share is not appropriate**.

#### **Conclusion of the Independent Financial Advisor's Opinion on the Tender Offer**

In rendering the opinion to the shareholders, the Independent Financial Advisor considers the information contained in the Tender Offer Document (Form 247-4), the Tender Offer Price, and other relevant information, by taking into account the fairness of the Tender Offer Price, and other supporting factors. The Independent Financial Advisor recommends the shareholders to **reject** the Tender Offer, because:



▶ **The Tender Offer Price is lower than the appropriate fair value range of the Company's share**

The Tender Offer Price of Baht 3.85 per share is lower than appropriate fair value of the Company's share measured, by the Independent Financial Advisor, under the adjusted book value and the discounted cash flow approaches, which ranges between Baht 4.63 – 5.25 per share.

▶ **The Offeror does not have a plan to materially change the Company's business policies and operation**

During 12-month period after completion of the Tender Offer, the Offeror does not have a plan to materially change the Company's business policy, objective and direction, as well as human resources and financial structure, unless such change was made as deemed appropriate to future operation and financial position of the Company, in order to maintain its operational efficiency and competitiveness for the highest interest of the Company. Nevertheless, any material alteration of the Company's business operation requires, in accordance with relevant rules and regulations, prior approval from the Board of Directors and/or the shareholders' meetings. The Independent Financial Advisor is, therefore, of the opinion that a material change in the Company's business operation should not have a significant impact to the Company's shareholders.

As of the date of the Tender Offer, the Offeror together with its related parties, are major shareholders of the Company collectively holding 139,120,157 shares, or equivalent to 36.50 percent of total paid-up shares and voting rights. Nevertheless, such percentage of shareholding does not result in the Offeror having an exclusive control over the Company's business operation. Thus, the minority shareholders will be able to collect number of votes against any agendas proposed by the Offeror, such as: the appointment of directors or most of the ordinary resolutions which require simple majority of more than 50 percent of total votes.

▶ **Shareholders who refuse to tender their shares may receive additional return on the Company's share**

It is anticipated that the Company's plan to expand its production base to the neighboring country for the purpose of generating sale volume in other regions will help enhance the Company's revenue stream and diversify its business risks and is expected to strengthen future position of the Company and its shareholders. If the Company's operational risks remain unchanged and such investment is successful as planned, the shareholders who reject the Tender Offer and remain the Company's shareholders will have an opportunity to participate in the benefits created on such investment.

The Independent Financial Advisor has further observation and opinion to the shareholders as follows:

- ▶ During the period of 10 days before and after the Tender Offer Date, 8 October 2015, the Company's shares were traded between Baht 3.72 – 3.98 per share. Thus, the shareholders who reject the Tender Offer and remain the Company's shareholders may have an option to sell their shares in the SET. However, when taking into consideration the poor liquidity of the Company's share, the shareholders may not be able to sell their shares at the desired price and volume within the desired period.

In the event that there are a significant number of shareholders accepting the Tender Offer, the minority shareholders who reject the Tender Offer could be affected as follows:

- ▶ In the event that there are a significant number of shareholders accepting the Tender Offer which results in the Offeror holding the Company's shares in an aggregate amount of more than 50.00 percent of total voting rights, the Offeror shall have an authority to manage and control the Company's business operation by having majority control in the Board of Directors and the shareholders' meetings. In addition, in the event that the Offeror's accumulated shares are equal or more than 75.00 percent of total voting rights, the Offeror shall have an exclusive control in favor of any special resolutions such as, increase or decrease in capital, and merger and acquisition. Thus, the Independent Financial Advisor is of the opinion that an increasing percentage of shareholding by the Offeror as a consequence of the Tender Offer may impact ability of the minority shareholders to collect their votes for checks and balances and may result in a change in the Company's business plans and policies in the future.
- ▶ A significant number of shareholders accepting the Tender Offer may cause trading liquidity of the Company's shares to diminish, which affect ability of the shareholders rejecting the Tender Offer to sell their shares in the SET at an appropriate price or in the desired period after the Tender Offer. Besides, a significant decrease in the number of minority shareholders could affect the Company's listing qualification regarding the free float shares which requires at least 150 minority shareholders holding aggregately at least 15.00 percent of the Company's paid-up capital. However, if such is the case, the Offeror may consider selling certain portion of its shares to maintain proportion of the minority shareholders in accordance with the regulatory requirement.

When making the decision to accept or reject the Tender Offer, the shareholders should consider their own investment objective, investment period, as well as the Company's share price during the Tender Offer Period, together with the factors mentioned above.

**Nevertheless, a final decision whether to accept or reject the Tender Offer rests primarily with the individual shareholders. The shareholders should study information contained in the Independent Financial Advisor report along with other related information provided in the opinion of the Company in relation to the Tender Offer (Form 250-2) and use his/her own discretionary judgment in making appropriate decision to accept or reject the Tender Offer.**

## 1. Background

### 1.1 Transaction Overview

On 29 September 2015, Northern Agricultural Company Limited (the “**Offeror**”) who is a major shareholder of Chiangmai Frozen Foods Public Company Limited (“**CM**” or the “**Company**”) purchased from the SET additional 46,463,750 shares of the Company, or equivalent to 12.19 percent of total paid-up shares and voting rights. When combined with a total of 92,656,407 shares, or 24.31 percent of the Company’s shares previously held by the Offeror together with its concert parties and the persons under Section 258, the group of persons holds shares in the Company in the total amount of 139,120,157 shares, or equivalent to 36.50 percent of total paid-up shares and voting rights.

The detail of shares held by the Offeror and its related parties as of 8 October 2015 (the “**Tender Offer Date**”) is shown below:

No.	Shareholders	No. of shares	Shareholding <sup>/1</sup> (Percent)
1.	Northern Agricultural Company Limited (The Offeror)	129,989,850	34.11
2.	Concert Parties		
2.1)	Mr. Prayoon Pholpipattanaphong	306,517	0.08
2.2)	Mr. Ekaphong Pholpipattanaphong	874,090	0.23
2.3)	Mr. Ankoon Pholpipattanaphong	3,702,600	0.97
2.4)	Mr. Nirand Pholpipattanaphong	3,702,600	0.97
3.	Persons under Section 258 of 1. and 2.		
3.1)	Mrs. Jarurat Pholpipattanaphong	181,500	0.05
3.2)	Miss Pantira Pholpipattanaphong	181,500	0.05
3.3)	Miss Atipa Pholpipattanaphong	181,500	0.05
	<b>Total</b>	<b>139,120,257</b>	<b>36.50</b>

Source: Tender Offer Document (Form 247-4) ,<sup>/1</sup> One ordinary share equals to one voting right.

Such acquisition of the shares results in an increase in the total number of shares held, directly and indirectly, by the Offeror, together with its concert party and the persons under Section 258, to exceed 25.00 percent of the Company’s total voting rights. The Offeror is, therefore, required to make a tender offer for all securities of the Company in accordance with the Notification of the Capital Market Supervisory Board No. Tor Jor. 12/2554 re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers dated 13 May 2011 and its amendments. The Offeror submitted an Announcement of Intention to Make a Tender Offer (Form 247-3) to the Company on 30 September 2015.

## 1.2 Summary of the Tender Offer

On 8 October 2015, the Offeror, who is a major shareholder of the Company holding 34.11 percent of total paid-up shares and voting rights, submitted to the Company a copy of the Tender Offer (“**Tender Offer**” or “**Form 247-4**”) to purchase the remaining securities of the Company of 251,155,875 shares, or equivalent to 65.89 percent of total paid-up shares and voting rights, at a price of Baht 3.85 per share (the “**Tender Offer Price**”), which represents the highest price at which the Offeror acquired shares of the Company during the period of 90 days prior to the date on which the Tender Offer Document is submitted to the Securities and Exchange Commission (the “**SEC**”). The net price at which the Offeree will receive after deducting a brokerage fee and Valued Added Tax is Baht 3.839701 per share. The Tender Offer Period lasts 25 business days from 12 October 2015 to 16 November 2015, from 9.00 am until 4.00 pm. The Offeree may revoke their acceptance of the Tender Offer during the period from 12 October 2015 to 9 November 2015, totaling 20 business days. Such Tender Offer’s price and period are final and shall not be changed.

As disclosed in the Tender Offer Document (Form 247-4), the Offeror has an objective to invest and acquire more of the Company’s shares as foreseeing greater business opportunities and future growth. After completion of the Tender Offer, the Offeror does not have any plan to materially change the Company’s business plans and operations.

Key information regarding the Tender Offer dated 8 October 2015 is summarized below:

Key Elements	Details
Tender Offeror	▶ Northern Agricultural Company Limited
Type and Number of the Securities to be Purchased under the Tender Offer	▶ 381,145,725 ordinary shares, or equivalent to 100 percent of the Company’s total issued and paid-up shares, ▶ Or 251,155,875 ordinary shares after excluding the number of ordinary shares held by the Offeror, or 65.89 percent of total issued and paid-up shares ▶ One ordinary share is entitled to one voting right
Tender Offer Price	▶ Baht 3.85 per share ▶ The Tender Offer Price after a brokerage fee of 0.25 percent and the Valued Added Tax (VAT) on the brokerage fee of 7.00 percent is equivalent to Baht 3.839701 per share
Tender Offer Period	▶ 25 business days from 12 October to 16 November 2015 ▶ From 9.00 am until 4.00 pm of every business day
Conditions of Change in the Tender Offer	▶ The Offeror may reduce the Tender Offer Price or extend the Tender Offer Period if any event or action occur within the offer period, which causes a severe damage to the financial status or assets of the Company, such as an announcement of additional holidays by the Government during the period of Tender Offer

Key Elements	Details
	<ul style="list-style-type: none"> <li>▶ The Offeror may amend the offer term or extend the Tender Offer Period to compete with another offeror who has submitted a tender offer for the Company's securities during the Tender Offer Period</li> <li>▶ The Offeror may lower the Tender Offer Price if the Company declares or pays dividends or other benefits during or after the date the Offeror announced its intention to make a Tender Offer. The Tender Offer Price shall be reduced in the same proportion to the dividend or the benefits received per share.</li> </ul>
Conditions for Cancellation of the Tender Offer	<p>The Offeror may cancel the Tender Offer upon the occurrence of one or more of the following events:</p> <ul style="list-style-type: none"> <li>▶ An occurrence of any event or action occur within the Tender Offer Period, which causes or may cause serious damage to the status or assets of the Company, and such events or actions do not result from the acts of the Offeror or any act for which the Offeror is responsible; or</li> <li>▶ The taking of any action by the Company during the Tender Offer Period which results in a significant decrease in the share value; or</li> <li>▶ An occurrence of any event or action that may impact to the Tender Offer as per the Notification TorChor. 14/2554 re: Action or Exceptions from Requirement to Make the Tender Offer for all securities of the Company</li> </ul>
Period that the Offeree May Revoke Their Acceptance of the Tender Offer	<ul style="list-style-type: none"> <li>▶ 20 business days from the Tender Offer Date to 9 November 2015, from 9.00 am. to 4.00 pm.</li> </ul>
Payment Condition	<ul style="list-style-type: none"> <li>▶ The Offeree shall receive payment for the shares tendered on 19 November 2015</li> </ul>
Sources of Funds for the Tender Offer	<ul style="list-style-type: none"> <li>▶ Credit facility from Krung Thai Bank Public Company Limited in the amount not exceeding Baht 950.86 million</li> </ul>
Tender Offeror's Agent	<ul style="list-style-type: none"> <li>▶ Capital Nomura Securities Public Company Limited</li> </ul>

The total of 7 shareholders of the Company, which comprise of the Offeror's concert parties and the persons under Section 258, holding collectively 9,130,307 shares, or equivalent to 2.39 percent of total paid-up shares and voting rights, whose names and percentages of shareholding appeared in the detail of the Company's shareholders on page 9, have indicated their intention to reject the Tender Offer. Three of which have also allowed Capital Nomura Securities Public Company Limited to freeze their shares totaling 4,758,190 shares, representing 1.25 percent of total paid-up shares and voting rights. In case all other shareholders, together with the 4 shareholders who indicated their intention to reject the Tender Offer, accept the Tender Offer, the maximum number of shares the Offeror will be received from the Tender Offer shall be 246,397,685 shares, or 64.65 percent of total paid-up shares and voting rights, which requires a total amount of Baht 948,631,087 fund to purchase all such shares. The preparer of the Tender Offer, Krung Thai Advisory Company Limited, has the opinion that the Offeror has sufficient funds to make and complete the Tender Offer.

## 2. Summary Information of the Offeror

### 2.1 Business Overview

Northern Agricultural Company Limited (“**NA**” or the “**Offeror**”) was established as a company in Thailand on 14 June 1988 by Mr. Prayoon Pholpipattanaphong, who currently acts as a Chairman and a Managing Director. NA began its operation in orange farming business in Fang District, Chiangmai. Its current registered and paid-up capital is Baht 210,000,000, composing of 21,000,000 ordinary shares at par value of Baht 10 per share.

The Offeror currently operates 2 main businesses:

- 1) **Agricultural Business** by operating an orange farm in the total area of 3,628 rai in Chiangmai. The company grows various types of orange such as Honeysuckle, Golden Skin and Aura. The Honeysuckle Orange is its main product, accounted for 75 percent of total farming area.

