

**The Opinion of the Independent Financial Advisor  
On the Connected Transaction Regarding the Disposition of the Investment in  
World Class Rent A Car Company Limited**

of



**CIMB Thai Bank Public Company Limited**

Proposed to

**The Shareholders of CIMB Thai Bank Public Company Limited**

by



**JayDee Partners Limited**

April 7, 2010

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Report of the Opinion of an Independent Financial Advisor

April 7, 2010

Subject: The opinions of the independent financial advisor on connected transaction regarding the disposition of assets of CIMB Thai Bank Public Company Limited

Attention: Shareholders of CIMB Thai Bank Public Company Limited

JayDee Partners Limited (the “Independent Financial Advisor” or the “Advisor”) as the Independent Financial Advisor of CIMB Thai Bank Public Company Limited (“CIMBT” or the “Bank”) would like to submit opinions to all shareholders regarding the disposition of assets and the connected transaction between CIMBT and its major shareholder, CIMB Bank Berhad (“CIMB”). Details of the transaction are presented in the following page.

## Section 1: Executive Summary

In order to restructure CIMB Thai Bank Public Company Limited (“CIMBT” or the “Bank”) after CIMB Bank Berhad hold more than 90% stake of CIMBT’s shares on January 6<sup>th</sup>, 2009 and in order to ensure that CIMBT’s investments is in compliance with Financial Institution Business Act B.E. 2551, which prohibits financial institution to invest or hold the shares in the company which is not finance or supporting business in excess of 10% of issued and paid-up share.

Therefore, the Board of Directors Meeting No.5/2010, held on March 25, 2010, where the directors who may be deemed conflicted, including Mr. Kenny Kim, Ms Wattanan Petersik and Mr. Robert Cheim Dau Meng abstained from voting, has passed the resolutions to propose to the Bank’s Annual General Shareholders’ Meeting No. 16/2010 to consider and approve the sales of CIMBT’s investment in Worldclass Rent A Car Co., Ltd. (“WCRC”), which operates a car rental business under the trademark “Budget Car and Truck Rental”.

CIMBT’s investment in WCRC comprises of (1) 100,001 common shares and (2) 659,999 preferred shares, adding up to 760,000 shares at the par value of THB 100 each, and representing 20% of WCRC’s total 3,800,000 issued and paid-up shares (1,000,000 common shares and 2,800,000 preferred shares). After the disposition of WCRC’s shares, CIMBT will no longer hold any stake in WCRC.

CIMBT has to first offer to sell shares to other shareholders of WCRC in order to comply with the Joint Venture Agreement signed by CIMBT and other shareholders of WCRC on January 1, 2001. According to the Joint Venture Agreement, should CIMBT wishes to sell its investment in WCRC, CIMBT must grant the first offering to other shareholders of WCRC prior to other third party. This process will take approximately 40 days. In the case that other shareholders of WCRC decline CIMBT’s offering, CIMBT will then be able to sell the shares to any other person(s) (which in this case is CIMB) within 2 months period.

According to the Notification of the Board of Governor 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 and all amendments made by the Notification of the Capital Market Supervisory Board TorChor 20/2551 as well as the Section 89/29 of the Securities and Exchange Act B.E. 2551, the size of this transaction is 135.46% of consolidated net income of CIMBT for the year ended December 31, 2009. As, this transaction size is greater than 50%, thus CIMBT is required to seek an approval from the shareholders to perform the transaction.

In the case that WCRC’s shares sell are offered to CIMB, the major shareholder of CIMBT, this share sale transaction as well as all recent transactions between CIMBT and CIMB will account for 49.87% of CIMBT’s consolidated net tangible assets based on the consolidated financial statement as at December 31, 2009, according to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 and all amendments made by the Notification of the Capital Market Supervisory Board TorChor 21/2551 as well as the Section 89/12 of the Securities and Exchange Act B.E. 2551. Hereupon, in order to enter into this transaction and other connected transactions with CIMB, CIMBT is required to obtain an approval from the Shareholders’ Meeting which consists of not less than three-fourth of total votes of shareholders and proxies (if any) attending the Meeting and having a right to vote, excluding interested shareholders.

