



NRF-Comsec-55/2021

23 September 2021

Re: Notification of the resolution of the Board of Directors' meeting regarding approval of investment in pet food business

To: The President
The Stock Exchange of Thailand

NR Instant Produce Public Company Limited (“the Company”) would like to inform that Board of Director’s meeting No. 12/2021 dated 23 September 2021 passed a resolution to invest in Botany Studio Company Limited (“Botany Studio”) and change the business objective of one of its subsidiary companies with details as follows:

1. Date of Transaction: The transaction is expected to be completed within the 4th quarter of 2021

2. Parties Involved

Seller: Botany Studio Company Limited

Purchaser: City Food Company Limited, a subsidiary of the Company

Relationship: The transaction is not considered a connected transaction as the party involved is not a connected party.

Investment Proportion and Shareholder Structure of Botany Studio

Shareholder’s Name	Pre-Transaction		Post-Transaction	
	Shares	Proportion (%)	Shares	Proportion (%)
Ms. Wipaporn Jamnikul	42,258	23.5%	42,258	7.8%
Mr. Sirichai Chooduang	30,489	16.9%	30,489	5.6%
Ms. Sununthanee Toopsawang	10,162	5.6%	10,162	1.9%
Miss Thitima Poonpanchai	20,460	11.4%	20,460	3.8%
Mr. Thanawat Jayaronariddhi	20,460	11.4%	20,460	3.8%
Miss Rujirada Pornjantrakul	1,171	0.7%	1,171	0.2%
Mr. Phadungsak Changjai	5,000	2.8%	5,000	0.9%
Mr. Snit Supparatsombat	50,000	27.8%	50,000	9.3%
City Food Company Limited	-	-	360,000	66.7%
Total		100%		100%

NR INSTANT PRODUCE PUBLIC COMPANY LIMITED

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ทะเบียนเลขที่ : 0107562000483 เลขประจำตัวผู้เสียภาษี : 0107562000483

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3. General Aspects of Transaction

Nature of Transaction:	The Company aims to joint venture with Botany Studio Company Limited. The transaction will change the business objective of City Food from producing ethnic foods and soy milk to producing ethnic foods and pet food and snacks in order to fully utilize the land, plant and manufacturing facilities of City Food Company Limited. Currently, City Food owns two manufacturing plant, an ethnic food plant in Nakorn Pathom and a soymilk factory in Ratchaburi. The partnership will convert Ratchaburi plant from soymilk production under Shinpo brands to a plant-based pet food focused company with Branded products and Original Equipment Manufacturer (OEM) production. The Company shall enter into the transaction by investing in ordinary shares of Botany Studio at par value in the proportion of 66.7% of its paid-up capital for the amount not exceeding 36.0 million Baht in cash.
Nature of Business:	Botany Studio markets and distributes pet food products in Thailand such as Katty Boss and Bravo Boss. Currently, Botany Studio does not own its pet food factory. Therefore, Botany Studio needs to outsource production from external pet food manufacturers. Botany Studio plans to expand to international market by constructing its own pet food factory in order to increase capacity and capability in OEM for exporting to ASEAN and other countries. Moreover, Botany Studio has agreements in place with multiple customers, hence the requirement for its own factory.
Paid-up Capital:	18 million Baht and it will increase to 54 million Baht after the completion of the transaction
Directors:	Botany Studio will have 3 directors in total 1 director appointed by the existing shareholders. 2 directors appointed by the Company. The Company is in process of director selection and appointment, which will be informed through SET.

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Audited Financial information for the past 3 years

(Unit: million Baht)	For fiscal year ending 31 December		
	2018	2019	2020
Revenue	0.01	0.01	10.2
Net Profit / (Loss)	(0.17)	(0.34)	(3.6)
Total Assets	1.1	0.8	7.8
Total Liabilities	0.0	0.0	0.6
Shareholders' Equity	1.1	0.8	7.2

Pricing criteria:	No pricing criteria as the consideration is determined at par value.
Payment:	The consideration is referred to 360,000 newly issued ordinary shares of Botany Studio Company Limited at par value of 100 Baht per share. The consideration will be paid in cash totaling up to 36.0 million Baht.
Source of Funding:	Working capital of the Company
Expected Benefits:	The investment in Botany Studio converts from Ratchaburi plant, in which its capacity is currently under-utilized, to pet food facilities which improve cost saving at City Food. The Company anticipates that the domestic and international markets tend to grow and expand continuously over the years. Furthermore, Botany Studio has strong business plan with customer LOI in place. The transaction also brings in key management and executives who have long-time experience and expertise in pet food industry, which will contribute to business growth both domestically and internationally. The Company expects to recognize revenue in the 4 th quarter of 2021 onward and revenue will grow significantly in the 2 nd quarter of 2022 after completing the factory renovation.