Orange’s sale volumes in the period of 2012-2014 are as follows:

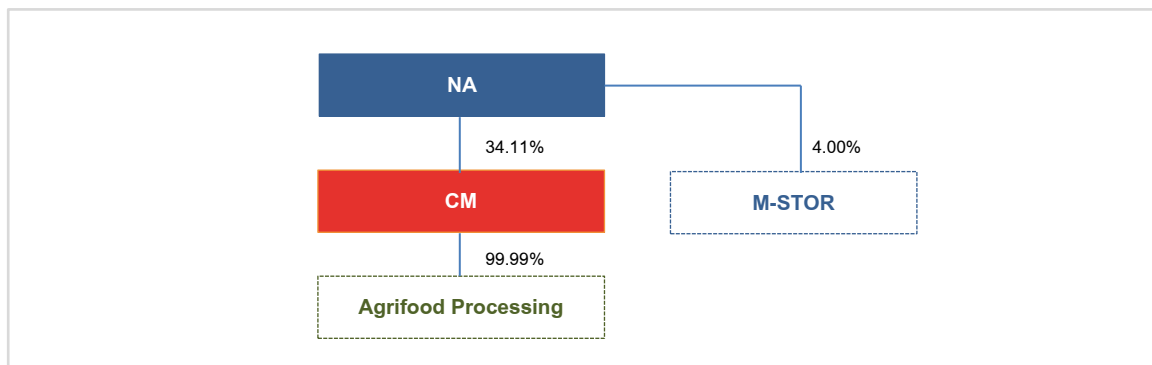
(unit: thousand kilograms)	2012	2013	2014
Honeysuckle Orange	1,211	2,535	3,073
Golden Skin Orange	244	506	220
Aura Orange	156	636	669
<b>Total</b>	<b>1,611</b>	<b>3,677</b>	<b>3,962</b>

Source: Tender Offer Document (Form 247-4)

NA focuses on planting high-quality orange which is safe to consume, and emphasizes on fast, accurate, and precise delivery. The company aims to provide training and development to enhance human resources’ knowledge and capability to catch up with the change in today’s technology.

- 2) **Cold Storage Service** in Tambon Bangnamjerd, Muang District, Samut Sakhon, which comprises of 3 cold storages with a total capacity of 5,000 tons to keep agricultural produces. In 2009, NA sold all those three cold storages to the MFC Strategic Storage Fund (M-STOR), in which NA reinvested by 2,428,850 units or equivalent to 4.00 percent of total investment units of the fund.

Shareholding structure of the Offeror as of 8 October 2015 can be depicted as follows:



Source: Tender Offer Document (Form 247-4)

## 2.2 Shareholders of the Offeror

As of 7 July 2015 (the latest date of the shareholders' meeting), the Offeror had a total of 5 shareholders as follows:

No.	Shareholders	No. of shares	Percentage of Shareholding <sup>/1</sup>
1.	Mr. Prayoon Pholpipattanaphong	8,400,000	40.00
2.	Mr. Nirand Pholpipattanaphong	3,150,000	15.00
3.	Miss Sunita Jatuwong	3,150,000	15.00
4.	Mr. Ankoon Pholpipattanaphong	3,150,000	15.00
5.	Mr. Eakapong Pholpipattanaphong	3,150,000	15.00
	<b>Total</b>	<b>21,000,000</b>	<b>100.00</b>

Source: Tender Offer Document (Form 247-4) , <sup>/1</sup> One ordinary share is entitled to one voting right

## 2.3 Board of Directors of the Offeror

As of 30 April 2015, the Board of Directors of the Offeror is composed of two members as follows:

No.	Name	Position
1.	Mr. Prayoon Pholpipattanaphong	Chairman
2.	Mr. Suwat Phongphasura	Director

Source: Tender Offer Document (Form 247-4)

One director is authorized to sign on behalf of the company with the company's seal.

## 2.4 Summary of Financial Position and Performance of the Offeror

Separate financial statements of NA for the period ended 31 December 2012 – 2014, are as follows:

### Financial Position as of 31 December 2012 – 2014

Unit: million Baht	2012	2013	2014
Cash and cash equivalent	4.6	11.1	70.0
Long-term investment	578.1	534.3	472.6
Property, plant and equipment	268.2	272.8	283.5
Other assets	331.3	387.0	390.1
<b>Total Assets</b>	<b>1,182.2</b>	<b>1,205.2</b>	<b>1,216.2</b>
Long-term loans	365.4	450.4	415.3
Other liabilities	204.5	168.6	211.8
<b>Total Liabilities</b>	<b>569.9</b>	<b>619.0</b>	<b>627.1</b>
Issued and paid-up share capital	210.0	210.0	210.0
Retained earnings	195.5	230.8	263.7
Other components of equity	206.8	145.4	115.4
<b>Total Shareholders' Equity</b>	<b>612.3</b>	<b>586.2</b>	<b>589.1</b>

Source: Tender Offer Document (Form 247-4), BOL Database

### Financial Performance for the period 2012 – 2014

Unit: million Baht	2012	2013	2014
Total revenue	111.0	196.3	210.6
Total expenses	113.7	142.0	144.5
Interest expense	15.1	17.2	28.4
Income tax	-	1.8	4.9
<b>Net Profit (loss)</b>	<b>(17.8)</b>	<b>35.3</b>	<b>32.8</b>

Source: Tender Offer Document (Form 247-4), BOL Database

As disclosed in the Tender Offer (Form 247-4), the Offeror's funds for the Tender Offer will come from credit facility obtained from Krung Thai Bank Public Company Limited, in the amount not exceeding Baht 950.86 million. The preparer of the Tender Offer, Krung Thai Advisory Company Limited, has the opinion that such fund is sufficient for the Offeror to make and complete the Tender Offer without affecting its business operation.



### 3. Summary Information of the Company

#### 3.1 Business Overview

Chiangmai Frozen Foods Public Company Limited was established in November 1988 with its initial registered capital of Baht 50 million. The Company operates as a manufacturer and exporter of frozen vegetables such as green bean, soybean and sweet corn. In 2011, the Company increased its registered capital to Baht 125 million prior to entering into the SET in January 1993. The Company has its current paid-up capital of Baht 381 million, with two production factories in Sansai, Chiangmai on a total area of 41 rais with a total production capacity of 42,000 metric tons.

The Company's main products are frozen vegetables which processes agricultural produces such as green bean, soybean and sweet corn which purchased from the famers under contract farming scheme, by passing through the process of selecting, cutting, washing, boiling, and freezing in cold storage before grading and packing for export. The Company's manufacturing process has been awarded under various standard practices such as ISO 22000, FSSC 22000, HACCP, GMP, GAP.

The Company is a major exporter of frozen green bean, soybean, and sweet corn. 99 percent of the Company's sale revenue was denominated from sale overseas, by having Japan as its primary trading partner, while, the United States, Sweden, and Denmark are the secondary partners. Japan is the country that largely consumes frozen vegetables. The Company has its market share in Japan of approximately 15 percent of total imported value of the said products.

The Company's major customers are a group of importers, wholesalers and trade agents who distribute the products to supermarkets, retail shops, and food producers. Major consumers are a group of middle classes and businessmen who need semi-ready products that are clean, healthy and convenient to consume.

The Company's group structure is as follows:



Remark (\*): Agrifood Processing Company Limited ("AFP") previously operated as an exporter of frozen sweet corns before discontinued its operation and transferred its business and employees to Chiangmai Frozen Foods Public Company Limited. Currently, CM is an exclusive exporter for all frozen products.

### 3.2 Revenue Structure

Revenue structure by product type in 2012 – 2014 is as shown below:

Products	2012	%	2013	%	2014	%
Frozen vegetables	1,491	100	1,426	100	1,414	100
Others	-	-	-	-	-	-
<b>Total Sales of Product</b>	<b>1,491</b>	<b>100</b>	<b>1,426</b>	<b>100</b>	<b>1,414</b>	<b>100</b>
Gain(loss) on exchange rate	12		18		(30)	
Other income	18		19		20	
<b>Total Revenue</b>	<b>1,521</b>		<b>1,463</b>		<b>1,404</b>	

Revenue structure from domestic and foreign sales in 2012-2014 is as shown below:

Market	2012	%	2013	%	2014	%
Foreign market	1,469	99	1,410	99	1,402	99
Domestic market	22	1	16	1	12	1
<b>Total Sales of Product</b>	<b>1,491</b>	<b>100</b>	<b>1,426</b>	<b>100</b>	<b>1,414</b>	<b>100</b>

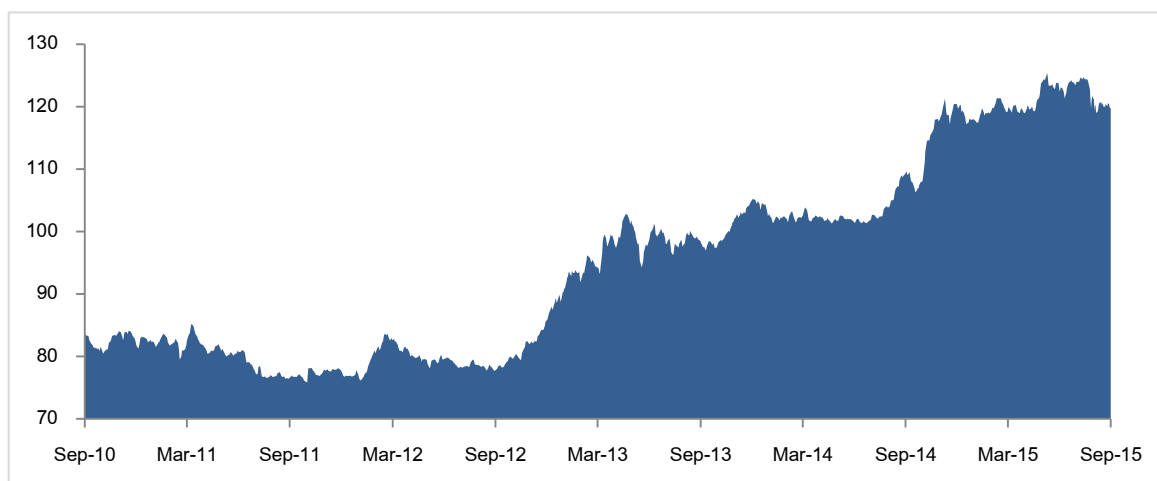
### 3.3 Industry and Competition

Competition in frozen vegetable market is not so violent given that the products are with high consumption demand and the main market is in Japan which is the country that largely consumes semi-ready products that are fresh, clean, healthy, and convenient.

The Company's major competitors are the Chinese and Taiwanese exporters whose business sizes are comparable to the Company. However, natural disaster in those countries usually affects the delivery of their products, compared to Thailand which is a country with plentiful resources and having less impact from natural disaster. This enables the Company to maintain its consistency in supplying the products throughout the year, which enhances its ability to compete with other competitors in term of product quality, price, and the precise delivery.

The Company's primary trading partner is the Japanese importers whose country has recently experienced economic slowdown. The Japanese Yen has depreciated remarkably against the US Dollar following the decision of the Bank of Japan to expand its Quantitative Easing scheme from JYP 60 trillion to JYP 80 trillion per annum to encourage economic activities, which devalued the Yen by 11.3 percent from 106 to 118 Yen/US Dollar in the end of 2014. A weakening Yen, accompanied by an increase in the nation's sale tax rate from 5 percent to 8 percent effective from 1 April 2014, has led to decreased demand for product consumption following a rise on import prices.

The table below illustrates 5-year historical movement of the Japanese Yen against the US Dollar (September 2010 – 2015)

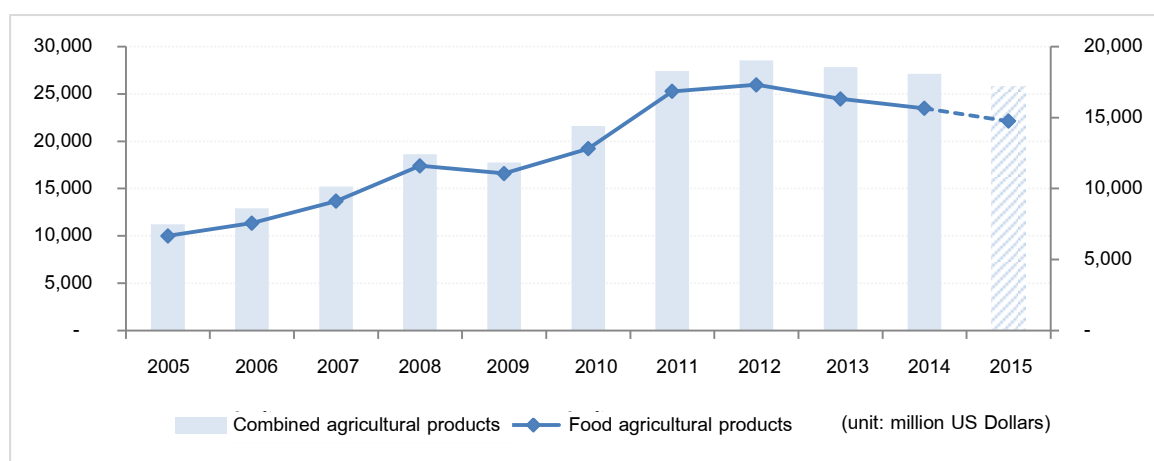


Source: Bloomberg

The Japanese Yen has continued to depreciate due to a positive prospect toward the US economy and an increase in the US interest rate by the Federal Reserve. The Japanese Yen hit the lowest level in 12 years at 125.38 JYP/USD in June 2015. In September 2015, the Yen slightly appreciated and were quoted in a range of 119.0 – 120.81 JYD/USD. The weakening Yen has a negative impact on the Company's performance as it leads to higher product price as the import cost rises and may result in sluggish demand for product consumption.

### Thailand's Export Situation

The table below illustrates Thailand's export value of agricultural products in 2005 - 2014



Source: The Customs Department

According to the Trade Policy and Strategy Office, an export of agricultural products had seen a decline in both volume and value in the past few years due to unrecovered global economy. Total export value for agricultural products in 2014 was USD 27,120 million, decreased by 2.51 percent from 2013 of USD

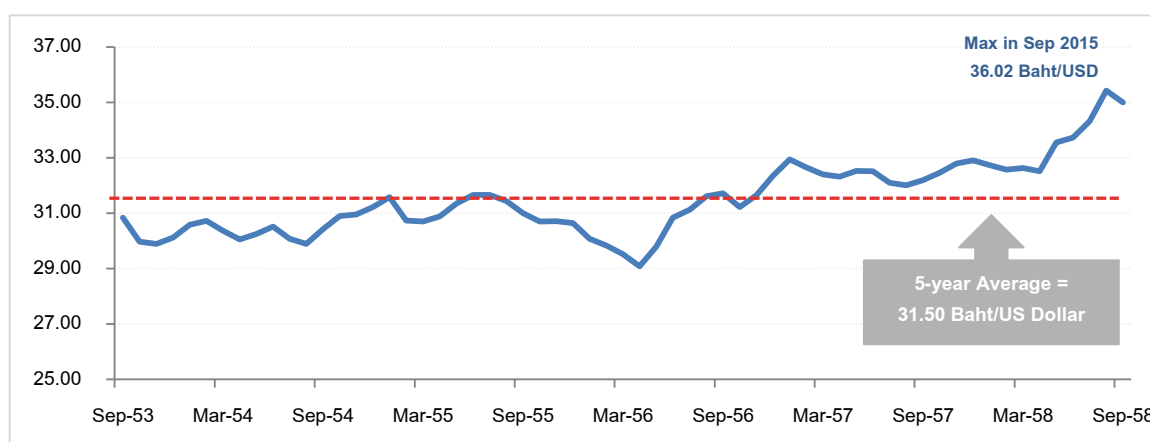
27,818 million, which was primarily caused by the slowdown in world economy especially in the trading partners' countries, fluctuation of the exchange rate, competition in price and shortage of labors.