In addition, CIMBT is also required to appoint an Independent Financial Advisor to provide opinions regarding the reasonableness of this disposition and connected transaction and present to the Audit Committee and the Shareholders. In this regard, CIMBT has appointed JayDee Partners Limited, the SEC’s licensed Independent Financial Advisor, as an Independent Financial Advisor to render the opinions.

JayDee Partners Limited (the “Advisor” or the “IFA”) has studied and reviewed the necessary information contained in various sources including the resolutions of the Board of Director Meeting of CIMBT No.1/2010 held on January 28, 2010 regarding the sales of WCRC shares currently held by CIMBT, the audited financial statement of CIMBT, the unaudited financial statement of WCRC prepared by its management, Affidavit, shareholders lists, Article of Association, relevant contracts, as well as other data and documents provided

by CIMBT and the executives of WCRC. In addition, the Advisor has also relied on interviews with executives and research on the car rental industry and its economic influence.

In order to evaluate the appropriateness of the selling prices of WCRC's shares, the Advisor has performed the valuation analysis based on three valuation methodologies using information from various sources including, but not limited to, the WCRC's audited financial statements for the year ended 2007 and 2008, the unaudited financial statements for the year ended 2009, the business and industry prospective from interviews with WCRC's executives, documents provided by WCRC, etc. The details of CIMBT's divestment in WCRC and the offering price (as per approval in principle by the Board of Directors Meeting of CIMBT No.1/2010 held on January 28, 2010 regarding the selling of WCRC's shares) is presented in Table 1.

In this regard, the Board of Directors Meeting of CIMBT has set the selling prices for common stocks equal to WCRC's book value which, at the time of price setting, is calculated by using the unaudited financial statement as of September 30, 2009. The executed prices, however, may be adjusted in accordance with the book value calculated using the audited financial statement as of December 31, 2009. Nevertheless, such audited financial statement was not completed at the time of performing the valuation by the IFA. Hence, the Advisor has mainly used the unaudited financial statement provided by WCRC's executives.

**Table 1: Details of Assets to Be Sold and the Offering Price**

Details of assets	No. of shares (shares)	% of WCRC's issued and paid-up capital (%)	Par value (THB per share)	Offering price (THB per share)	Offering value (THB)	% of CIMBT's shareholding stake in WCRC after the transaction
1. Common share	100,001	2.63	100.00	78.53*	7,853,078.53	0.00%
2. Preferred share	659,999	17.37	100.00	100.00	65,999,900.00	0.00%
<b>Total</b>	<b>760,000</b>	<b>20.00</b>			<b>73,852,978.53</b>	<b>0.00%</b>

**Remark:** The offering price for common stock is subject to change according to the any changes in WCRC's audited financial statement for the year ended December 31, 2009.

The opinion of the Advisor is summarized as follows:

### 1. Opinion on the appropriateness of the transaction

Based on our consideration, the disposition of WCRC shares currently held by CIMBT is appropriate and reasonable for the following reasons:

- a) The transaction is in accordance with CIMBT's investment policy, which give priority to investment in its core businesses
- b) The 20% shareholding in WCRC does not comply with the Financial Institution Business Act B.E. 2551, which prohibits commercial banks to invest or hold shares, either directly or indirectly, in any company which is not finance or supporting business in excess of 10% of total issued and paid-up shares. Accordingly, by selling off its investment, CIMBT will no longer have to request for a waiver from Bank of Thailand.
- c) As CIMBT holds 20% stake of WCRC, it is not a major shareholder and does not have any involvement in the management or control over WCRC's business and operations.

## 2. Opinion on the fairness of the price, terms and conditions of payment

The Advisor has determined the fair value of WCRC on March 17, 2010. Summary of valuation results are presented in the following table:

**Table 2: Summary of valuation results**

Valuation Method	Common Share		Preferred share	
	Value (THB per share)	Premium (discount) on the offering price of THB 78.53* per share	Value (THB per share)	Premium (discount) on the offering price of THB 100.00* per share
1. Book Value Approach	78.42	(0.14%)	100.00	–
2. Price to Earnings Ratio Approach	30.96 - 44.19	(43.73%) – (60.58%)	30.96 - 44.19	(55.81%) – (69.04%)
3. Price to Book Ratio Approach	58.49 – 77.49	(1.32%) – (25.52%)	75.00 – 99.00	(1.00%) – (25.00%)

**Remark:** The offering price for common stocks is subject to change according to any changes in WCRC's audited financial statement for the year ended December 31, 2009.

