

No. THG 75/2021

20 September 2021

Subject: Entry into the related party transaction

To: President

The Stock Exchange of Thailand

Thonburi Healthcare Group Public Company Limited (“THG”) would like to inform that the Board of Directors No. 8/2021 held on 20 September 2021 has resolved to approve the investment in common shares of Rajthanee Hospital Public Company Limited (“RJH”) in the amount of 6,000,000 shares at the share price of 26.77 baht per share, totaling 160.62 million baht (one hundred sixty million six hundred and twenty thousand), representing 2% of the total registered capital by purchasing from Ramkhamhaeng Hospital Public Company Limited. This transaction is considered as a related party transaction according to the Capital Market Supervisory Board Notification No. Thor.Jor. 21/2551, the details are as follows:

1. Date of transaction and parties

Date of transaction : By October 2021 by trading on the Stock Exchange of Thailand

Purchaser : Thonburi Healthcare Group Public Company Limited (“THG”)

Seller : Ramkhamhaeng Hospital Public Company Limited (“RAM”) holds shares of THG 20.85% of the issued shares and all available for sale.

2. Type of assets and services

General Information of RJH:

Date of incorporation: Established in 1990 and Listed on the stock exchange on 1 September 2016.

Registered capital: THB 300,000,000 (Three hundred million baht)

Office address: 111 Moo 3, Rojana Road, Khlong Suan Phlu, Phra Nakhon Si Ayutthaya, Phra Nakhon Si Ayutthaya Province 13000

Business objectives: Operating private hospital; there are 2 hospitals as follows:

Ratchathani Hospital and Rajthanee Rojana Hospital

Directors:	1. Mr. Aurchart	Kanjanapitak	Chairman
	2. Miss Vilailak	Aunyamaneerat	Vice Chairman
	3. Mr. Saran	Supaksaran	Independent Director
	4. Mr. Teerasak	Naranong	Independent Director
	5. Miss Sudthida	Chirapatsakul	Independent Director
	6. Mr. Wachira	Wudhikulprapan	Director

7. Mrs. Porntip	Wudhikulprapan	Director
8. Mr. Surin	Prasithirun	Director
9. Miss Phitraphee	Prasithirun	Director
10. Mr. Charoonsak	Sripochsomboon	Director
11. Mr. Tanatip	Suppradit	Director

List of Major shareholders of RJH: As of 13 March 2021

List of Shareholders	Pre-acquisition		Post-acquisition	
	No. of shares	% of shareholding	No. of shares	No. of shares
1. Mr. Surin Prasithirun	40,661,805	13.55		
2. Vibharam Hospital Co., Ltd.	23,815,039	7.94		
3. Bualuang Long Term Equity Fund	12,431,500	4.14		
4. Ramkhamhaeng Hospital PCL.	12,100,000	4.03	6,100,000	2.03
5. Miss Phitraphee Prasithirun	9,591,800	3.20		
6. Miss Phitrapphai Prasithirun	9,327,800	3.11		
7. Miss Phitrappa Prasithirun	9,327,800	3.11		
8. Thonburi Healthcare Group PCL.	9,220,745	3.07	15,220,745	5.07
9. Bualuang Factor 4 Long-Term Equity Dividend Fund	8,487,000	2.83		
10. Thai NVDR Company Limited	7,542,765	2.51		

Financial Statements of RJH

Financial Statements	31/12/2017	31/12/2018	31/12/2019	31/12/2020	30/06/2021
Total Assets	1,901.25	1,879.48	1,685.41	1,899.34	2,061.36
Total Liabilities	234.86	570.43	285.60	398.08	509.55
Total Equities	1,590.99	1,305.72	1,395.82	1,496.14	1,545.70
Paid-up share value	300.00	300.00	300.00	300.00	300.00
Total Revenue	1,424.24	1,611.05	1,803.09	1,878.40	1,074.74
Net Profit	231.24	254.54	395.89	412.49	244.31
Earnings per share (Baht)	0.77	0.85	1.32	1.37	0.81