### Foreign Exchange Rate

In December 2014, the average exchange rate was 32.91 Baht/US Dollar. During the first 9-month of 2015, the exchange rate was fluctuated between 32.52 – 36.02 Baht/US Dollar with an average of 33.72 Baht/US Dollar, the six-year low since March 2009. Thai Baht is expected to depreciate further toward the end of the year which is caused by both domestic and global economic factors.

The Bureau of Trade and Economic Indices revealed its analysis of Thailand's Export-Import Indices as of July 2015 that, the weakening of Thai Baht against the US Dollar was a move in the same direction as other currencies in the region. The weakened Baht was caused by the Bank of Thailand ("BOT")'s policy to relax curbs on capital flows, following the interest rate cut by the Monetary Policy Committee in order to boost up economic growth in the country. The Federal Reserve also gave a clear sign to hike a policy interest rate based on recent positive US economic data.

The table below illustrates the US Dollar to Thai Baht exchange rate during the last 5 years from September 2010 – 2015



Based on the above table, the exchange rate started at 30.83 Baht/US Dollar in September 2010 and ended at 36.02 Baht/US Dollar in September 2015. The graph indicates a fluctuation of exchange rate during the past 5 years with an average of 31.50 Baht/US Dollar. Kasikorn Research Center predicted the Thai Baht to weaken to 36.75 Baht/US Dollar by the end of this year. On 14 October 2015, the Baht was trading at 35.59 Baht/US Dollar.

The weakening of Thai Baht benefits the Company as an exporter, to receive more Baht on the US Dollar conversion.

### 3.4 Risk Factors

#### 1) Risk from procurement of raw materials

The Company operates as a manufacturer and distributor of frozen vegetables which requires soybean green bean and sweet corn as its primary materials. However, natural and geographical conditions in the country may impact the availability of those raw products, which could lead to scarcity of production inputs. In order to avoid future shortage, the Company manages crops in the stage of growing, by increasing planting area and volume in the next crop season, as the Company's crops are able to grow 2-3 seasons a year with short harvesting period of only 60 – 90 days.

#### 2) Risk from unfavorable market

Export value to Japan is currently accounted for approximately 92 percent of the Company's total sales. Such high degree of dependence on the Japanese market could impact the Company's position when the economic condition in that country becomes unfavorable or there is a change in the nation's trade policy.

However, since the Company is selling consumable products as deemed necessary for human life and is favored by the Japanese people, together with strong relationship with the customers, the Company expects the impact from high dependence on Japanese market will be minimal.

#### 3) Risk from fluctuation of foreign exchange rate

The Company recently generates 99 percent of its revenue from sale overseas with US Dollar as primary trading currency. The Company could be affected by the fluctuation in exchange rate, especially when Thai Baht is strengthening against the US Dollar, which would result in the Company receiving less Baht on currency conversion.

To alleviate an exchange rate risk, the Company has a policy to hedge its foreign sale transaction 8-12 months in advance by using FX forward contracts, which allows the Company to cover the currency risk of around 10 months.

#### 4) Risk from dissatisfied product quality

As the customers generally desire the chemical-free agricultural products, if the Company's finished product is unsafe from chemical hazards, the Company could be at risk of product returns.

To ensure the quality and safety of agricultural products, the Company implements a systematic inspection process in accordance with the GMP standard, in which the two high-quality chemical inspection machines have been deployed. Such machinery can detect for more than 250 lists of chemical, which covers 20 types of those used by the Company.

### 3.5 Shareholders

#### List of Shareholders as of 16 October 2015 (the latest book closing date)

As of 16 October 2015 (the latest book closing date), the Company has its issued and paid-up capital of Baht 381,145,725, composing of 381,145,725 shares at the par value of Baht 1 per share. The top 10 major shareholders are as follows:

No.	Shareholders	No. of shares	Percentage of shareholding <sup>/1</sup>
1.	Northern Agricultural Group		
1.1	Northern Agricultural Co., Ltd. (the Offeror)	129,989,850	34.11
1.2	Concert parties 1.1	8,585,807	2.25
1.3	Persons under Section 258 of 1.1 and 1.2	544,500	0.14
	<b>Total for Agricultural Group</b>	<b>139,120,157</b>	<b>36.50</b>
2.	Nomura Securities Co., Ltd – Client A/C	19,057,313	5.00
3.	Mr. Lan, Mu-Chiou and spouse	18,030,830	4.73
4.	Miss Nongnuch Benjasiriwan	15,348,680	4.03
5.	Mr. Prapas Pholpipattanaphong and spouse	14,441,170	3.79
6.	Thai NVDR Company Limited	11,055,266	2.90
7.	Miss Chang, Min-Fang	8,837,730	2.32
8.	Mr. Lan, Ming-Te	7,209,514	1.89
9.	Mr. Lan, Ming-Shih	7,037,625	1.85
10.	Mr. Lu, Yu-Chin	6,105,309	1.60
	<b>Top Ten Major Shareholders</b>	<b>246,243,594</b>	<b>64.61</b>
	Other shareholders	134,902,131	35.39
	<b>Total</b>	<b>381,145,725</b>	<b>100.00</b>

Source: Shareholders' register book as of 16 October 2015, <sup>/1</sup> One ordinary share is entitled to one voting right.

#### List of Shareholders after the Tender Offer

After completion of the Tender Offer, if all other shareholders accepted the Tender Offer, except for 7 shareholders, which comprise of the Offeror's concert parties and the persons under Section 258, whose names and percentages of shareholding appeared in the detail of the Company's shareholders on page 9, who intend to reject the Tender Offer, the Northern Agricultural Group would become the Company's sole shareholder holding 100.00 percent of total paid-up shares and voting rights as illustrated below:

No.	Shareholders	No. of shares	Percentage of shareholding <sup>/1</sup>
<b>1.</b>	<b>Northern Agricultural Group</b>		
1.1	Northern Agricultural Co., Ltd.	372,015,418	97.60
1.2	Mr. Ankoon Pholpipattanaphong	3,702,600	0.97
1.3	Mr. Nirand Pholpipattanaphong	3,702,600	0.97
1.4	Mr. Ekaphong Pholpipattanaphong	874,090	0.23
1.5	Mr. Prayoon Pholpipattanaphong	306,517	0.08
1.6	Mrs. Jarurat Pholpipattanaphong	181,500	0.05
1.7	Miss Pantira Pholpipattanaphong	181,500	0.05
1.8	Miss Atipa Pholpipattanaphong	181,500	0.05
	<b>Total Shareholders</b>	<b>381,145,725</b>	<b>100.00</b>

Source: Tender Offer Document (Form 247-4) , <sup>/1</sup> One ordinary share is entitled to one voting right

### 3.6 Board of Directors and the Management

#### Board of Directors

As of 28 April 2015, the Company's Board of Directors composed of 10 members as follows:

No.	Name	Position
1.	Mr. Prayoon Pholpipattanaphong	Chairman
2.	Mr. Prapas Pholpipattanaphong	Managing Director
3.	Mr. Suwat Phongphasura	Executive Director
4.	Mr. Ankoon Pholpipattanaphong	Executive Director and Company's secretary
5.	Mr. Prayuth Pholpipattanaphong <sup>/1</sup>	Non-executive Director
6.	Mr. Lan, Mu-Chiou	Non-executive Director
7.	Mr. Amnuay Yossuck	Independent Director and Chairman of Audit Committee
8.	Mr. Ampon Ruayfupant	Independent Director and Audit Committee
9.	Dr. Phusit Wonglorsaichon	Independent Director
10.	Miss Darunee Ruangtham	Independent Director and Audit Committee

<sup>/1</sup> Mr. Prayuth Pholpipattanaphong has resigned from executive director (business development manager) due to his retirement, but still hold a position of non-executive director from 1 April 2015 onwards.

## Management

As of 28 April 2015, the Company's management composed of 4 members as follows:

No.	Name	Position
1.	Mr. Prayoon Pholpipattanaphong	Chairman
2.	Mr. Prapas Pholpipattanaphong	Managing Director
3.	Mr. Suwat Phongphasura	Executive Director
4.	Mr. Ankoon Pholpipattanaphong	Executive Director and Company's secretary

### 3.7 Summary of Financial Position and Performance

Consolidated financial positions of the Company and its subsidiary as of 31 December 2012 – 2014 and 30 June 2014 – 2015 are as follows:

Statement of Financial Position	31 Dec 2012		31 Dec 2013		31 Dec 2014		30 Jun 2015	
	MB	%	MB	%	MB	%	MB	%
<b>Assets</b>								
Cash and cash equivalents	354.3	24.6	175.9	12.1	172.9	12.5	437.7	30.6
Temporary investment (fixed deposits)	205.6	14.3	406.0	27.9	296.0	21.3	50.0	3.4
Trade and other receivables	63.3	4.4	96.0	6.6	91.6	6.6	131.2	9.2
Planter receivable	49.7	3.5	39.6	2.7	24.8	1.8	27.1	1.9
Inventory	356.8	24.7	339.5	23.4	436.7	31.5	442.6	30.9
<b>Total current assets</b>	<b>1,029.7</b>	<b>71.5</b>	<b>1,057.0</b>	<b>72.7</b>	<b>1,022.0</b>	<b>73.7</b>	<b>1,088.6</b>	<b>76.0</b>
Fixed deposit pledged as collateral	15.0	1.0	15.2	1.0	0.0	0.0	0.0	0.0
Property, plant and equipment	381.3	26.4	368.0	25.3	347.2	25.0	326.1	22.8
Computer software	4.6	0.3	4.0	0.3	6.7	0.5	7.1	0.5
Deferred tax assets	7.0	0.5	8.1	0.6	9.3	0.7	8.4	0.6
Other non-current assets	4.2	0.3	1.8	0.1	1.8	0.1	1.1	0.1
<b>Total non-current assets</b>	<b>412.1</b>	<b>28.5</b>	<b>397.1</b>	<b>27.3</b>	<b>365.0</b>	<b>26.3</b>	<b>342.7</b>	<b>24.0</b>
<b>Total assets</b>	<b>1,441.8</b>	<b>100.0</b>	<b>1,454.1</b>	<b>100.0</b>	<b>1,387.0</b>	<b>100.0</b>	<b>1,431.3</b>	<b>100.00</b>
<b>Liabilities</b>								
Trade and other payable	93.5	6.5	81.7	5.6	74.2	5.3	88.4	6.1
Accrued income tax	17.2	1.2	7.1	0.5	1.6	0.1	16.9	1.2
Other current liabilities	2.8	0.2	3.2	0.2	3.4	0.3	3.9	0.3
<b>Total current liabilities</b>	<b>113.5</b>	<b>7.9</b>	<b>92.0</b>	<b>6.3</b>	<b>79.2</b>	<b>5.7</b>	<b>109.2</b>	<b>7.6</b>
Employee benefit obligation	29.6	2.0	35.3	2.5	40.3	2.9	41.0	2.9
<b>Total non-current liabilities</b>	<b>29.6</b>	<b>2.0</b>	<b>35.3</b>	<b>2.5</b>	<b>40.3</b>	<b>2.9</b>	<b>41.0</b>	<b>2.9</b>
<b>Total liabilities</b>	<b>143.1</b>	<b>9.9</b>	<b>127.3</b>	<b>8.8</b>	<b>119.5</b>	<b>8.6</b>	<b>150.2</b>	<b>10.5</b>
<b>Shareholders' equity</b>								
Issued and paid-up capital	381.2	26.5	381.2	26.2	381.2	27.5	381.2	26.6
Share premium	68.0	4.7	68.0	4.7	68.0	4.9	68.0	4.7



Statement of Financial Position	31 Dec 2012		31 Dec 2013		31 Dec 2014		30 Jun 2015	
	MB	%	MB	%	MB	%	MB	%
Retained earnings								
Appropriated-Legal reserve	38.1	2.6	38.1	2.6	38.1	2.7	38.1	2.7
Unappropriated	811.4	56.3	839.5	57.7	780.2	56.3	793.8	55.5
<b>Total shareholders' equity</b>	<b>1,298.7</b>	<b>90.1</b>	<b>1,326.8</b>	<b>91.2</b>	<b>1,267.5</b>	<b>91.4</b>	<b>1,281.1</b>	<b>89.5</b>
<b>Total liabilities and shareholders' equity</b>	<b>1,441.8</b>	<b>100.0</b>	<b>1,454.1</b>	<b>100.0</b>	<b>1,387.0</b>	<b>100.0</b>	<b>1,431.3</b>	<b>100.0</b>

Consolidated financial performance of the Company and its subsidiary for the year 2012-2014 and 6-month period of 2014-2015 are as follows:

Statement of Comprehensive Income	2012		2013		2014		6-month 2014		6-month 2015	
	MB	%	MB	%	MB	%	MB	%	MB	%
<b>Revenue</b>										
Revenue from sale of products	1,491.5	98.8	1,426.5	98.7	1,413.6	98.6	734.1	98.5	714.1	99.0
Other income	17.7	1.2	19.1	1.3	19.8	1.4	11.4	1.5	7.1	1.0
<b>Revenue from sales and other income</b>	<b>1,509.2</b>	<b>100.0</b>	<b>1,445.6</b>	<b>100.0</b>	<b>1,433.4</b>	<b>100.0</b>	<b>745.5</b>	<b>100.0</b>	<b>721.2</b>	<b>100.0</b>
Gain (loss) on exchange rate	11.6	0.8	17.7	1.2	(29.6)	(2.1)	(32.5)	(4.4)	0.3	0.0
<b>Total revenue</b>	<b>1,520.8</b>		<b>1,463.3</b>		<b>1,403.8</b>		<b>713.0</b>		<b>721.5</b>	
<b>Expenses</b>										
Cost of sales	1,110.8	73.6	1,112.9	77.0	1,140.9	79.6	557.9	74.8	564.5	78.3
Selling expenses	110.2	7.3	104.6	7.2	100.6	7.0	51.8	6.9	47.8	6.6
Administrative expenses	91.4	6.1	89.1	6.2	91.8	6.4	50.6	6.8	39.8	5.5
<b>Total expenses</b>	<b>1,312.4</b>	<b>87.0</b>	<b>1,306.6</b>	<b>90.4</b>	<b>1,333.3</b>	<b>93.0</b>	<b>660.3</b>	<b>88.5</b>	<b>652.1</b>	<b>90.4</b>
<b>Earnings before interest and tax</b>	<b>208.4</b>	<b>13.8</b>	<b>156.7</b>	<b>10.8</b>	<b>70.5</b>	<b>4.9</b>	<b>52.7</b>	<b>7.1</b>	<b>69.4</b>	<b>9.6</b>
Finance cost	-	-	-	-	-	-	-	-	-	-
Income tax	34.3	2.3	20.9	1.4	10.1	0.7	8.6	1.2	17.7	2.5
<b>Net profits for the period</b>	<b>174.1</b>	<b>11.5</b>	<b>135.8</b>	<b>9.4</b>	<b>60.4</b>	<b>4.2</b>	<b>44.1</b>	<b>5.9</b>	<b>51.7</b>	<b>7.2</b>
<b>Other comprehensive income:</b>										
Actuarial loss	-	-	0.9	0.1	1.6	0.1	-	-	-	-
<b>Total comprehensive income</b>	<b>174.1</b>	<b>11.5</b>	<b>134.9</b>	<b>9.3</b>	<b>58.8</b>	<b>4.1</b>	<b>44.1</b>	<b>5.9</b>	<b>51.7</b>	<b>7.2</b>
<b>Profits attributable to:</b>										
Equity holders of the Company	174.1	11.5	134.9	9.3	58.8	4.1	44.1	5.9	51.7	7.2
Non-controlling interests	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>174.1</b>	<b>11.5</b>	<b>134.9</b>	<b>9.3</b>	<b>58.8</b>	<b>4.1</b>	<b>44.1</b>	<b>5.9</b>	<b>51.7</b>	<b>7.2</b>

Key financial ratios for 2012 – 2014 and 6-month period of 2014 and 2015 are as follows:

Key Financial Ratios	Unit	2012	2013	2014	6-month 2014	6-month 2015
<b>Liquidity Ratio</b>						
Current ratio	times	9.1	11.5	12.9	8.2	10.0
Quick ratio	times	5.5	7.4	7.0	5.0	5.6
<b>Profitability Ratio</b>						
Gross profit margin	%	25.5	22.0	19.3	24.0	20.9
Net profit margin	%	11.4	9.3	4.2	6.2	7.2
Return on equity	%	13.4	10.2	4.6	3.5	4.0
<b>Efficiency Ratio</b>						
Return on assets	%	12.1	9.3	4.2	3.1	3.6
Return on fixed assets	%	59.8	52.2	33.8	25.4	31.8
Asset turnover	times	1.1	1.0	1.0	1.0	1.0
<b>Financial Policy Ratio</b>						
Debt to equity ratio	times	0.1	0.1	0.1	0.1	0.1
Book value per share	Baht	3.41	3.48	3.33	3.29	3.36
Earnings per share	Baht	0.45	0.36	0.16	0.12	0.14
Dividend per share	Baht	0.28	0.31	0.10	-	-

## 1) Analysis of the Company's Operational Performance

### Revenue

Total revenue of the Company in 2012 was Baht 1,520.8 million, which composed of revenue from sale of products of Baht 1,491.5 million, other income which includes interest income, sale of agricultural residues and gain on disposal of impaired machinery totaling Baht 17.7 million, and gain on exchange rate of Baht 11.6 million.

Total revenue in 2013 was Baht 1,463.3 million, decreased by Baht 57.5 million or 3.8 percent from 2012. The decrease in 2013 sale revenue was primarily due to a reduction in sale quantity by 1,601 tons from the previous year. Other income was Baht 19.1 million, comparable to prior period. Despite sale revenue reduction, the Company recorded gain on exchange rate of Baht 17.7 million in 2013.

Total revenue in 2014 was Baht 1,403.8 million, decreased by Baht 59.5 million or 4.1 percent from 2013. The sale volume in 2014 was consecutively declined by 1,591 tons from the previous year, as a result of a contraction of Japanese economy, the adjustment of domestic VAT rate, and the depreciation of the Yen against the US Dollar which hiked the cost of the importer and discouraged the Company's product consumption. The Company also recorded loss on exchange rate of Baht 26.6 million in 2014.

Total revenue for the first 6 months of 2015 was Baht 721.5 million, increased by 8.5 million or 1.2 percent compared to the same period of previous year. Sale revenue still posted a decline as being affected by economic slowdown in Japan, a major trading partner of the Company. However, the depreciating Thai Baht at the beginning period of 2015 led the Company to record gain on exchange rate of Baht 0.3 million compared to the exchange loss of Baht 32.5 million in the first 6 months of 2014.

### **Expenses**

Total expenses of the Company in 2012 were Baht 1,312.4 million, comprising of cost of products sold of Baht 1,110.8 million, selling expenses such as freight cost, transportation and commission expenses of Baht 110.2 million, and administrative expenses of Baht 91.4 million, which comprised mainly of the personnel costs.

Total expenses in 2013 were Baht 1,306.6 million, decreased by Baht 5.8 million or 0.4 percent from previous year. Despite a decrease in sale revenue, cost of products sold in 2013 remained comparable to 2012 as a result of the government's policy which adjusted minimum wage rate to 300 Baht per day. An increase in overtime cost to solve labor shortages and a rise in fuel tariff charge were also main factors causing an increase in 2013 product cost. On the contrary, selling expenses decreased slightly from the previous year to Baht 104.6 million in accordance with a drop in sale revenue. Administrative expenses were Baht 89.1 million, comparable to prior year.

Total expenses in 2014 were Baht 1,333.3 million, increased by Baht 26.6 million or 2.0 percent from 2013, as mainly attributed by an increase in cost of products as a result of a rise in utility and fuel costs for production. In addition, lower productivity from the decreasing quality of agricultural produces led the Company to record higher unit cost in 2014. Selling expenses decreased, in line with the reduction in sale revenue, to Baht 100.5 million. Administrative expenses were Baht 91.8 million, remained close to the previous year. A returned payment for unclaimed VAT and related penalties and surcharges totaling Baht 10.6 million were also recorded as an expense in 2014.

Total expenses in the first 6 months of 2015 were Baht 652.1 million, decreased by Baht 8.1 million or 1.2 percent compared to the same period of previous year. The decrease was primarily due to a reduction in overhead and operating costs such as overtime cost, fuel charge, and utility expense.

### **Net Profits**

The Company's net profits for 2012 – the first 6 months of 2015 amounted to Baht 174.1 million, 134.9 million, 58.8 million and 51.7 million, representing the net profit margin of 11.4 percent, 9.3 percent, 4.2 percent, and 7.2 percent, respectively. The reduction in net profits from 2012 – 2014 was primarily due to the decline in exported volume of the Company's products which was caused by economy contraction in Japan, the main trading market of the Company, and the higher production cost as a result of the new wages policy, the increase in utility cost, and the decrease in the Company's productivity, whereby the Company was unable to raise the product price in response to an increase in its production cost.

Nevertheless, the Company's profitability in the first 6 months of 2015 improved from the same period in 2014 as the Thai Baht has weakened and the energy cost has been decreased from previous year.

## 2) Analysis of Financial Position

### Assets

The Company's total assets at the end of 2012 – second quarter of 2015 were Baht 1,441.8 million, Baht 1,454.1 million, Baht 1,387.0 million and Baht 1,431.3 million, respectively. Major assets of the Company include cash and cash equivalents, inventory, and property plant and equipment.

The Company's cash and cash equivalents and its temporary investment decreased materially from Baht 581.9 million in 2013 to Baht 468.9 million in 2014. On the contrary, the Company reported a larger volume of inventory of Baht 436.7 million in 2014 compared to Baht 339.5 million in 2013 as the Company suffered a reduction in sale volume and an oversupply of agricultural produces after the end of the government's rice-pledging scheme which turned the participating farmers to grow more crops for the Company. Other assets changed slightly from the previous year as a result of operation.

At the end of second quarter of 2015, the Company's cash and cash equivalents including temporary investment and inventory was Baht 487.7 million and Baht 442.6 million, respectively, changed slightly from the year ended 2014. Property plant and equipment also decreased to Baht 326.1 million as a result of the depreciation.

### Liabilities

The Company's total liabilities at the end of 2012 – second quarter of 2015 were Baht 143.1 million, Baht 127.3 million, Baht 119.5 million and Baht 150.2 million, respectively. Major liability items consist of trade payable, employee benefit obligation and accrued income tax, which aggregately accounted for 97.0 – 98.0 percent of total liabilities.

Total liabilities slightly declined from 2012 – 2014 due to a decrease in income tax payable as a result of the reduction in the Company's net profits. However, at the end of second quarter of 2015, the income tax payable increased from 2014 by Baht 15.3 million as a result of an improvement in the Company's operating performance, while other liabilities reported insignificant changes.

### Shareholders' Equity

Total shareholders' equity of the Company at the end of 2012 – second quarter of 2015 stood at Baht 1,298.7 million, Baht 1,326.8 million, Baht 1,267.5 million, and Baht 1,281.1 million, respectively. An increase in shareholders' equity between the years was driven by the profits generated from the Company's operations. In 2012 – 2014, the cash dividend is paid out to the shareholder at the rate of Baht 0.28, Baht 0.31, and Baht 0.10 per share, respectively.

For an overall financial position of the Company at the end of 2013 – second quarter of 2015, current ratio dropped from 11.5 times to 10.0 times, while debt to equity ratio remained stable at 0.1 times. The Company ended up with cash and cash equivalents on 30 June 2015 of Baht 487.7 million, reflecting relatively strong financial health of the Company.

#### 4. Independent Financial Advisor Opinion on the Fairness of the Tender Offer Price

The Independent Financial Advisor assesses the fairness of the Tender Offer Price by considering the audited and reviewed financial statements, the Company's share trading price before 8 October 2015 (the Tender Offer Date), financial projections and key assumptions derived from an interview with the management, asset appraisal report prepared by an independent valuer, and other information supplied by the Company. The Independent Financial Advisor also studied current economic and industry conditions, financial information of the Company and its peers as disclosed to the public, and based the opinion on the assumption that all of the information and document received are complete, accurate, and true. Moreover, it is analysed and considered over the current economic situation. If the economic situation and/or other relevant conditions change materially, the business operation, the assessment of the Company's share price, and the decision of the shareholders could be affected.

The Independent Financial Advisor determined the fairness of the Tender Offer Price by measuring the fair price of the Company's shares under the following 6 approaches:

- ▶ Book value approach
- ▶ Adjusted book value approach
- ▶ Weighted average market price approach
- ▶ Market comparable approach
- ▶ Discounted cash flow approach
- ▶ Dividend discount model

The Independent Financial Advisor does not determine the fair value of the Company's shares using research analysts' consensus approach, as there were no analysts giving analysis of the Company's share during the past three years.

The assessment of the Company's share price by each approach can be summarized as follows:

#### 4.1 Book value approach

The book value approach evaluates share price based on the net book value (shareholders' equity) as reported in the financial statements at a certain date. In determining the Company's share value, the Independent Financial Advisor refers to the Company's consolidated financial statements as of 30 June 2015, which are the latest financial statements reviewed by a certified public accountant.

Under this approach, the Company's share price is calculated by dividing total shareholders' equity by total issued and paid-up shares of 381,145,725 shares, as shown below:

As of 30 June 2015	Million Baht
Total issue and paid-up shares <sup>/1</sup>	381
Share premium	68
Appropriated retained earnings (Legal reserve)	38
Unappropriated retained earnings	794
<b>Total shareholders' equity</b>	<b>1,281</b>
Number of issued and paid-up shares (million shares)	381
<b>Share value by book value approach (Baht per share)</b>	<b>3.36</b>

<sup>/1</sup> composing of 381,145,725 shares with a par value of Baht 1 per share

The Company's share price assessed by the book value approach is Baht 3.36 per share, lower than the Tender Offer Price by 12.7 percent.

The Independent Financial Advisor deems that the book value approach is not appropriate for valuing the Company's shares as it merely reflects the Company's value at a given date, without considering future prospect and profitability of the Company.

#### 4.2 Adjusted book value approach

Under the adjusted book value approach, shares are valued by adjusting the Company's net book value as of 30 June 2015 with any subsequent events, commitment and contingencies, and deficit or surplus on the revaluation of the Company's fixed assets as determined by an independent valuer, in order to reflect the fair market value of the equity.