Due to the limitation of WCRC's information disclosure, the Advisor's valuation is based on the available information provided to us. In this respect, the Advisor viewed that Book Value Approach and Price to Book Value Approach are appropriate methods for valuation of WCRC's shares, since these methods, when comparing to other valuation approaches i.e. Discounted Cash Flow, provide the robust net assets value of the business. Therefore, reasonable value of WCRC's common share ranges approximately THB 58.49 – 78.42 per share, whereas, WCRC's preferred share ranges between THB 75.00 – 100.00 per share. Both ranges of prices are in range of the offering prices to be made by CIMBT.

As for the payment terms and conditions (in the case that the shares are sold to CIMB), the Advisor views that these are general market practices in selling of securities and that CIMBT does not incur any disadvantage.

Taking into consideration the Advisor's opinions, the objective in conducting this transaction, the objective to make clear of CIMBT's investment structures and the requirement of Financial Institution Business Act B.E. 2551, the Advisor would like to recommend that the shareholders shall approve CIMBT's disposition of investment in WCRC, provided that the information received from both WCRC and CIMBT does not significantly change from that stated in this document.

According to the Joint Venture Agreement executed by CIMBT and other shareholders of WCRC on January 1, 2001 (summary of the Joint Venture Agreement is presented in items 1.5.9 of this document), CIMBT must first offer to sell WCRC shares to other shareholders of WCRC (Rights of First Refusal). In order to comply with this agreement, after obtaining the approval from the Shareholders' Meeting, CIMBT will notify WCRC to inform all of its shareholders their rights to buy the shares at the same offering price, terms and conditions offered to CIMB. Should all other shareholders of WCRC decline, CIMBT will then extend the offer to CIMB.

JayDee Partners Limited hereby certified that we have studied, analyzed and meticulously performed our duties as an Independent Financial Advisor, complying with the generally accepted professional standards. We rendered our opinions based on unbiased analysis with regard to best benefits of shareholders.

However, it is important to note that the Advisor's opinions are based on documents, publicly available information and/or information gained from the interview with WCRC's and CIMBT's executives and other related information. The Advisor assumed that the aforementioned sources of information are accurate and reliable. However, if the data and information are found to be inaccurate and/or unreliable and/or make any significant changes in the future, the opinion provided by the Advisor may also face a grave impact. As a result, the Advisor will not be able to hold responsible for any impacts on CIMBT and its shareholders

resulting from such events. Moreover, the objectives of giving opinion are merely to provide its professional perspectives on the transaction to CIMBT's Board of Directors and the shareholders.

The decision to vote approval for this transaction is solely discretions of the shareholders, which shall include the consideration of advantages, disadvantages, and riskiness of entering into this transaction as well as consider the attached documents submitting to the shareholders along with the shareholders' meeting invitation letter so as to make the most appropriate decision.

### **3. The Appointment of the Independent Financial Advisor**

CIMBT has appointed JayDee Partners Limited, the SEC's licensed Independent Financial Advisor, as an Independent Financial Advisor to present to the Shareholders opinions concerning the disposition and connected transaction of CIMBT's assets (WCRC's shares that are currently held by CIMBT).

### **4. Sources of information**

The opinions provided by the Advisor are based on the analysis of the information and data provided by WCRC executives and directors, information gained from the interviews with WCRC management as well as provided documentations and other public information. The Advisor also incorporates its study on the current economic situation into the report. Any signification future changes of the data and/or information used for analysis may cause a material impact on the opinions hereby provided. The independent advisor has also diligently performed the following analysis:

- a) Studied WCRC's business and its financial statements as well as the car rental industry and other publicly available relevant economic factors;
- b) Compared WCRC's financial statements to those of other companies which are comparable, all using public information;
- c) Reviewed financial prospects of WCRC compiled by WCRC executives;
- d) Analyzed other financial information as considered appropriate and relevant in rendering an appropriate opinion;
- e) Performed the valuation of WCRC's shares using various valuation methods.