***List of major shareholders and the financial statements of RJH based on data from

<https://marketdata.set.or.th/mkt/stockquotation.do?symbol=rjh&language=th&country=TH>

3. Total value and the criteria used to determine the total value of the transaction

3.1 Calculation of transaction value based on connected transaction criteria.

The investment in RJH's common shares is a related party transaction in type of asset and service transaction using the criteria for the maximum value of remuneration, which is the purchase price of RJH's common shares, which determines the amount of 6,000,000 shares at the share price of 26.77 baht, and the total value of the remuneration being 160.62 million baht of which THG will make the payment in cash. (The determination of purchase price of RJH's common shares is in the opinion of the Board of Directors)

The size of the accumulated transaction for the past 6 months amounted to 43,595,632.47 baht.

The total value of the related party transaction is 204,245,632.47 baht, representing 2.74% of THG's total net tangible assets, calculated from the consolidated financial statements for the quarter 2/2021, ending 30 June which is considered as a middle size of related party transaction (the value is higher than 0.03% but lower than 3% of the net tangible asset value), therefore, the Company shall procure the Board of Directors of THG to approve this transaction and to disclose information to the Stock Exchange of Thailand.

NTA* = Total Asset - Intangibles – Deferred Tax Assets - Total Liabilities + Deferred Tax Liabilities - Minorities Interests

	As on 30 Jun 21
Total Asset	20,609,444,638
Intangibles	224,363,724
Deferred Tax Assets	179,058,783
Total Liabilities	12,631,633,597
Deferred Tax Liabilities	280,068,333
Minorities Interest	405,127,321
NTA	7,449,329,546

3.2 The calculation of value according to the acquisition and disposal regulations (calculated based on the financial statements ended 30 June 2021)

Entering such transaction, the Company will hold 6,000,000 common shares of RJH, representing 2%.

Criteria used in the calculation	Calculation formula	Transaction size (%)
1. Value of net tangible assets	$(\text{NTA of RJH} \times \text{Proportion of assets acquired}) \times 100 / \text{NTA of THG} = (1,484,309,000 \times 0.02) \times 100 / 7,449,329,546$	0.40
2. Net operating profits	$(\text{Net profits of RJH} \times \text{Buying ratio}) \times 100 / \text{Net profits of THG} = (553,301,621.37 \times 0.02) \times 100 / 237,799,467.00$	4.65
3. Value of consideration paid or received	$(\text{Value of transaction paid} \times 100) / \text{Total assets of THG} = (160,620,000 + 396,273,175) \times 100 / 20,609,444,638.00$	2.78