Based on the interview with the management, the Company has no litigation or legal claims but incurred commitment from the engaged contracts to provide system design service and financial advice relative to the investment, with an insignificant amount. On the asset side, the Company's total assets as of 30 June 2015 amounted to Baht 1,431 million, where certain items such as cash and cash equivalent, temporary investment, as well as, trade and planter receivables which aggregately made up Baht 646 million or 45 percent of total assets, have their carrying values approximated to their fair market values. Whilst, the

remaining assets which comprise of property, plant and equipment of Baht 326 million or 23 percent of total assets, have not been adjusted to fully reflect their market values. The Independent Financial Advisor, therefore, made fair value adjustment on the Company's fixed asset based on appraisal reports prepared by Year Appraisal Company Limited (the "**Independent valuer**"), the SEC's accredited appraiser, which determined the market value of 39 land plots owned by the Company in Chiangmai, Phitsanulok, and Bangkok with a total area of 243 rai 3 ngan 77.5 sq.w., two manufacturing plants in Chiangmai and all machinery and equipment used in production process. The Independent valuer employed market comparable approach to assess the value of target land and depreciated replacement cost approach to value manufacturing plants and factory equipment, as appeared in the appraisal reports dated 14 October 2015 for public purpose. The details of which are as follows:

Appraised Items (Unit: million Baht)	Valuation Approach	Book Value 30 June 2015	Fair Market Value	Surplus
<b>Head Office in Bangkok</b> 2 plots of land with a total area of 54.4 sq.w. and 3 four-storey commercial buildings with rooftop component	<b>Land</b> – Market comparable <b>Building</b> – Depreciated replacement cost	27	37	10
<b>Cultivated Land in Phitsanulok</b> 7 plots of farm land with a total area of 154 rai 0 ngan, 30 sq.w.	Market comparable	13	49	36
<b>Factory 1 in Chiangmai (CM1)</b> 2 plots of land with a total area of 15 rai 0 ngan 36.6 sq.w. and a manufacturing plant	<b>Land</b> – Market comparable <b>Building</b> – Depreciated replacement cost	10	187	177
<b>Factory 2 in Chiangmai (CM2)</b> 28 plots of land with a total area of 74 rai, 2 ngan, 56.9 sq.w. and a manufacturing plant		127	259	132
Machinery and equipment – CM1	Depreciated replacement cost	55	144	89
Machinery and equipment – CM2		8	46	38
<b>Total Appraised Assets</b>		<b>240</b>	<b>722</b>	<b>482</b>
Non-appraised assets <sup>/1</sup>		86	86	-
<b>Total</b>		<b>326</b>	<b>808</b>	<b>482</b>

Source: Appraisal reports of Year Appraisal Company Limited dated 14 October 2015

<sup>/1</sup> Non-appraised assets include vehicle, office equipment, construction in progress, and machinery during installation

Based on the above table, the Independent valuer appraised the value of the Company's fixed assets, whose net book value stood at Baht 240 million representing 24 percent of total fixed assets, for Baht 722 million. The Independent Financial Advisor takes the surplus on asset revaluation of Baht 482 million to adjust the net book value of the Company as of 30 June 2015 as follows:

30 June 2015	Million Baht
Net asset value	1,281
<u>Add</u> Surplus on asset revaluation	482
<u>Less</u> Commitment and contingencies	-
<b>Net asset value after fair value adjustment</b>	<b>1,763</b>
Number of issued and paid-up shares (million shares)	381.15
<b>Share value by adjusted book value approach (Baht per share)</b>	<b>4.63</b>

Based on the above table, share price assessed by the adjusted book value approach is Baht 4.63 per share, higher than the Tender Offer Price by 20.1 percent.

Although the adjusted book value approach reflects the fair market value of the Company's primary assets at a certain date, as deemed equivalent to the liquidation value of all existing assets at their fair prices, the method does not take into account the Company's future performance and profitability, hence, not representing the true value of the Company's share. However, the Independent Financial Advisor deems that this approach is appropriate to establish the base value of the Company's share.

#### 4.3 Weighted average market price approach

The Independent Financial Advisor considers weighted average market price approach in determining the Company's share value because trading price in the secondary market typically reflects the demand and supply for the share. Historical movement of the CM shares and its trade volume during the past three years are as shown below:





During September 2012 – September 2015, CM shares were traded in a range of Baht 3.36 – 6.00 with the highest closing price of Baht 5.90 on 21 February 2013 and the lowest closing price of Baht 3.38 on 13 August 2013. CM shares closed on 7 October 2015, one day before the Tender Offer Date, at Baht 3.80, falling from the beginning of 2015 in line with a drop in the SET Index amid the investors' concern over the stability of global economy and the outflow of foreign funds.

In term of trading volume, in the past 3 years, CM shares were traded on average daily volume of around 790,000 shares, equivalent to a turnover ratio of 0.21 percent of total float shares. When considering the trading volume in the past 12 months which covers the period from 29 September 2014 – 28 September 2015 or the date before the Offeror announced its intention to make the Tender Offer, CM shares were traded around 338,770 shares per day, representing a turnover ratio of only 0.09 percent of total float shares.

In assessing the Company's share value under this approach, the Independent Financial Advisor considers the volume weighted average market price ("VWAP") of CM shares over 15 - 360 trading days retrospective to 7 October 2015 or one day before the Tender Offer Date.

Volume weighted average market prices of CM shares until 7 October 2015 are as detailed below:

	Low	High	Trading Volume (shares)	Turnover Ratio*	VWAP (Baht)
7 October 2015	3.80	3.80	265,650	0.07	3.80
15 trading days	3.70	3.82	3,538,913	0.93	3.82
30 trading days	3.54	3.82	1,894,321	0.50	3.81
60 trading days	3.38	3.82	1,073,230	0.29	3.78
90 trading days	3.38	3.82	763,588	0.21	3.76
180 trading days	3.38	4.12	551,787	0.15	3.77
360 trading days	3.38	4.28	484,269	0.13	3.91
<b>Price Range</b>					<b>3.76 - 3.91</b>

(\*): Turnover ratio represents total volume of shares traded in one day as a percentage of total shares of the Company

Based on the above table, average market price of CM shares ranged between Baht 3.76 – 3.91 per share. Thus, the Tender Offer Price of Baht 3.85 per share falls in a range of share value determined by the VWAP approach.

However, measuring the Company's share under weighted average market price approach has certain limitation such as, it is considered only the Company's trading price without taking into consideration the Company's future position and performance. Moreover, the trading volume of CM shares during the past 12 months was only 0.09 percent of total shares reflecting a relatively low liquidity compared to average turnover ratio of the market at 0.69 percent, causing the Company's share fail to reflect its fair market

value. Thus, the Independent Financial Advisor deems that weighted average market price approach is **not appropriate** in determining the fair value of the Company's share.

#### 4.4 Market comparable approach

The market comparable approach determines the relative fair value of the Company's shares by using market price ratios of comparable listed companies, based on an assumption that the companies whose business operation and environment are identical are supposed to have similar characteristic of market price multiples. However, due to distinctive nature of the Company's business which operates as a manufacturer and exporter of frozen vegetables such as green bean, soybean, and sweet corn, the Company has no direct comparable peers.

In measuring the Company's share value, the Independent Financial Advisor identifies comparable listed companies in Agro & Food Industry (AGRO) which have similar business characteristic in term of finished products being processed agricultural products, proportion of domestic and foreign sales, target group of customers, revenue size, and profitability ratios. With this regard, two comparable listed companies have been selected for the purpose, which include Agripure Holding Public Company Limited ("**APURE**") and Patum Rice Mill and Granary Public Company Limited ("**PRG**")

The details of the comparable peers are as follows:

► **Agripure Holding Public Company Limited ("**APURE**")**

APURE operates as a manufacturer and distributor of agricultural products such as canned sweet corn, fresh vegetables and fruits as well as commercial seeds. Its raw materials are supplied by the farmers participating in contract farming scheme, before passed through grading, cutting and packing processes for export. In 2014, APURE had a total revenue of Baht 1,239.98 million, increased by 12 percent from 2013. Its export value accounted for 87 percent of total sales. The company exports its products to various countries where Europe and Japan are its primary markets. In 2014, APURE reported gross profit margin of 16.28 percent and net profit margin of 6.66 percent.

► **Patum Rice Mill and Granary Public Company Limited ("**PRG**")**

PRG operates as a manufacturer and distributor of milled rice both locally and overseas, under the trade name "Mah Boonkrong". In 2014, PRG recorded total revenue of Baht 2,297.90 million, where 1,604.97 million was derived from selling rice products, which decreased by 11 percent from 2013. Total export value accounted for 30 percent of milled rice sales. PRG's gross profit margin and net profit margin were at 15.17 percent and 14.28 percent, respectively.

In determining the Company's share value under market comparable approach, the Independent Financial Advisor applies the following three ratios: Price to Book Value Ratio (**P/BV Ratio**), Price to Earnings Ratio (**P/E Ratio**), and Enterprise Value to Earnings before Interest, Tax, Depreciation, and Amortisation (**EV/EBITDA Ratio**). The details of which are as follows:

#### 4.4.1 P/BV Multiple

Price to book value multiple calculates the Company's share price by multiplying its net book value as of 30 June 2015 of Baht 3.36 per share as computed in the Book value approach, with price to book value (P/BV) ratios of the comparable peers.

Average P/BV ratios of the comparable peers calculated over 15 - 360 trading days retrospective to 7 October 2015, one day before the Tender Offer Date, are as shown below:

P/BV Ratio (trading days)	15 days	30 days	60 days	90 days	180 days	360 days
APURE	1.11	1.08	1.10	1.13	1.60	1.70
PRG	1.09	1.09	1.15	1.17	1.12	1.15
Average (times)	1.10	1.09	1.12	1.15	1.36	1.43
Book value per share	3.36	3.36	3.36	3.36	3.36	3.36
<b>Share value by P/BV Multiple</b>	<b>3.70</b>	<b>3.65</b>	<b>3.78</b>	<b>3.86</b>	<b>4.56</b>	<b>4.79</b>

Source: Setsmart

The Company's share price measured under the P/BV multiple approach lies between Baht 3.65 – 4.79 per share. The Tender Offer Price of Baht 3.85 per share falls in the determined range.

#### 4.4.2 P/E Multiple

Price to earnings multiple calculates the Company's share price using earnings per share in the last 12 months from 30 June 2015 multiplied by average P/E ratios of the comparable companies.

The Company's earnings per share equals to Baht 0.18 per share calculated by dividing its net earnings in the last 12 months of Baht 68.04 million by total issued and paid-up shares of 381,145,725 shares. The Company's earnings per share is multiplied by average P/E ratios of the comparable peers over 15 – 360 trading days retrospective to 7 October, one day before the Tender Offer Date, as follows:

P/E Ratio (trading days)	15 days	30 days	60 days	90 days	180 days	360 days
APURE	14.37	14.00	14.23	14.50	16.97	22.46
PRG	23.10	23.10	23.13	23.01	22.61	24.19
Average (times)	18.74	18.55	18.68	18.75	19.79	23.32
Earnings per share	0.18	0.18	0.18	0.18	0.18	0.18
<b>Share value by P/E Multiple</b>	<b>3.34</b>	<b>3.31</b>	<b>3.33</b>	<b>3.35</b>	<b>3.53</b>	<b>4.16</b>

Source: Setsmart

The Company's share price measured under the P/E multiple approach lies between Baht 3.31 – 4.16 per share. The Tender Offer Price of Baht 3.85 per share falls in the determined range.

#### 4.4.3 EV/EBITDA Multiple

EV/EBITDA multiple calculates share price by multiplying the Company's EBITDA with EV/EBITDA multiple to derive the enterprise value, then subtracting the enterprise value by interest-bearing debts and minority interests before adding back the cash balance.

As appeared in the financial statements, the Company's EBITDA in the last 12 months was Baht 99.74 million to be multiplied by average EV/EBITDA ratios of the comparable peers over 15 – 360 trading days retrospective to 7 October 2015, one day before the Tender Offer Date.

The Company's cash balance as of 30 June 2015 was Baht 487.70 million, comprising of cash and cash equivalents of Baht 437.70 million, and temporary investment of Baht 50.00 million, and no interest-bearing debts.

EV/EBITDA Ratio (trading days)	15 days	30 days	60 days	90 days	180 days	360 days
APURE	6.33	6.14	6.26	6.41	8.32	11.62
PRG	22.78	22.78	22.70	22.53	21.87	22.73
Average (times)	14.55	14.46	14.48	14.47	15.09	17.18
EBITDA per share	0.26	0.26	0.26	0.26	0.26	0.26
<b>Share value by EV/EBITDA Multiple</b>	<b>5.09</b>	<b>5.06</b>	<b>5.07</b>	<b>5.07</b>	<b>5.23</b>	<b>5.77</b>

Source: Setsmart and financial information of the comparables

Based on the above table, share price assessed by EV/EBITDA multiple lies between Baht 5.06 – 5.77 per share, higher than the Tender Offer Price by 31.5 – 50.0 percent.

The Independent Financial Advisor determined that, although the market comparable approach reflects the premium on which the investor paid for the assessed share over its book value, net profits, and operating cash flows, share price measured under such approach is still based on the Company's financial performance and position at a given period, without considering fair market value of the Company's core assets and its ability to generate future cash flows. Besides, there is certain limitation for the P/BV and P/E multiple approaches on inconsistency of accounting policy adopted by individual entities in the industry, especially the depreciation policy of property, plant and equipment which are their core assets, which may result in different measures of the net book value and net profits calculated therein.

In addition, the PRG share, one of the selected comparable peers for the purpose, is traded on low level of liquidity, with daily trade volume during the past 12 months of around 0.0002 percent of total float shares. Hence, the market price of the said share may not reflect real demand and supply of the

investors. The Independent Financial Advisor, therefore, deems that the market comparable approach is **not appropriate** to determine the fair value of the Company's share.

#### 4.5 Discounted cash flow approach

The discounted cash flow approach measures the Company's share value based on its fundamentals by considering the Company's long-term operational performance. The present value of expected free cash flow to the equity shareholders is calculated in order to derive the fair value of the Company's share.

The Independent Financial Advisor assessed the Company's free cash flow to equity (FCFE), which comprises of the projected operating cash flows over the next 5 years covering the period from July 2015 – December 2020, and its terminal value which represents the value of future free cash flow beyond the terminal year of projection. The sum of total free cash flow is discounted by appropriate discount rate to derive at present value. Key assumptions used in developing financial projection are primarily based on the interview with the management and an analysis on the Company's historical performance. Certain assumptions have been adjusted to reflect overall market condition, competition, and current economic environment under the conservative basis. The projection assumed that the Company will continue its operation on an ongoing basis without significant changes under the current economic condition throughout the projection periods.