Please note that the opinions of the Advisor have been translated into English in order to accommodate foreign shareholders. If there are some fragments or sentences in the English version differs from its original meaning in the Thai version, please hold on to the meanings provided in the Thai version report.

### **5. Overall Assumptions**

The opinion expressed herein has been based on the following assumptions:

- a) All information and documents obtained from WCRC, including the interview with executives, are complete, adequate and truthful. The opinions expressed are honestly held as closest to the real scenario;
- b) There is no event (which had occurred, is going to occur or is likely to occur) which may materially affect the operating results and financial performances of WCRC;
- c) All business contracts related to WCRC business operations with its counterparties are still legal, valid and binding on WCRC and the counterparties, and have not been amended, revoked or terminated;
- d) The WCRC valuation date is carried out on March 17, 2010;
- e) The valuation is based on the audited financial statements of WCRC for the year ended December 31, 2007 and 2008 and unaudited financial statements for the year ended December 31, 2009.

## Section 2: The Opinion of the Independent Financial Advisor

In order to ensure that CIMBT's investment is in compliance with the Financial Institution Business Act B.E. 2551, which prohibits financial institution to invest or hold in any company which is not in finance or supporting business in excess of 10% of issued and paid-up shares, the Board of Director Meeting No.5/2010, held on March 25, 2010, where the directors who may be deemed have interests, including Mr. Kenny Kim, Ms Wattanan Petersik and Mr. Robert Cheim Dau Meng abstained from voting, has passed the resolutions to propose to the Annual General Shareholders' Meeting No.16/2010 to consider and approve the sales of CIMBT's investment in WCRC, which operates a car rental business under the trademark "Budget Car and Truck Rental".

Regarding the aforementioned transaction, investment in WCRC under the purpose of disposition comprises of (1) 100,001 common shares and (2) 659,999 preferred shares, adding up to 760,000 shares at the par value of THB 100 each, representing 20% of WCRC's total 3,800,000 issued and paid-up shares (1,000,000 common shares and 2,800,000 preferred shares). After the disposition of WCRC's shares, CIMBT will no longer hold any shareholding in WCRC.

In this regard, CIMBT has to first offer to sell these WCRC shares to other shareholders of WCRC in order to comply with the Joint Venture Agreement signed by and between CIMBT and other shareholders of WCRC on January 1, 2001. According to the Joint Venture Agreement, should CIMBT wished to sell its investment in WCRC, CIMBT must grant the first offering to the other existing shareholders of WCRC prior to other person(s). This process will take approximately 40 days. In the case that the other shareholders of WCRC decline such offer, CIMBT will then be able to offer to sell the shares to any other person(s) (which in this case is CIMB) within 2 months period.

According to the Notification of the Board of Governor 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 and all amendments made by the Notification of the Capital Market Supervisory Board TorChor 20/2551 as well as the Section 89/29 of the Securities and Exchange Act B.E. 2551, the size of this transaction is 135.46% of consolidated net income of CIMBT for the year ended December 31, 2009. As, this transaction size is greater than 50% thus, CIMBT is required to seek approval from the shareholders to perform the transaction.

In the case that WCRC shares are sold to CIMB, the major shareholder of CIMBT, this transaction as well as all recent transactions between CIMBT and CIMB will account for 49.87% of CIMBT's consolidated net tangible assets as of December 31, 2009, according to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 and all amendments made by the Notification of the Capital Market Supervisory Board TorChor 21/2551 as well as the Section 89/12 of the Securities and Exchange Act B.E. 2551 (the size of this transaction and all recent transaction between CIMBT and CIMT is adding up to 49.87% of CIMBT's consolidated net tangible assets as of December 31, 2009). Thus, in order to enter into this transaction and other connected transactions with CIMB, CIMBT is required to obtain an approval from the Shareholders' Meeting which consists of not less than three-fourth of total votes of shareholders and proxies (if any) attending the Meeting and have the right to vote, excluding interested shareholders.

In addition, CIMBT is also required to appoint an Independent Financial Advisor to provide opinions regarding the reasonableness of this disposition of assets and connected transaction and present to the Audit Committee and the Shareholders' Meeting. In this regard, CIMBT has appointed JayDee Partners Limited, the SEC's licensed Independent Financial Advisor, as an Independent Financial Advisor to render the opinion.