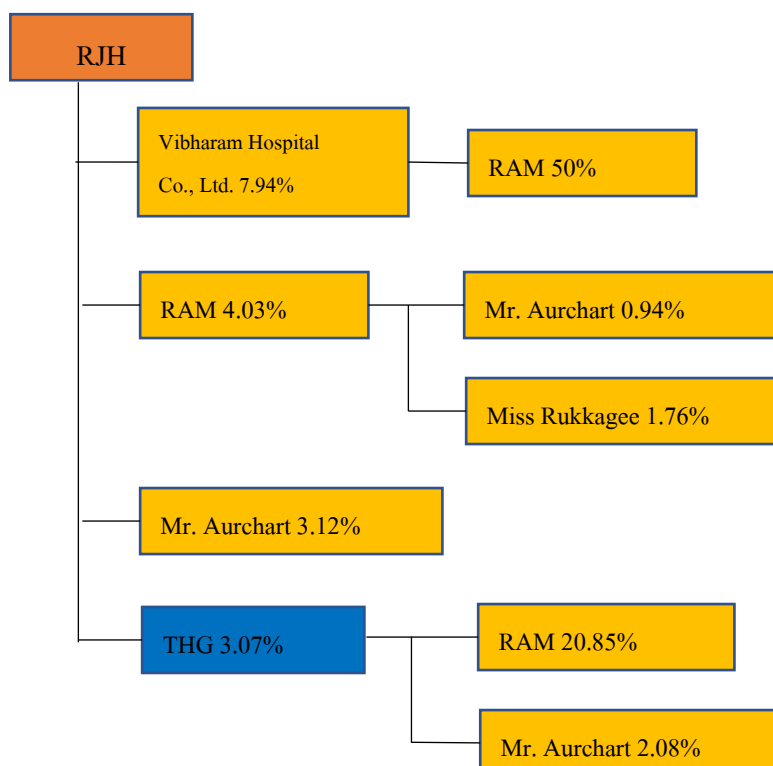
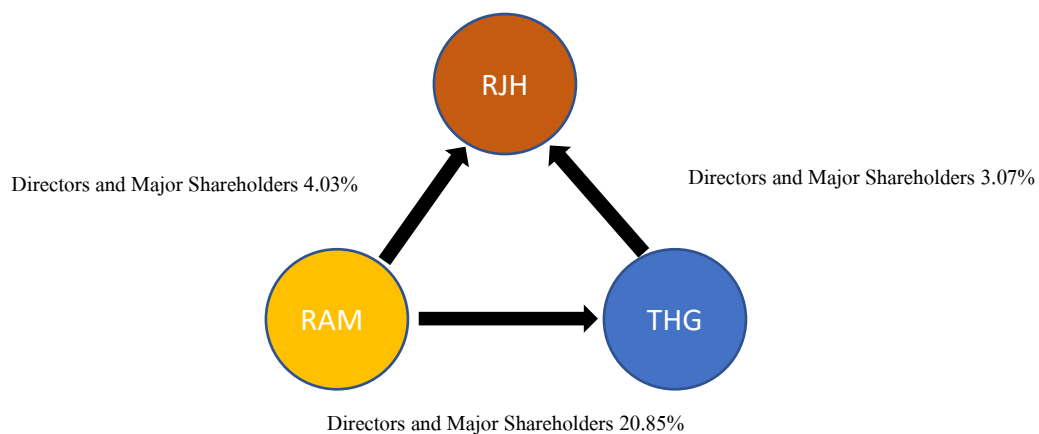
Criteria used in the calculation	Calculation formula	Transaction size (%)
4. Value of equity shares issued for the payment of assets	Cannot be calculated because no shares are issued to pay for the assets	-

The size of the accumulated transaction for the past 6 months amounted to 396,273,1757 baht. (On the period of 01/01/2021 – 30/6/2021)

The maximum transaction size is 4.65 percent based on the net profit criteria. The size of the transaction is less than 15%, therefore, such investment does not have to be carried out in accordance with the acquisition and disposal regulations.

4. Connected person and nature of connection

RAM THG and RJH are related as shown in the figure.



***Based on data from RJH's 56-1 report for 2020 which closed the share register book on 23 November 2020 because it shows details of shareholding of directors who are minor shareholders.

5. Characteristics and scope of interest of connected persons in entering into the related party transaction

The transaction is a transaction between THG and RAM with RAM being the No. 1 major shareholder of THG (20.85 percent) and there are 2 representatives from RAM as directors in THG, namely Mr. Aurchart Kanjanapitak (holding 2.08% of THG's issued shares and all available for sale) and Miss Rukkagee Kanjanapitak (not holding shares in THG) Therefore, it is considered as a related party transaction in the type of assets and services according to the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules on Related Party Transactions dated 31 August 2008 and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Acts of Listed Companies in Related Party Transactions dated 19 November 2003.

After considering the calculation of the size of the related party transaction in accordance with the relevant rules and regulations, the transaction size is higher than 0.03% but lower than 3% of THG's net tangible assets according to the consolidated financial statements of THG and its subsidiaries ending 30 June 2021. THG, therefore requires proposing this transaction to the Board of Directors for approval and to disclose the information to the Stock Exchange of Thailand.