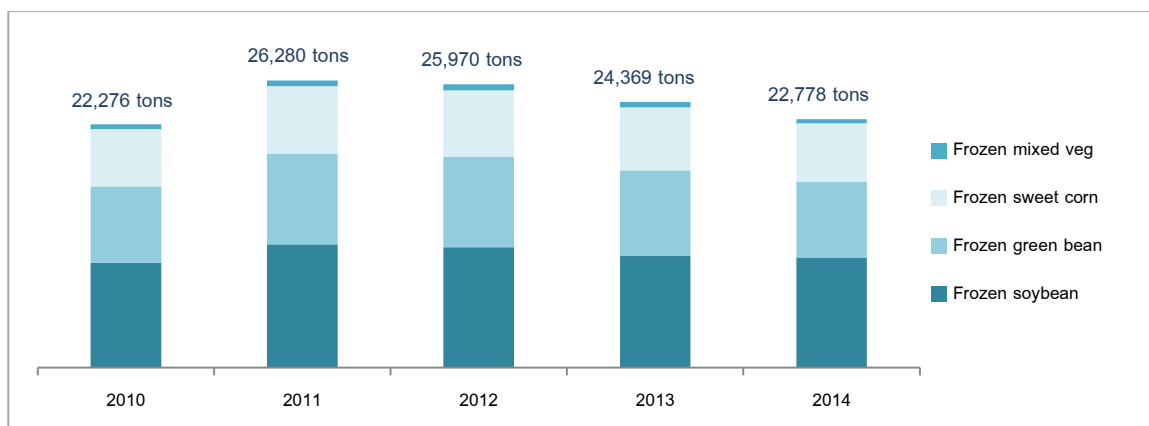
The following financial forecast was prepared for the sole purpose of deriving the fair market value of the Company's share, in rendering opinion whether to accept or reject the Tender Offer. The calculated share price cannot be used for any purposes other than that stated above. In addition, if the economic condition or other external factors impacting the Company's operation changes materially from the defined assumptions, the fair value of the Company's share could be affected.

Key assumptions to the financial projection can be summarized as follows:

##### 1) Sale Revenue

Sale revenue composes of revenue from selling frozen vegetable products such as green bean, soybean, sweet corn and mixed vegetables. The Independent Financial Advisor estimated sale revenue based on the interview with the management and the Company's historical sale data during the past 5 years (2010 – 2014) which indicated sale volumes between 22,276 – 26,280 tons/year, with an average volume of 24,335 tons/year. The Company recorded 11,300 tons of products sold in the first 6 months of 2015.

### Sale Volumes in 2010 - 2014



The Independent Financial Advisor estimates the Company's sale volume during the projection period between 22,500 – 23,000 tons/year, approximated to the sale volume in the most recent year as the management expects that economic instability in Japan and further decline in Yen will continue to hike the cost of the importer and cause a decrease in product demand. The Independent Financial Advisor assumes product price to increase by 0.75 percent per annum based on an average price adjustment in the last 3 years. The percentages of sale volume by each product are expected to remain unchanged.

### Foreign Exchange Rate

Approximately 99 percent of the Company's total sale is derived from exporting products abroad, where the US Dollar is its primary trading currency. When considering the exchange rate, the average over the last 9 months of 2015 was 33.72 Baht/US Dollar, which trends to weaken till the end of 2015. The Independent Financial Advisor, therefore, assumes the exchange rate during the projection period at 34.00 Baht/US Dollar in 2015 and 2016. The exchange rate is projected to decline each year until 2019 – 2020 which assumed the Baht held against the US Dollar at 31.50 Baht/US Dollar, equivalent to average long-term exchange rate during the last five years (please find more details in Section 3.3 *Industry and Competition*).

Revenue from sale of products is projected as follows:

	2015	2016	2017	2018	2019	2020
Sale volume (tons)	22,500	22,725	22,952	23,000	23,000	23,000
Exchange rate (Baht/USD)	34.00	34.00	33.00	32.50	31.50	31.50
Sale revenue (million Baht)	1,480	1,507	1,488	1,457	1,446	1,457

## 2) Other Income

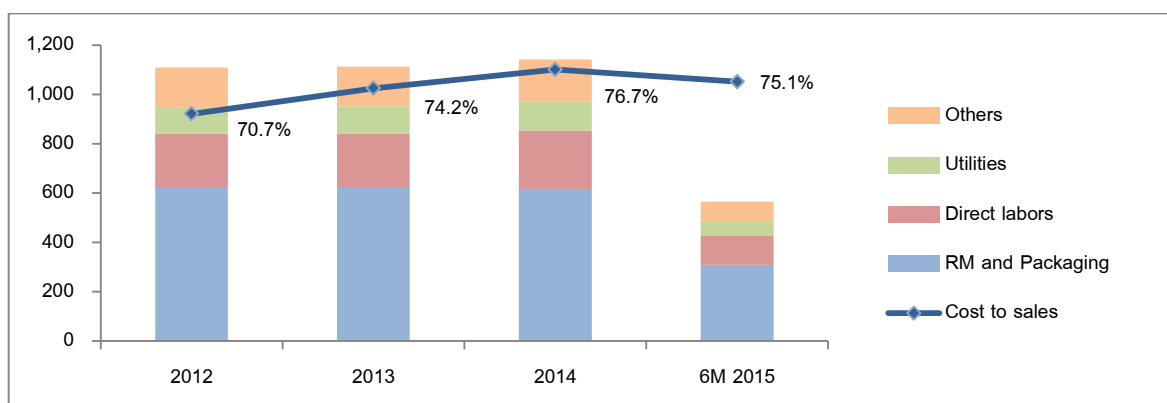
Other income mainly comprises of sale of agricultural residues, gain on disposal of assets, and interest income on bank deposits. In 2012 – 2014, the Company had other income of Baht 17 million, Baht 19 million, and Baht 20 million, respectively, representing approximately 1.0 – 1.4 percent of sale revenue.

The Independent Financial Advisor estimates other income based on historical average data as follows:

Million Baht	2015	2016	2017	2018	2019	2020
Other income	14	15	16	17	17	17
Percentage of sale revenue	1.0	1.0	1.1	1.2	1.2	1.2

## 3) Cost of Sales

Cost of sales compose of costs associated with raw materials, direct labors, and other overhead costs such as utilities, packaging materials, salary and wages for factory workers, and maintenance expense. During 2012 – the second quarter of 2015, the percentages of product cost to sale are as shown below:



In 2012 – 2014, cost of sales accounted for 70.7 – 76.7 percent of the Company's sale revenue. The percentages were continued to increase reflecting an upward trend of labor, overtime, and utility costs, and the decrease in productivity. In the second quarter of 2015, the product cost was, on the contrary, declined to 75.1 percent of sale revenue due to the decrease in overtime, utility and energy costs. The management aims to enhance its product yield and anticipates further improvement in its productivity and efficiency in cost management.

The Independent Financial Advisor estimated the product costs based on the Company's historical data and relative trend as suggested by the Company's management, which results in key cost assumptions as follows:

- ▶ Raw materials, packaging, and supplies – equal to 43 percent of sale revenue
- ▶ Direct labor cost – equal to 16 percent of sale revenue
- ▶ Electricity, water, and other utilities – equal to 8 percent of sale revenue
- ▶ Maintenance expenses – equal to 10 percent of carrying value of factory's plant and equipment

Costs of products excluding depreciation cost are projected as follows:

Cost of sales (exclude depreciation)	2015	2016	2017	2018	2019	2020
Cost of sales (million Baht)	1,072	1,082	1,096	1,100	1,102	1,104
Cost per unit (Baht/ton)	47,982	47,755	47,878	47,963	48,057	48,153
Percentage of cost to sales	72.9	72.0	73.9	75.7	76.4	76.0

Product costs are estimated between Baht 47,755 – 48,153 per ton, based on actual unit cost in 2013 – second quarter of 2015 of Baht 43,400 – 47,600 per ton which had reflected an adjustment on minimum wage rate. The projection, however, indicates lower ratio of product cost to sale of around 72.0 – 73.9 percent in the first few years, as sale revenues have been forecasted to be high following an anticipated depreciation of the Thai Baht in the end of 2015.

#### 4) Operating Expenses

Operating expenses mainly comprise of employee expenses, freight cost, and director compensation, which are estimated based on historical cost data as follows:

- ▶ Freight cost : equal to 5.5 percent of sale revenue
- ▶ Employee expenses : approximately Baht 34 - 43 million per annum
- ▶ Director compensation : approximately Baht 30 million per annum

Operating costs that are considered fixed are assumed to grow by 3 percent per year, in line with 10-year average inflation rate. Employee expenses are assumed to increase by 5 percent per year based on salary adjustment rate of the Company in the past, whereas, bonuses are projected at 0.4 percent of sale revenue according to historical average in the past 3 years.

Operating expenses during 2015 – 2020 are projected as follows:

Million Baht	2015	2016	2017	2018	2019	2020
Operating expenses (exclude depreciation)	175	180	185	189	194	198
Growth rate	-7.2	2.9	2.6	2.3	2.2	2.3

Based on the above table, the Company is expected to report a decrease in operating expenses in 2015, because there was expense associated with unclaimable input VAT and its surcharges totaling Baht 10.6 million recorded in the second quarter of 2014, which is considered an exceptional item and was excluded from the projection.



Operating expenses to sale ratios in 2012 - 2015 were between 13.1 – 13.3 percent, and are projected to be 11.8 – 13.6 percent during the projection period.

## 5) Depreciation and Amortisation

Depreciation expense of property, plant and equipment is calculated using a straight-line method based on respective useful lives of the assets which ranged between 5-50 years. The projected depreciation in 2015 – 2020 is computed based on the Company's existing assets and future capital expenditure, where the latter is assumed to be depreciated over 10 years.

Amortisation expense is calculated for intangible assets (computer software) under a straight-line method over a useful life of 10 years. The Company does not have a plan to invest in software system in the near future, since major investment on system development has just been made in 2013. The Company expects the current system to be sufficient to support the Company's future operation. Hence, amortization expense during the projection period is simply assumed to be equal to actual amortisation in the previous year.

Depreciation and amortization during 2015 – 2020 are projected as follows:

Million Baht	2015	2016	2017	2018	2019	2020
Depreciation and amortisation	65	73	51	49	46	31

## 6) Interest Expense

Currently, the Company has no outstanding interest bearing debts and based on the projected financial position, the Company is not required to obtain necessary funding from either financial institution or other sources. Thus, interest expense is assumed to be nil throughout the projection period.

## 7) Corporate Income Tax

The Company had been granted tax privileges under the investment promotion scheme. Such tax incentives have been expired in October 2014. Therefore, the projection assumed the Company's income tax rate to be resumed to 20 percent of net earnings before tax. After taking into account certain amount of non-deductible expenses, an effective tax rate will be equal to 21.81 percent throughout the projection period.

## 8) Capital Expenditure

Property, plant and equipment is considered the Company's third largest assets after cash and inventory, which accounted for 23 percent of the Company's total assets as of 30 June 2015. Based on its historical data and interview with the management, capital expenditures during the projection period (2015 – 2020) are estimated at Baht 45 million per annum, by referring to the Company's 3-year historical average spending on major asset items such as manufacturing machinery and factory equipment, including major overhaul costs.

## 9) Working Capital

In estimating the Company's working capital, the Independent Financial Advisor refers to the Company's historical average working capital turnovers and ratios, which results in the estimation as follows:

	2012	2013	2014	Q2 2015	2015-2020 Projection
Collection period (days)	15	24	23	33	30
Inventory holding period (days)	122	116	146	149	145
Payment period (days)	27	24	21	26	25

## 10) Terminal Growth Rate

The Independent Financial Advisor determines the growth rate assumption of the Company's free cash flow beyond the terminal year (2020), at 1.5 percent per annum based on the conservative basis. As a result, the calculated terminal value of Baht 1,574 million, equivalent to a P/E ratio of around 14.5 times, as being comparable to long-term average P/E ratio of the Company in the past 10 years.

## 11) Discount Rate

The Independent Financial Advisor uses the Company's cost of equity (Ke) as a discount rate to calculate the present value of the Company's free cash flow to equity. Cost of equity or shareholders' required rate of return is calculated from Capital Asset Pricing Model (CAPM) using the following formula:

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

- R<sub>f</sub> = 5-year government bond yield as of 8 September 2015, equal to 2.28 percent
- β (beta) = Correlation coefficient of variation of return of CM share to the return of SET market for the last 5 years, equal to 0.5868 (Source: Bloomberg)
- R<sub>m</sub> = 10-year average rate of return from investment in the SET (Market Return), equal to 11.88 percent (Source: Bloomberg)

Based on the above formula, the Company's cost of equity is equal to 7.92 percent, which is used as a discount rate for the Company's free cash flow as follows:

Million Baht	6M2015	2016	2017	2018	2019	2020
Net profits	87	144	134	104	93	108
Depreciation and amortization	34	73	51	49	46	31
Capital expenditure	(31)	(45)	(45)	(45)	(45)	(45)
Change in net working capital	20	19	(1)	(1)	3	8
Terminal value	-	-	-	-	-	1,574
<b>Free Cash Flow to Equity</b>	<b>110</b>	<b>191</b>	<b>139</b>	<b>106</b>	<b>96</b>	<b>1,676</b>

Based on the free cash flow defined above, the Company's share value can be calculated as follows:

	Million Baht
Present value of free cash flow	575
<u>Add</u> Present value of terminal value	1,035
Total free cash flow to equity	1,610
<u>Add</u> Cash and temporary investment as of 30 June 2015	488
Total shareholders' equity	2,098
Number of issued and paid-up shares (million shares)	381.15
<b>Share value by DCF (Baht per share)</b>	<b>5.50</b>

Based on the above table, share price assessed by the discounted cash flow (DCF) approach based on the defined set of assumptions is Baht 5.50 per share, **higher** than the Tender Offer Price by 43.0 percent.

## 12) Sensitivity Analysis

The Independent Financial Advisor conducts sensitivity analysis of the Company's share price determined under the DCF approach upon the change in cost of equity (discount rate) and terminal growth rate by 0.5 percent from the base case as follow:

### 1) Change in discount rate

The Independent Financial Advisor determines the effect of change in the Company's cost of equity by 0.5 percent from the base case. The Company's share price will be changed as follows:

Discounted Cash Flow Approach (Baht per share)	Discount rate		
	8.11 percent	8.61 percent	9.11 percent
Share value	5.83	5.50	5.23

Based on the above table, when the Company's cost of equity ranges from 7.42 to 8.42 percent, the Company's share value will be in a range of Baht 5.23 – 5.83 per share.