JayDee Partners Limited (the "Advisor" or the "IFA") has studied and reviewed the necessary information contained in various sources including the resolutions of the Board of Director Meeting of CIMBT No.1/2010 held on January 28, 2010, the audited financial statement of CIMBT, the unaudited financial statement of WCRC prepared by its management, Affidavit, shareholders lists, Article of Association, relevant contracts,



as well as other data and documents provided by CIMBT and the executives of WCRC. In addition, the Advisor has also relied on interviews with executives and research on the car rental industry and its economic influence. Summarized details of the transaction are as followed:

## 1. Characteristics and Details of the Transaction

### 1.1 Date of the transaction and relevant parties

#### Date of the transaction

CIMBT will enter into the disposition of investment in WCRC to CIMB after obtaining an approval from the Annual General Shareholders' Meeting No.16/2010 which will be held on April 29, 2010. This is subject to the condition that other shareholders of WCRC decline the offering to be made by CIMBT, the transaction is expected to be carried out by June 2010.

#### Relevant parties and the relationship

The seller : CIMB Thai Bank Public Company Limited ("CIMBT" or the "Bank")  
 The purchaser : CIMB Bank Berhad ("CIMB")  
 The relationship : CIMB is a major shareholder of CIMBT. Besides, some executives in CIMB Group SDN Berhad (Mr. Kenny Kim, Ms Wattanan Petersik and Mr. Robert Cheim Dau Meng) are directors of CIMBT.

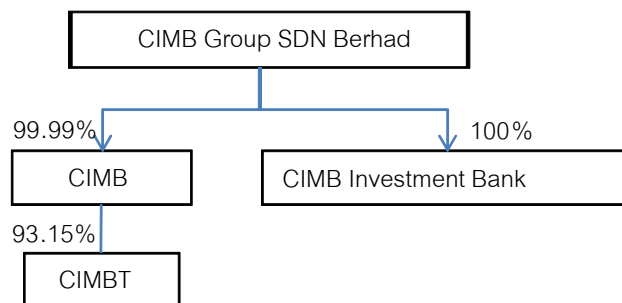
- CIMB, a 99.99% subsidiary of CIMB Group SDN Berhad, holds 12,435,069,760 shares, representing 93.15% of paid-up capital of CIMBT.
- Mr. Robert Cheim Dau Meng, a director of CIMBT and CIMB Group SDN Berhad, is an advisor of CIMB Investment Bank Berhad, a 100% subsidiary of CIMB Group SDN Berhad.
- Mr. Kenny Kim, a director of CIMBT, is a director of CIMB Investment Bank Berhad a 100% subsidiary of CIMB Group SDN Berhad
- Ms Wattanan Petersik, an independent director of CIMBT and CIMB Group SDN Berhad, is an independent director of CIMB Group SDN, a major shareholder of CIMB.

Lists of related persons who are directors of CIMB, CIMB Investment Bank Berhad and CIMB Group SDN Berhad are presented in the following table:

**Table 3: Lists of Related Persons**

Name	Position in CIMBT	Position in CIMB	Position in CIMB Investment Bank Berhad	Position in CIMB Group SDN Berhad
Mr. Robert Cheim Dau Meng	Director	-	Advisor	Director
Mr. Kenny Kim	Director	-	Director	-
Ms Wattanan Petersik	Independent Director	-	-	Independent Director

- Summary of shareholding structure are the presented below:



- CIMB is a shareholder who may have interests in the disposition of investment in WCRC and does not have the right to vote at the Annual General Shareholders' Meeting No.16/2010 which will be held on April 29, 2010.

## 1.2 Type and size of the transaction

Currently, CIMBT holds totally 760,000 shares of WCRC, which comprise of 100,001 common shares and 659,999 preferred shares at the par value of THB 100 per each type of share, representing 20% of 3,800,000 total paid-up shares of WCRC (1,000,000 common shares and 2,800,000 preferred shares).

