



Ref. CS./22-022

February 28, 2022

Subject : Management Discussion and Analysis of the operating performance for the year of 31 December 2021  
(edit)

Attention : The President of the Stock Exchange of Thailand

Copy to: The Secretary  
The Security and Exchange Commission

JCK Hospitality Public Company Limited (“Company”) would like to report the consolidated operating performance results for the year of 31 December 2021

Refer to Document No. CS/21-101 dated 19 November 2021 Subject: Investment in Other Businesses, the Company invested in the hotel business by purchasing ordinary shares of two subsidiaries, accounting for 100 percent of its registered capital. As a result, the Company prepared the consolidated financial statements for the first time in accordance with the basis.

The operating performance result for year 2021 compare with year 2020

1. The year of 2021, the Company's total revenue was amount of Baht 443.59 million, a decreased amount of Baht 257.78 million, or equal to 36.75% from the year of 2020 due to the shops are closed during April – May and July – August 2021 from the Covid-19 situation, the government has measure not to sit and eat in restaurants for the red area of 29 provinces causing the customer behavior to be cautious and change, resulting sales in branch that opened have not achieved a target.
2. The Company's has total cost of sales in the year of 2021 was amount of Baht 224.68 million, a decreased amount of Baht 65.05 million, or equal to 22.45% from the year of 2020. When comparing the cost-to-sales ratio, found that increase about 10.00% from year of 2020. Because the company has added food menus by focusing on raw materials that can attract customers to eat. In addition, the price of raw materials increased according to the economic conditions, causing the average cost of sales per head to rise.
3. The Company's selling and administrative expenses in the year of 2021 was amount of Baht 402.43 million, a decreased amount of Baht 102.77 million, or equal to 20.34% from the year of 2020. As the Company's discount for rental fee during period because the closing on July-August 2021. In addition, expenditure control policies to be in the same direction with the decrease in revenue from the COVID-19 epidemic continuously situation.

4. The Company had a loss on impairment of assets for the year 2021 equal to 36.00 million baht, an increase from the year 2020 of 25.27 million baht or 235.61% due to the company being affected by the COVID situation, which affected the sales of branches.
5. The Company had a loss from the purchase of investment in the consolidated financial statements. because during the year The Company has invested in an investment in a subsidiary (ASP Hotels and Resorts Company Limited), which at the acquisition date Subsidiaries had assets worth 178 million baht, later such assets were repaid to the bank in the amount of 96 million baht, resulting in the company recognized a loss of 82 million baht. The Board of Directors therefore resolved to buy the assets back at an appropriate price and not more than the cost as at the purchase date of the subsidiary including the negotiation to restructure the remaining debt with the bank as soon as possible to reduce interest by consider the maximum benefit that the Company will receive

At the acquisition date, the Company considers the value of the subsidiary from the book value of the assets after adjusting with the appraised value of the assets (Book value of 178 million baht, appraisal price 260.5 million baht).The company has hired an independent appraiser who is licensed by the SEC to know the market value of the property to engage in buying-selling and using it for public purposes. The appraiser uses the cost method or the replacement cost method in valuing the assets. The market value of the assets totals 260.5 million baht. According to the valuation report, ASP Hotels and Resorts Co., Ltd. has land and buildings 2 items (1. Hotel building 8 floors with Rooftop floor and 1 basement floor 2. Clubhouse building 2 floors with swimming pool). Subsidiary is the legal owner/complete right of ownership and mortgage obligations with the bank on October 21, 2016.

6. The Company's financial cost in the year of 2021 was Baht 37.22 million, an increased amount of Baht 8.21 million, or equal to 28.29% from the year of 2020 due to an increasing in long-term loans of subsidiaries.
7. The Company's had net loss amount of Baht 340.03 million, an increased amount of Baht 198.01 million, or equal to 139.43% from the year of 2020. Due to the decline in sales due to the COVID-19 situation that occur continuously and for a long time. In addition to the economic slowdown in 2021 and the recognition of loss from the purchase of investments in subsidiaries.

In addition, in the year 2021, the Company has invested in assets and ordinary shares which does not qualify for the acquisition or disposition of significant assets in accordance with the rules prescribed in the Notification of the Capital Market Supervisory Board No. ThorChor 20/2008 Re: Rules for Entering into Significant Transactions deemed as Acquisition or Disposal of assets and The Notification of the Board of the Stock Exchange of the Thailand Re: Disclosure of the information and other Acts of Listed Company concerning the Acquisition and Disposition of Assets, B.E.2004 as follows;

1. In April 2021, the Company entered into a land purchase and sale agreement with a person who is not connected to the Company at a total selling price of Baht 64,800,000. When the transaction size based on the value of consideration basis criteria according to according to the financial statements for the year 2020 ending on December 31, 2020 is equal to 6.15 percent of the total assets of the Company which does not qualify for the acquisition or disposition of significant assets. The Company shows the calculation as follows.