## 2) *Change in terminal growth rate*

Impact on the Company's share price from the change in terminal growth rate by 0.5 percent from the base case is as follows:

Discounted Cash Flow Approach (Baht per share)	Terminal growth rate		
	1.00 percent	1.50 percent	2.00 percent
Share value	5.30	5.50	5.75

Based on the above table, when the terminal growth rate ranges from 1.00 to 2.00 percent, the Company's share value will be in a range of Baht 5.30 – 5.75 per share

The sensitivity analysis determines the Company's share price, by varying cost of equity and terminal growth rate, in a range of Baht 5.23 – 5.83 per share, **higher** than the Tender Offer Price of Baht 3.85 per share by 35.8 – 51.4 percent.

The Independent Financial Advisor deems that the discounted cash flow (DCF) approach is **appropriate** to measure the Company's share as the method reflects the Company's ability to generate future profit and cash flow by taking into account various factors affecting the Company's operation, which have been analysed together with the Company's historical performance. However, using the DCF to base the value of the Company's share creates certain pitfall as it entails a wide range of underlying assumptions. If the actual results differ materially from those estimated, the result of the DCF share value could also be affected.

## 4.6 Dividend discount model

Dividend discount model (DDM) values the Company's share based on the sum of future dividend paid out of the Company's net profits. The method is commonly used for determining the value of the stock that clearly establishes dividend policy and pay consistently dividend. Since in the past the Company regularly pays dividend to the shareholders, the Independent Financial Advisor considers the dividend discounted model (DDM) as one of the methods for valuing the Company's share.

The Independent Financial Advisor calculates the expected dividend in the next 5 years (2015 – 2020) based on the projected net profits as shown in the discounted cash flow (DCF) approach, by considering relevant facts and observations which may affect future dividend payment as follows:

- ▶ The Company has a policy for payment of dividend at a rate of 60 percent of its net profits, unless there is a need for potential investment. In such case, the Company will consider paying dividend as appropriate.
- ▶ According to the Tender Offer Document (Form 247-4), the Offeror does not have a plan to change the Company's dividend policy.
- ▶ The Company had been operated profitably in the past and regularly pays dividend to the shareholders. Its 5-year historical payouts are as follows:

Payout period	2011	2012	2013	2014	2015
Earnings per share	0.42	0.15	0.46	0.36	0.16
Dividend per share	0.35	0.14	0.28	0.31	0.10
Payout ratio (% of net profits)	84.3	95.6	61.3	87.0	63.1
Dividend growth (%)		-60.0	100.0	10.7	-67.7

In estimating future dividend payment, the Independent Financial Advisor assumes payout ratio at 78.27 percent of the Company's projected net profits, based on its average payouts in the last 5 years which is higher than its indicated dividend policy at 60 percent of net earnings. On the perpetuity basis, the dividend is expected to grow by 1.5 percent per annum based on the conservative basis which is in line with the terminal growth rate used in the DCF approach. The sum of future dividend is discounted back to the present value using the Company's cost of equity of 7.92 percent as determined by the Capital Asset Pricing Model (CAPM) as described on page 40.

Share value derived from dividend discount model (DDM) is based solely on the forecasted performance of the Company in which the financial assumptions have been applied. Such assumptions have been established based on historical actual data or ratio as incurred in the past, which have been analysed in collaboration with future prospect of the relevant industry as well as management's views. The financial projection is based on the assumption that the Company's operation will be continued on an ongoing basis without significant changes in economic condition, and without considering future plan on investment and possible alteration of future dividend policy.

Key assumptions used in assessing the Company's share value under dividend discount model can be summarized as follows:

Dividend Discount Model	2015	2016	2017	2018	2019	2020
Estimated net profit (Baht per share)	0.36	0.38	0.35	0.27	0.24	0.28
Estimated dividend payment (Baht per share)	0.28	0.30	0.27	0.21	0.19	0.22
Terminal growth rate					%	1.50
Discount rate					%	7.92
<b>Share value by DDM (Baht per share)</b>						<b>3.08</b>

The Independent Financial Advisor performs sensitivity analysis on the Company's share price to the change in cost of equity and terminal growth rate by 0.5 percent from the base case. When cost of equity ranges between 7.42 – 8.42 percent and the terminal growth rate ranges between 1.0 – 2.0 percent, the resulted share value would be in a range of Baht 2.88 – 3.32 per share, **lower** than the Tender Offer Price of Baht 3.85 per share by 13.8 – 25.2 percent.

The Independent Financial Advisor deems that the dividend discount model is **not appropriate** in determining an intrinsic value of the Company's share, because in estimating future dividend, it does not take into account accumulated large cash balance of the Company, which differs from the discounted cash flow (DCF) approach that considers cash surplus in the firm. Moreover, although the Company has a clearly stated dividend policy, future payment of dividend is dependent upon uncertain events such as future performance and investment plan.

#### 4.7 Conclusion on the Fairness of the Tender Offer Price

The Independent Financial Advisor determined the fair value of the Company's share based on various valuation approaches as summarized below:

Share valuation approach	Baht per share	Appropriateness
1. Book value approach	3.36	Not appropriate
<b>2. Adjusted book value approach</b>	<b>4.63</b>	<b>Appropriate</b>
3. Weighted average market price approach	3.76 – 3.91	Not appropriate
4. Market comparable approach		
4.1 P/BV	3.65 – 4.79	Not appropriate
4.2 P/E	3.31 – 4.16	Not appropriate
4.3 EV/EBITDA	5.06 – 5.77	Not appropriate
<b>5. Discounted cash flow approach (DCF)</b>		
<b>5.1 Base case</b>	<b>5.50</b>	<b>Appropriate</b>
5.2 Change in discount rate and terminal growth rate	5.23 – 5.83	
6. Dividend discount model (DDM)		
6.1 Base case	3.08	Not appropriate
6.2 Change in discount rate and terminal growth rate	2.88 – 3.32	

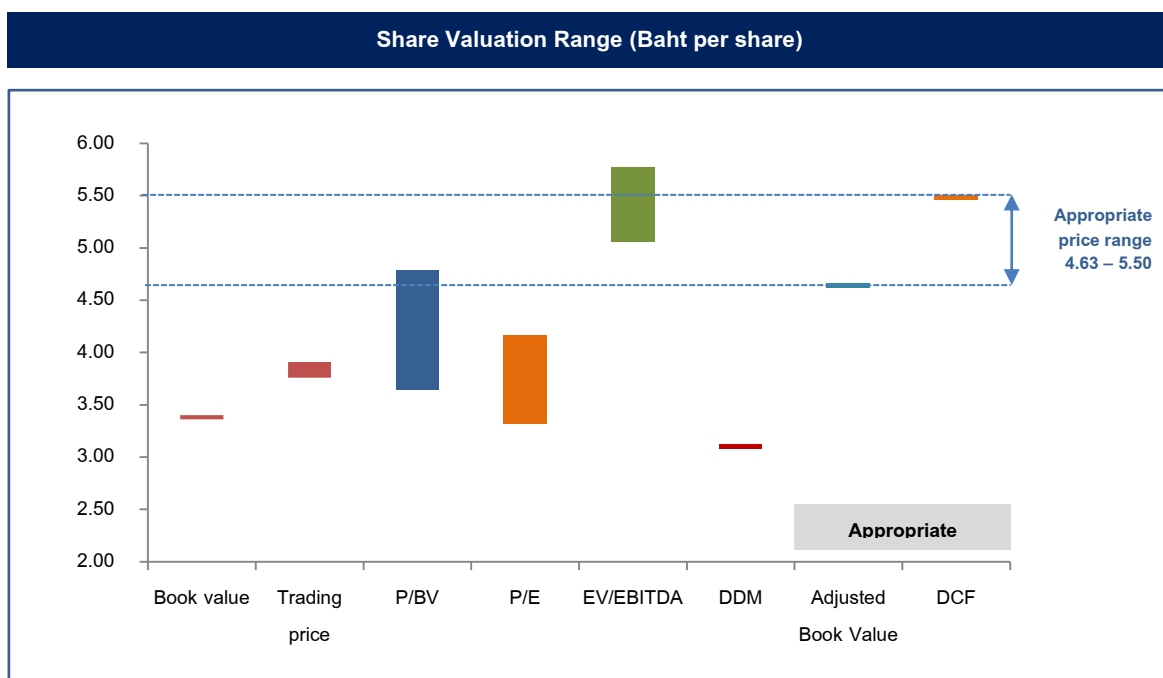
The Independent Financial Advisor considers the appropriateness of each valuation approach as follows:

- **Book value approach** is the method by which the financial statements at a certain date were used as a reference to the Company's share value. However, this approach does not take into account the Company's ability to generate future profits and cash flow, hence, it is not an appropriate approach in determining the Company's share price.

- ▶ **Adjusted book value approach** can reflect the Company's true value better than the book value approach as it includes fair value adjustment of the Company's core assets so as to closely reflect the market value of shareholders' equity. Similar to the book value approach, the adjusted book value does not take into account the Company's future profitability and performance. Nevertheless, the Independent Financial Advisor deems that this approach is appropriate to establish a base value of the Company's share.
- ▶ **Weighted average market price approach** refers to historical trading price of the assessed share in the secondary market, which typically reflects true value of the firm based on the investors' point of view only when trading liquidity is in an appropriate level. However, this approach is considered not appropriate since the trading volume and liquidity of the Company's shares are considered low compared to other listed companies in the SET. Share price established under this approach may not reflect a fair price of the Company's shares.
- ▶ **Market comparable approach** is not appropriate for valuing the Company's share. Although the method reflects investors' view towards the Company's net asset position, and ability to generate profits and cash flows by using market multiples of the comparable peers in the SET with similar economic environment to determine the share value, low trading volume and liquidity of the selected peers cause the share prices fail to reflect their fair market values.
- ▶ **Discounted cash flow approach (DCF)** is appropriate, since it is the method that reflects the Company's ability to generate future profit and cash flow by taking into account various factors affecting business operation such as business plans and policies, competitive position, fluctuation of exchange rate, efficiency in cost control, future investment in core assets, and working capital. Key financial assumptions have been established based on the Company's historical performance along with an analysis on the Company's future business plan, economic and industry conditions and the views of the management. The Independent Financial Advisor determines that this approach is appropriate for valuing the Company's share.
- ▶ **Dividend Discount Model (DDM)** is not appropriate. Although in the past, dividend has been paid on a regular basis to the shareholders, future dividend payment is still subject to uncertainty, which depends largely upon the Company's future profitability and investment plan. Moreover, such approach does not take into account large amount of excess cash in the firm.

In conclusion, the Independent Financial Advisor is of the opinion that the adjusted book value and the discounted cash flow approaches are the most appropriate valuation approaches for determining the value of the Company's share. Share value derived from the discounted cash flow approach is Baht 5.50 per share. By applying share price determined under the adjusted book value approach of Baht 4.63 per share as a base value, an appropriate price range of the Company's share is between Baht 4.63 – 5.50 per share.

The appropriate fair value range of the Company's share can be depicted in graphical form as follows:



Thus, the Independent Financial Advisor is of the opinion that the Tender Offer Price of Baht 3.85 per share is **not appropriate** as it is lower than a fair value range of the Company's share.



## 5. Rationales to Accept and/or Reject the Tender Offer

### 5.1 The Independent Financial Advisor is of the opinion that, the shareholder should reject the Tender Offer, because:

#### ▶ The Tender Offer Price is lower than an appropriate price range

The Independent Financial Advisor assesses the Company's share price using various valuation approaches, as well as considers historical trading performance of the Company's share, and has concluded that the Company's share price determined by the adjusted book value and discounted cash flow (DCF) approaches are appropriate, which result in the fair value range of Baht 4.63 – 5.50 per share.

Therefore, the Independent Financial Advisor is of the opinion that the Tender Offer Price of Baht 3.85 per share is not appropriate as it is lower than an appropriate price range determined by the Independent Financial Advisor for an ongoing business.

### 5.2 Other Considerations

#### ▶ The Offeror does not have a plan to significantly change the Company's business plan and operation

The Offeror does not plan to significantly change the Company's business objectives, operation, human resources, financial structure, and dividend policy. However, the Offeror may make some amendments as appropriate to maintain the Company's efficiency and competitive position.

The Independent Financial Advisor considers that as the Company will continue to focus on the current business in producing and selling frozen vegetables, with a plan to expand its production base to the neighboring country to increase product availability and revenue, the Company's fundamental business risks are not expected to change materially. Furthermore, after the Tender Offer, the management team is expected to remain unchanged. Hence, the Company's overall operational risks are not expected to change significantly after the Tender Offer.

#### ▶ Future business capabilities

During a past few years, domestic and global economic slowdown has led to the depreciation of many currencies in the Southeast Asia region against the US Dollar, causing in the Company's major trading partners in most countries, especially in Japan, experiencing higher cost to import and subsequently impacting the demand for product consumption. As a result, the Company reported declining revenue from selling products of Baht 1,491.5 million, 1,426.5 million and 1,413.6 million, in 2012 – 2014, representing a decrease of 0.9 – 4.4 percent per annum, as mainly caused by a

decline in sale quantity. In addition, the Company suffered decreasing efficiency in cost management caused by various external factors such as an adjustment of minimum wage rate, utility and energy costs. As a consequence, the Company posted a decline in net profits from Baht 174.1 million in 2012 to Baht 135.8 million and Baht 60.4 million in 2013 and 2014, respectively. A drop in annual net profits consequently caused the dividend payout to fall. In 2012 – 2014, the Company paid dividend to the shareholders at a rate of Baht 0.28 per share, Baht 0.31 per share, and Baht 0.10 per share.