According to the Section 34 (3) of Financial Institution Business Act B.E.2551, a financial institution is prohibited from directly or indirectly investing or holding in excess of (1) 20% of the total capital fund of that financial institution, for the aggregated investment of all companies and (2) 5% of the total capital fund of that financial institution, for single investment in a company and (3) 10% of paid-up shares in any company. In this regard, the Bank of Thailand ("BOT") is empowered to consider and grant the waiver consent to some violation cases. In the case of CIMBT's investment in WCRC, CIMBT is in the process of requesting to the BoT for the extension of the waiving period from December 21, 2009 to June 30, 2010. Thus, CIMBT will have enough time to divest its investment in order to conform to Section 34 (3) of Financial Institution Business Act B.E.2551. Recently, the Board of Director Meeting No.1/2010 held on January 28, 2010, where the directors who may be deemed have interests, including Mr. Kenny Kim, Ms Wattanan Petersik and Mr. Robert Cheim Dau Meng, has passed resolution in principle to dispose the investment in WCRC to the other shareholders of WCRC, or CIMB in the case that the current shareholders of WCRC decline the offering at the total offered value of THB 73.85 million. However, the offering price is subject to change according to any changes in WCRC's audited financial statement for the year ended December 31, 2009

According to the Notification of the Board of Governor 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, and all amendments made by the Notification of the Capital Market Supervisory Board TorChor 20/2551 as well as Section 89/29 of the Securities and Exchange Act B.E. 2551, the size of this transaction is accounted to 135.46% of consolidated net income of CIMBT for the year ended December 31, 2009. Since the transaction size is greater than 50%, CIMBT is required to obtain an approval from the Shareholders' Meeting which consist of not less than three-fourth of total votes of shareholders and proxies (if any) attending the Meeting and have the right to vote, excluding interested shareholders.

In the case that other existing shareholders of WCRC decline CIMBT's offering, CIMBT will then be able to sell the shares to any other person(s), in this case is CIMB. This transaction as well as all recent transactions between CIMBT and CIMB are adding up to 49.87% of CIMBT's consolidated net tangible assets as of December 31, 2009 according to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 and all amendments made by the Notification of the Capital Market Supervisory Board TorChor 21/2551 as well as Section 89/12 of the Securities and Exchange Act B.E. 2551. Hereupon, in

order to enter into this transaction and other connected transactions with CIMB, CIMBT is required to obtain an approval from the Shareholders' Meeting which consists of not less than three-fourth of total votes of shareholders and proxies (if any) attending the Meeting and having a right to vote, excluding interested shareholders.

### **1.3 Details of the assets to be sold**

CIMBT intends to dispose its total investment of 760,000 WCRC shares, which comprise of 100,001 common shares and 659,999 preferred shares, at the par value of THB 100 each. This represents 20% of 3,800,000 paid-up shares (1,000,000 common shares and 2,800,000 preferred shares).

Preferred shareholders have superior right to common shareholders in the extent that preferred shareholders have the priority in dividend payment at the payment rate up to 17% per annum of paid-up capital as well as the priority to claim on capital upon liquidation. Nevertheless, the rights of preferred shareholders are excluded from the profit sharing and preferred shareholders have the same voting rights to common shareholders in the sense that 1 share equals 1 vote. As of December 31, 2009, WCRC still incurred accumulated loss of THB 21.58 million and has never paid dividend yet. However, the deficit amount is expected to be offset in 2010.

### **1.4 Precedent conditions to the Transaction**

According to the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546, and all amendments made by the Notification of the Capital Market Supervisory Board TorChor 21/2551, CIMBT is required to obtain an approval from the Shareholders' Meeting prior to entering into the transaction. Shall this be the case, CIMBT will propose the notification letter to the Board of Director of WCRC in order to inform their intention to the other shareholders of WCRC. Those shareholders have the first priority to purchase the offered shares at the same offering price and terms and conditions of payment that offered to CIMB. In the event that the other shareholders of WCRC decline, CIMBT will enter into the transaction with CIMB, which is expected to be finished in June 2010.