6. Source of funds used in the acquisition of assets

Company working capital

7. Directors with interests and / or directors who are connected persons

Directors	Connection	Holding share in THG as of 5/8/64
Mr. Aurchart Kanjanapitak	<ul style="list-style-type: none"> ■ Director and Shareholder of THG ■ Director and Shareholder of RAM ■ Chairman and Shareholder of RJH 	17,673,500 shares (2.08%)
Miss Rukkagee Kanjanapitak	<ul style="list-style-type: none"> ■ Director of THG ■ Director and Shareholder of RAM 	- None -
Mr. Tanatip Suppradit*	<ul style="list-style-type: none"> ■ CEO, Authorized Director and Shareholder of THG ■ Director of RJH 	56,500 shares (0.01%)

Remark: * RJH has appointed Mr. Tanatip Suppradit as RJH's director since April 2019, not being an authorized director, controlling person and shareholder of RJH

Therefore, for the transparency in considering the transaction, the 3 directors, namely Mr. Aurchart Kanjanapitak, Miss Rukkagee Kanjanapitak and Mr. Tanatip Suppradit, did not attend the meeting and had no right to vote in the Board of Directors' meeting on this agenda.

8. Opinion of the Bord of Directors

The Board of Directors views that RJH is a hospital with outstanding performance in the healthcare sector. RJH has generated continuous growth in revenues with an average growth rate during 2017 – 2020 of 9.8%. Although RJH

faced the Covid-19 crisis in the year 2020, unlike most other hospitals, the company's revenues grew by 4.8%. RJH was able to improve its cost management, resulting in a high net profit margin. RJH has been making continuous dividend payment at the rate of not less than 75% of the net profit during the past four years (RJH's dividend policy is to maintain a dividend payout ratio of not less than 40% of the net profit after deduction of corporate income tax and legal reserve). Therefore, it is appropriate to hold RJH as a long-term investment. Prior to the year 2019, THG had 7.07% shareholding in RJH. Subsequently, THG partly sold such holding to increase its liquidity. Once THG was aware that RAM would like to restructure its investment and decrease its shareholding in RJH, THG saw it as an investment opportunity and requested to purchase 6,000,000 shares in RJH from RAM. As a result, THG's shareholding in RJH shall be as follows:

	Number of shares	Percentage
Before 27 June 2019	21,220,745	7.07
Present	9,220,745	3.07
After buying additional 6,000,000 shares	15,220,745	5.07

In respect of the purchase price, the Board of Directors considered that the closing price as of 15 September 2021 (the negotiating date) is 31.50 baht, minus a 15% discount, equal to buying at a price of 26.77 baht, which is an appropriate price since RJH's current market share price is highly volatile due to transactions that are not in the normal business: 1) higher revenues from treatment of Covid-19 patients; and 2) interim dividend payment. The price is a result of negotiation and agreement between the purchaser and the seller, namely THG and RAM. The transaction will be beneficial to THG, RJH and RAM, which have been good partners for a long period of time. RAM will benefit from being able to sell the whole lot of shares at an acceptable price as in case RAM sells such shares in the market, RJH share price will significantly decrease. In addition, RJH shall benefit from having a familiar partner who has been in cooperation with RJH for a long period of time.

The Board of Directors' meeting held on 20 September 2021 resolved to approve the purchase of 6,000,000 ordinary shares of RJH at a total value of 160.62 million baht, representing 2% of the total registered capital by purchasing from RAM. Based on calculation of the transaction size, it is a small transaction of which can be approved by the Board of Directors. However, the transaction is a medium connected transaction and, therefore, THG must comply with the regulations regarding connected transactions and disclose the transaction to the SET.

9. Opinion of the Audit Committee which is difference from the Opinion of the Board of Directors

-None-

Please be informed accordingly.

Yours sincerely,

Thonburi Healthcare Group Public Company Limited

(Miss Jinda Ariyapornpong)

Corporate Secretary