The Company's management expects operating performance to be better in the following years, amid the Thai Baht currency depreciation which benefits the Company as an exporter. Cost management is expected to be improved together with an implementation of appropriate currency hedging strategy. In the first 6 months of 2015, the Company's net profits was Baht 51.7 million, improved by 17.23 percent from the same period of previous year. Furthermore, the Company has planned to invest in the neighboring country to increase its product availability and explore alternative crops to capture the demand in other markets such as the United States, the European and the Middle-East countries, in order to diversify its business risk. The planned investment is also to secure low-cost labors to further improve its cost efficiency to maintain long-term competitive edge. The Independent Financial Advisor is of the opinion that, despite numerous external factors affecting the Company's operation, the Company has business plan and policy in place to sustain its long-term growth and competitiveness. Therefore, the shareholders who reject the Tender Offer and remain the Company's shareholders may receive additional benefits from the Company's future operation.

The return on future investment is, however, uncertain depending upon a wide range of factors such as business trends, economic condition, business policies and investment timeframe.

► **Opportunity to sell shares in the SET at higher price**

The Independent Financial Advisor further observes trading price of the Company's share during 10 days before and after 8 October 2015 (the Tender Offer Date), which traded in range of Baht 3.72 – 3.98 per share. Therefore, there is a possibility for the shareholders to sell their shares at a price higher than the Tender Offer Price.

Despite the said possibility, the shareholders may not be able to sell their shares at the desired price and volume within the desired period due to the lack of liquidity of the Company's share. In the last 12 months, CM shares were traded around 2,000 – 5,000,000 shares per day, with an average daily volume of 338,774 shares, or only 0.09 percent of total float shares. Moreover, in the event that a significant number of shareholders accepting the Tender Offer cause a substantial decline in free float shares, the share liquidity could also be adversely affected.

► **Inability to collect the votes for checks and balances**

On 8 October 2015, the Offeror, its concert parties and the persons under Section 258 aggregately held 36.50 percent of the Company's total paid-up shares and voting rights. By ignoring the Tender Offer results, the group of Offeror will hold the shares by less than 50.00 percent of total voting rights, hence, the Offeror is eligible to control the votes against any special resolutions which require at least three-fourths of cumulative votes cast by the attending shareholders. However, the current shareholding proportion of the group of Offeror does not result in the Offeror having an exclusive control over the Company by controlling majority vote in either the Board of Directors or the shareholders' meetings.

Nonetheless, in the event that, after the Tender Offer, the Offeror's aggregate shareholding exceeds 50.00 percent of the Company's total voting right, the Offeror will be able to virtually control the Company's business operation and determine or amend business policies by a majority control in either the Board of Directors or the shareholders' meetings for agendas such as the appointment of directors or any other agendas which requires simple majority of more than half of total votes.

Moreover, in the event that, the Tender Offer results in the Offeror having an aggregate shareholding equal or exceed 75.00 percent of the Company's total voting rights, the Offeror will have a complete control over the Company, which can control most of the key agendas and decisions which require special resolution of at least three-fourths of the votes cast by the shareholders, such as increase or decrease in capital, merger and acquisition, disposition of major assets, connected transaction, and, in particular, delisting of shares from the SET which requires specifically supermajority votes with a veto of not more than 10 percent.

The Independent Financial Advisor is of the opinion that an increasing shareholding proportion of the Offeror as a result of the Tender Offer may have a potential impact to an ability of the minority shareholders to collect their votes for checks and balances.

► **Free float size should not impact the Company's listing status**

As of 13 March 2015, the Company had a total of 2,187 minority shareholders, representing 51.14 percent of total paid shares and voting rights. If after completion of the Tender Offer, there are a significant number of shareholders accepting the Tender Offer, it may result in an aggregate shareholding by the minority shareholders fail to meet the free-float requirement, which requires at least 150 minority shareholders with an aggregate shareholding not less than 15 percent of total paid-up shares.

However, as disclosed in the Tender Offer Document, in such event, the Offeror may consider selling some of its shares to the market in order to maintain the Company's listing status in the SET.

Based on the approach proposed by the Offeror, the Independent Financial Advisor is of the opinion that the Company will be able to maintain its free float and listing status in compliance with the regulatory requirement. The shareholder with low tolerance for liquidity risk which may result from such event, is recommended to accept the Tender Offer.

## **6. Benefits or Impacts from Business Plans and Policies Disclosed in the Tender Offer Document**

The Independent Financial Advisor considers the business plans and policies as disclosed by the Offeror in the Tender Offer Document (Form 247-4) dated 8 October 2015, together with other relevant information disclosed to the public, and has the opinion as follows:

### **6.1 The Company's status**

The Offeror does not have an intention to delist the Company's shares from the SET during the 12-month period after completion of the Tender Offer, unless the Offeror is required to conduct in accordance with applicable rules and regulations.

The Independent Financial Advisor considers that after the Tender Offer, the Company's listing qualification might be affected, if a significant number of minority shareholders accept the Tender Offer, which may cause the Company to have less than 150 minority shareholders and the free float percentage of less than 15.00 percent of total paid-up shares. In the event that all other shareholders (except for the Offeror's concert parties and the persons under Section 258) accepted the Tender Offer, the Offeror's shareholding would be cumulative to 97.60 percent of total paid-up shares and voting rights.

Nonetheless, as disclosed in the Tender Offer Document, the Offeror may consider selling some of its shares to the market in order to maintain the Company's free-float and listing status. The Independent Financial Advisor determines that based on the approach proposed by the Offeror, the Company will be able to maintain as a listing company in the SET.

### **6.2 Business Plans and Policies**

#### **6.2.1 Business Objectives and Operations**

During 12 months after completion of the Tender Offer, the Offeror does not have a plan to change the Company's business objective and operation. The Company shall continue to engage in manufacturing and exporting of frozen vegetable products. The Offeror has an intention to increase its shareholding in the Company as foreseeing future business opportunity and long-term return. At present, the Company is in process of conducting feasibility study on its expansion plan to the neighboring country in order to increase product availability to serve greater demand in other regions such as the United States, the European and the Middle-East countries, to allow diversification of the Company's source of income and business risk. The investment is expected to support the Company in reducing its manufacturing costs

which would enhance its long-term competitiveness and enlarge the potential return for the Company and its shareholders. The Offeror does not have any other investment plan except for an investment to extend the Company's current business, and does not have a plan to divest operating assets of the Company and its subsidiaries.

However, if there was a significant change in the Company's business risk and environment during the 12 months after completion of the Tender Offer, the Offeror, in collaboration with the Company, may consider revising the Company's business plans and policies as deemed appropriate, in order to maintain competitiveness and efficiency of business operation for the best interest of the Company.

The Independent Financial Advisor is of the opinion that, based on an aforementioned policy to carry on the current business, and in the case that there is a significant change in business plans and operations including an emergence of new investment plan, the Company is required, by relevant rules, to obtain prior approval from the shareholders' meeting. Therefore, the Independent Financial Advisor determines that a change in future business plans and policies would not materially impact the shareholders.

The Independent Financial Advisor has further opinion that, although the business plan and policies will not be materially altered by the Offeror, when considering a potential impact in the event that most of the shareholders accept the Tender Offer, which could result in the Offeror having an aggregate shareholding of equal or more than 75 percent of total voting rights, the Offeror shall have an exclusive control over any important resolutions in the shareholders' meeting, which may result in failure of the minority shareholders to collect their votes for checks and balances.

## 6.2.2 Boards of Directors

During the 12-month period after the Tender Offer, the Offeror does not have a plan to change the Company's Boards of Directors, which presently composed of 10 members as follows:

No.	Name	Position
1.	Mr. Prayoon Pholpipattanaphong	Chairman
2.	Mr. Prapas Pholpipattanaphong	Managing Director
3.	Mr. Suwat Phongphasura	Executive Director
4.	Mr. Ankoon Pholpipattanaphong	Executive Director and Company's secretary
5.	Mr. Prayuth Pholpipattanaphong	Non-executive Director
6.	Mr. Lan, Mu-Chiou	Non-executive Director
7.	Mr. Amnuay Yossuck	Independent Director and Chairman of Audit Committee
8.	Mr. Ampon Ruayfupant	Independent Director and Audit Committee
9.	Dr. Phusit Wonglorsaichon	Independent Director
10.	Miss Darunee Ruangtham	Independent Director and Audit Committee

However, Mr. Prayoon Pholpipattanaphong, chairman and major shareholder of the Company, is also a director and major shareholder of the Offeror (Northern Agricultural Company Limited). For the purpose of good corporate governance, after the Tender Offer, Mr. Prayoon shall resign from his position as a chairman of the Executive Board, but maintain executive director and chairman of the Board of Directors positions in the Company. The remaining members of the Board of Directors will seek a person with appropriate experience and qualification to fill the vacancy in the near future.

The Independent Financial Advisor is of the opinion that change of the Chairman of the Executive Committee will not impact the Company's business operation, since all of the directors with extensive experience in the field still remain in the business. Moreover, there are appropriate numbers of independent directors and audit committee performing their duties in reviewing and balancing the management. Hence, a change in the Chairman of the Executive Committee should not have a significant impact to the Company's future policy and operation.

### **6.2.3 Financial Structure and Dividend Policy**

During the 12-month period after completion of the Tender Offer, the Offeror does not have a plan to materially alter the Company's financial structure and dividend policy at a rate of 60 percent of its net profits, unless such changes are made as appropriate to a change in future business and financial conditions in order to ensure the highest interest of the Company.

The Independent Financial Advisor is of the opinion that, although at present the Offeror declares its plan to retain the Company's financial structure and dividend policy, there is a possibility that the Offeror and the Company collaboratively consider amending such policy as deemed appropriate to the Company's future financing needs to support its expansion plan to the neighboring country. With this regard, the Company may consider using bank loans, internal cash flow from operation and/or remaining cash balance depending upon the size of investment and overall business and economic condition at the time of investment (As of 30 June 2015, the Company had cumulative cash and cash equivalents of Baht 487.70 million with no outstanding interest-bearing debts). If the Company decided to obtain bank loan, it will be required to pay interest and payback the principal which may affect the Company's ability to generate profits and cash flows during an early stage of the investment and may consequently affect its dividend payout policy.

Nevertheless, in an event of any significant changes, the Company is required to seek prior approval from the shareholders' meeting in order to comply with relevant rules and regulations. Such change, therefore, should not have material impact to the shareholders.

### **6.2.4 Related Party Transaction**

The Offeror or the persons prescribed under Section 258, have no related transaction with the Company. However, if there are any transactions between the Company and the Offeror or the persons under

Section 258 after completion of the Tender Offer, the Company will conduct those transactions as they are incurred with an outsider, by giving consideration on the necessity and appropriateness of the transaction to ensure compliance with the SET's, SEC's and other applicable rules.

The Independent Financial Advisor is of the opinion that, the Company has established an in-place policy and procedure to handle future related party transaction in order to avoid potential conflict of interest, by considering the best interest of the Company and its shareholders. Hence, there should not be any significant impact to the shareholders.

## 7. Conclusion of the Independent Financial Advisor's Opinion

Based on the review and analysis of information as discussed above, the Independent Financial Advisor is of the opinion that, the Company's shareholders should **reject** the Tender Offer because:

- ▶ The Tender Offer Price of Baht 3.85 per share is lower than the fair value range measured, by the Independent Financial Advisor, under the adjusted book value and the discounted cash flow approaches of Baht 4.63 – 5.50 per share.
- ▶ Within 12-month period after the Tender Offer, the Offeror does not have a plan to materially change the Company's business policy and direction, human resources, financial structure and dividend policy, unless such changes are made as appropriate to the Company's future position and performance, in order to support the Company's flexibility in operation and maintain its competitive position for the best interest of the Company. Nevertheless, any significant alteration made in relation to the Company business requires prior approval from the Company's Board of Directors and/or the meeting of shareholders. Therefore, the shareholders who reject the Tender Offer and remain the Company's shareholders should not be significantly impacted by future change in the Company's business plans and operations.
- ▶ Furthermore, the Independent Financial Advisor is of the opinion that since, at present, the Company is in process of conducting feasibility study on its expansion plan to the neighboring country in order to increase product availability to capture potential demand in other regions, in order to enhance the Company's revenue stream and diversification of business risk. The investment is expected to generate sound long-term return to the Company and its shareholders. If the Company's fundamental business risk remains unchanged and the investment project is successful as planned, the shareholders who reject the Tender Offer and remain the Company's shareholders may receive additional benefits from the Company's operations in the future.

The Independent Financial Advisor has observations and further opinion to the shareholders as follows:

- ▶ Although there is a possibility for the shareholders to sell their shares at a price higher than the Tender Offer Price, when considering trading liquidity of the Company's share at present, the shareholders may not be able to sell their shares at the desired price and volume within the desired period.
- ▶ In the event that there are a significant number of shareholders accepting the Tender Offer, which results in the Offeror having an aggregate shareholding of more than 50.00 percent of total voting rights, the Offeror shall have an authority to control the Company's business operation by means of determining and amending business plans and policies by controlling majority votes in the Board of Directors and the shareholders' meetings. In addition, if the Offeror's accumulated shares after the Tender Offer is equal or more than 75.00 percent of total voting rights, the Offeror shall have an exclusive control over important resolutions such as increase or decrease in capital, and merger and acquisition. The Independent Financial Advisor, therefore, is of the opinion that an increasing shareholding proportion of the Offeror as a result of the Tender Offer may have a potential impact to the Company's business plans and policies in the future.

When making the decision to accept or reject the Tender Offer, the shareholders should consider their own investment objective, investment period, as well as the Company's share price during the Tender Offer Period, together with the factors mentioned above.

**Nevertheless, a final decision whether to accept or reject the Tender Offer rests primarily with the individual shareholders. The shareholders should study information contained in the Independent Financial Advisor report along with other related information provided in the opinion of the Company in relation to the Tender Offer (Form 250-2) and use his/her own discretionary judgment in making appropriate decision to accept or reject the Tender Offer.**





Asia Plus Advisory Company Limited, as an Independent Financial Advisor, hereby certifies that our opinion has been rendered with due care in accordance with professional standards, taking into consideration the interests of the shareholders.

Yours Sincerely,

- *Dr. Patchara Surajaras* -

Director

Asia Plus Advisory Co., Ltd.

- *Lec Sicoravit* -

Director

Asia Plus Advisory Co., Ltd.

- *Rachada Klewpatinond* -

Financial Advisor

Asia Plus Advisory Co., Ltd.