### **1.5 Summarized Profile of Worldclass Rent a Car Company Limited**

#### **1.5.1 Background information and Distinctive Development of the Company**

Worldclass Rent A Car Company Limited was previously named QPTK (Thailand) Company Limited. It was established and registered on June 8, 1995 with the initial registered capital of THB 100 million. The purpose of the company were to provide cars for rental, under the brand and trademark "Budget Car and Truck Rental," and other business to support the car rental business; such as selling WCRC used cars whose lease agreement had expired or which had surpassed usage period.

Currently, WCRC has the registered and paid capital of THB 380 million, divided into 1,000,000 common shares, and 2,800,000 preferred shares, at the par value of THB 100 each. The company's head office is located at 19/23 Building A, Royal City Avenue, Soi Soonvijai, New Petchburi Road, Bangkok Sub-district, Huai Khwang District, Bangkok 10320. There are altogether 22 branches offering car rental services in 16 provinces which are Thailand's economic centers and touristic sites such as Bangkok, Chiang Rai, Chiang Mai, Pitsanulok, Udontanee, Khonkaen, Ubonrachatanee, Nakhon Rachaseema, Chonburi, Rayong, Prajuaabkeereekhan, Surat Thani, Songkhla, Phuket, Pang Nga, and Krabi. The office selling used cars is located at 19 Soi Pattanakarn 29, Pattanakarn Road, Suan Luang Sub-district, Suan Luang District, Bangkok 10250.

WCRC's background information and distinctive development are listed below:

**1995**

June : The company was established under the name QPTK (Thailand) Company Limited to provide cars for rental. The registered capital was THB 100 million, at the par value of THB 100 each, and the paid-up capital was THB 25 million.

August : The company executed a Joint Venture Agreement with Budget Rent a Car International Inc (USA) and so be able to use the brand, trademark, and car-renting system of "Budget Car and Truck Rental" to provide cars for rental in Thailand.

November : The company's name was changed to Worldclass Rent a Car Company Limited. The company started the business of car rental under the brand and trademark "Budget Car and Truck Rental."

**1996** : THB 75 million was called from shareholders to utilize as working capital. So the issued and paid-up capital was adding up to THB 100 million, at the par value of THB 100 each.

**1997**

December : Due to the economic crisis in Asia Pacific, the closing down of many financial institutions in Thailand, and the government's policy to devalue the Thai Baht, WCRC increased its registered capital from THB 100 million to THB 380 million. There were 2.8 million preferred stocks, and 1 million common stocks, at the par value of THB 100 each.

### 1.5.2 Business Description

The primary business of WCRC is providing cars for rental under the brand and trademark "Budget Car and Truck Rental." The majority of cars provided are Japanese car such as Toyota, Honda, and Nissan, as they are easy to be sold as used cars afterward. However, to accommodate variety of customers need, WCRC also provides European cars as well as cars with personal drivers. Currently, there are around 2,000 cars of many models, sizes, and types including personal cars, pick-up trucks, vans, and SUV cars to be offered for rental.

As for setting the car rental fees, which are stable throughout the leasing period, apart from considering types of cars, brands, models, and the opportunity to be resold, WCRC also considers these factors:

- Cost of fund and cost of operating of WCRC
- The business of customers such as government offices, state enterprises, private organizations, international companies, as well as the size and financial status of customers. This is to consider whether there is a risk in losing the payment.
- Customer's purpose of car rental, the renting period, and the driver. This is in order to estimate the price and condition of the car after the rental
- The opportunity to be resold when leasing contract expires, considering the quality and category of cars such as type, brand name, model, additional equipments, and price in the market
- Maintenance cost
- Other additional services such as car replacement, and car insurance

WCRC provides 2 kinds of car rental services:

#### 1) Operating lease

The operating lease contact lasts for 1 to 3 years. Customers are individuals, corporation, international companies, government offices, and state enterprise, who are in need of vehicles and all kinds of additional services. Customers do not have to pay the maintenance cost of the vehicle. Customers are able to choose the brand of car, model, additional equipments, and services such as car replacement, but WCRC still has proprietary right when the lease expires.

## 2) Short-term car rental

These services consist of daily, weekly, and monthly car rent focuses on current customers who are already renting WCRC cars under operating lease contacts and wish to have short term car rent, Thai and foreign tourists, companies in need of pick-up trucks, private persons, and corporation. Customers can choose from various types of cars including private cars, pick-up trucks, vans, and SUV cars. WCRC will collect full rental fees and insurance premium in advance from the customers. Insurance premium, however, varies depending on the customer's qualification and the type of car they would like to rent.