Criteria	Size of Transaction
1. NTA Basis $\frac{(\text{NTA} * \text{of investment CPT \& ASP} \times \text{Proportion acquired or disposed}) \times 100}{\text{NTA of the Company}}$	It is an asset purchase that does not qualify for the transaction size calculation.
2. Net profit from operations basis $\frac{(\text{Net profit from operation of investment CPT \& ASP} \times \text{Proportion of Buying or Selling}) \times 100}{\text{Net profit from operation of the Company}}$	It is an asset purchase that does not qualify for the transaction size calculation.
3. Value of consideration basis $\frac{\text{Value of consideration paid} \times 100}{\text{Total asset of the Company}}$	$= \frac{(64,800,000 \times 100)}{1,052,836,340}$ $= 6.15\%$
4. Share capital basis	It is an asset purchase that does not qualify for the transaction size calculation.

2. On August 25, 2021, was resolved to approve the investment in CPT Hotels and Resorts Company Limited (“CPT”) and ASP Hotels and Resorts Company Limited (“ASP”) by purchasing ordinary shares of CPT and ASP from persons who are not connected to the Company, to invest in completed property which operates hotel business in Chiang Rai province. An area in hotel can be developed into a related business as well as restaurant or catering which can create a new source of income in the future for the Company. In this regard, the transaction has a total investment value of Baht 31,000,000. When the transaction is included in the calculation of the transaction size, the transaction size is based on the value of consideration basis according to the financial statements of the second quarter of 2021 ending June 30, 2021, equal to 3.17 percent of the total assets of the Company and when such items are included in the calculation of the transaction size within the past 6 months will have the size of the transaction according to the value of consideration criteria equal to 9.80 percent of the total assets of the Company which does not qualify for the acquisition or disposition of significant assets. The Company shows the calculation as follows.

Criteria	Size of Transaction
1. NTA Basis $\frac{(\text{NTA} * \text{of investment CPT \& ASP} \times \text{Proportion acquired or disposed}) \times 100}{\text{NTA of the Company}}$	Unable to calculate because CPT and ASP have negative shareholder equity.
2. Net profit from operations basis $\frac{(\text{Net profit from operation of investment CPT \& ASP} \times \text{Proportion of Buying or Selling}) \times 100}{\text{Net profit from operation of the Company}}$	Unable to calculate because the operating of CPT, ASP and the Company is loss.
3. Value of consideration basis $\frac{\text{Value of consideration paid} \times 100}{\text{Total asset of the Company}}$	$= \frac{(31,000,000 \times 100)}{977,103,275}$ $= 3.17\%$ $\text{In the case of 6 months total calculation}$ $= \frac{((64,800,000 + 31,000,000) \times 100)}{977,103,275}$ $= 9.80\%$
4. Share capital basis	Unable to calculate because no new shares are issued in exchange for the acquired asset.

3. On December 29, 2021, a subsidiary (ASP Hotels and Resorts Company Limited) entered into an agreement to purchase land and transfer land ownership with a person who is not connected to the Company at a total selling price of Baht 140,000,000 and an estimated investment budget of Baht 25,800,000, totaling Baht 165,800,000. When the transaction is included in the calculation of the transaction size, the transaction size will be based on the consideration value basis according to the financial statements of the 3rd quarter of the year 2021 ending September 30, 2021, equal to 11.77 percent of the total assets of the Company and when such items are included in the calculation of the transaction size within the past 6 months will have the size of the transaction according to the value of consideration criteria equal to 13.97 percent of the total assets of the Company which does not qualify for the acquisition or disposition of significant assets. The Company shows the calculation as follows.

Criteria	Size of Transaction
1. NTA Basis $\frac{(\text{NTA} * \text{of investment CPT \& ASP} \times \text{Proportion acquired or disposed}) \times 100}{\text{NTA of the Company}}$	It is an asset purchase that does not qualify for the transaction size calculation.

<p>2. Net profit from operations basis</p> $\frac{(\text{Net profit from operation of investment CPT \& ASP} \times \text{Proportion of Buying or Selling}) \times 100}{\text{Net profit from operation of the Company}}$	<p>It is an asset purchase that does not qualify for the transaction size calculation.</p>
<p>3. Value of consideration basis</p> $\frac{\text{Value of consideration paid} \times 100}{\text{Total asset of the Company}}$	<p>= <math>\frac{(165,800,000 \times 100)}{1,408,431,465}</math> = 11.77%</p> <p>In the case of 6 months total calculation</p> <p>= <math>\frac{((31,000,000+165,800,000) \times 100)}{1,408,431,465}</math> = 13.97%</p>
<p>4. Share capital basis</p>	<p>It is an asset purchase that does not qualify for the transaction size calculation.</p>

Please be informed accordingly.

Sincerely yours,



( Mr. Athawut Taechaubol )  
Joint Chief Executive Officer