4. Transaction Size

The calculation of the transaction value under the Notifications on Acquisition or Disposal based on the Consolidated Financial Statements of the Company for the period ending 30 June 2021 which was reviewed by the auditor are detailed as follows:

1. Net Tangible Assets

$$\begin{aligned}
 \text{Transaction size} &= \frac{\text{(NTA of the acquired company x proportion acquired)}}{\text{NTA of the Company}} \\
 &= \frac{54.0 \text{ million Baht x } 66.7\%}{2,391.4 \text{ million Baht}} \\
 &= 1.51\%
 \end{aligned}$$

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2. Net Operating Profits

Not applicable. No positive net profit from operation.

3. Total Value of Consideration

Transaction size	=	<u>Value of transaction paid</u>
		Total Asset of the Company and subsidiaries
	=	<u>36.0 million Baht</u>
		4,054.7 million Baht
	=	0.89%

4. Value of Equity Shares Issued for the Asset Acquired

Not applicable. No equity issuance for the asset acquisition.

The transaction size is considered as asset acquisition transaction according to the Notification of the Capital Market Supervisory Board No. TorJor. 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 B.E. 2547 (2004) (as amended).

The investment represents a net tangible asset (NTA) value of 1.51%. However, after such transaction value is combined with other asset acquisition transactions which occurred during the past 6 months calculated based on the Total Value of Consideration Basis, the total value of the asset acquisition transaction will be 16.01% compared with the total assets of the Company under the Consolidated Financial Statements of the Company for the period ending 30 June 2021, which were reviewed by the auditor. This asset acquisition transaction is, therefore, classified as a Class 2 Transaction, i.e., a transaction with the value of 15% or higher but lower than 50%. Therefore, the Company shall have duty to disclose the information on the acquisition of assets to the Stock Exchange of Thailand.

The calculation of cumulative transaction size over 6-month period

Date	Detail	Transaction Size (%)			
		NTA	Net Profit	Total Value of Consideration	Value of Securities
14 May 2021	Investment in Wicked Foods, Inc.	-	-	1.19	-
14 May 2021	Investment in Konscious Foods, Inc.	-	-	0.80	-
14 May 2021	Asset Purchase (SOL Trading)	-	-	2.33	-
20 May 2021	Investment in Joint Venture with Innobic (Asia)	-	-	3.81	-
20 May 2021	Investment in Golden Triangle Health	1.08	-	1.98	0.56
13 August 2021	Asset Purchase (WellPath)	-	-	3.33	-
1 September 2021	Investment in Indeem Group	-	-	1.06	-
23 September 2021	Investment in Botany Studio	1.51	-	0.89	-
Total Transaction Size		2.59	-	16.01	0.56

5. Connected Transaction

The transaction is not considered a connected transaction under the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules on Connected Transactions and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Practice of Listed Companies concerning Connected Transactions B.E. 2546 (2003) (as amended)

6. Approval from relevant parties

- None -

7. Opinions of the Board of Directors on Entering into of the Transaction

Board of Directors Meeting No. 12/2021, held on 23 September 2021, has, with its duty of royalty and duty of care, taken into consideration the details relevant to the transaction in the best interests of the Company, in resolving to approve that above investment. The Board of Directors is of the view that the entering into the transactions is reasonable and in the best interests of the Company and its shareholders. The investment in Botany Studio improves under-utilized capacity at Ratchaburi plant by converting into pet food. The Company anticipates that the domestic and international markets tend to grow and expand continuously over the years. Furthermore, management-level and other human resources who have experience and expertise in pet food industry contribute to production and both domestic and international distributions. Entering into this transaction will generate a significant amount of revenue and net profit to the Company in the future.

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8. Opinions of the Audit Committee and/or directors which are different from those of the Board of Directors under Item 7

- None -

Please be informed accordingly

Sincerely yours

Miss Penhurai Chaichatchaval
Chief Finance and Investment Officer

Company Secretary
Tel. 0891369663
Email: NRF.comsec@nrinstant.com

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