Besides, in order to create value added to the business, WCRC also offers additional services to customers as follows:

- Customer Service Centre offers helps and advices, receives suggestions and complaints from customers, in order to allow customers to use rented car efficiently under a reasonable payment.
- 24 hour call centre offers advices to customers, a team of mechanics, service cars, and tow trucks to assist customers in emergency.
- Checking and maintenance throughout the renting period in the lease agreement, or before delivering cars to short-term renting customers. Cars are checked at garage guaranteed by brand's company. So customers can use quality cars and be safe in driving.
- Third party insurance and car insurance
- Car replacement in case of accident or loss

WCRC has 22 offices and branches offering car rental: 2 in Bangkok, and 20 offices located in 16 provinces, which are Thailand's economic centers and touristic sites shown below:

**Table 4: Head Office and branches of WCRC**

Province	Branch
1. Bangkok	Head Office , Suvarnabhumi Airport
2. Chonburi	Pattaya
3. Rayong	Bowin Eastern Seaboard
4. Chiang Rai	Muang District
5. Chiang Mai	Muang District
6. Phitsanulok	Phitsanulok Airport
7. Udon Thani	Udon Thani Airport
8. Khon Kaen	Khon Kaen Airport
9. Ubon Ratchathani	Ubon Ratchathani Airport
10. Nakornratchasima	Korat Tesco Lotus
11. Prachuabkirikhan	Hua Hin
12. Surat Thani	Surat Thani Airport, Samui Airport, Chaweng Beach
13. Songkhla	Hat Yai Airport, Kuanlang Sub - district
14. Phuket	Phuket Airport, Maikao Sub - district, Patong Beach
15. Krabi	Krabi Airport
16. Phang-nga	Khao Lak Sub - district

Apart from providing cars for rental and additional services, WCRC also has a policy to resell used cars whose lease agreement had expired or which had surpassed usage period, normally set at 3 years. WCRC sells used cars through auction companies and directly to customers via Budget Car Sales located in Soi Pattanakarn 29, Pattanakarn Road, Bangkok. As for the decision to sell used cars, WCRC considers the total number of cars, car condition, usage, maintenance cost, and maintenance period. Before reselling cars, WCRC would bring them into a good and ready-to-use condition. Setting prices must be based on the prices of used cars in the market.

### 1.5.3 Revenue structure

Revenue structure of WCRC for the year ended December 31, 2007 – 2009 can be shown in three categories as follows:

**Table 5: WCRC's revenue structure for the year ended 2007 - 2008**

Items	2009E*		2008		2007	
	THB	%	THB	%	THB	%
Rental and services incomes	384.94	66.37%	350.45	68.72%	355.31	75.08%
Gain on disposal of fixed assets	119.75	20.65%	87.61	17.18%	49.96	10.56%
Other incomes	75.33	12.99%	71.87	14.10%	67.95	14.36%
<b>Total revenues</b>	<b>580.02</b>	<b>100.00%</b>	<b>509.93</b>	<b>100.00%</b>	<b>473.22</b>	<b>100.00%</b>

Remark: \* Revenues for 2009 is based on the unaudited financial statement for the year ended December 31, 2009

### 1.5.4 The Board of Directors

The Board of Directors of WCRC as of March 17, 2010 is listed below:

**Table 6: The Board of Directors of WCRC**

Name	Position
1. Mr.Vanchai Tungpanichdee	Director
2. Mr.Khampee Suwanrat	Director
3. Mr.Varith Tritrapun	Director
4. Mr.George Johan Proos	Director
5. Ms.Ann Dawson	Director
6. Mr.Chatchai Thaweeyonchai	Director
7. Mr.Hasadin Eiamcheerangkoon	Director

Remark: CIMBT does not have any representative as director or management of WCRC

### 1.5.5 The Shareholders

The Shareholders of WCRC as of March 17, 2010 is listed below:

**Table 7: The Shareholders of WCRC**

Name of shareholders	Number of Shares	% of Total
1. Budget Rent A Car International, Inc.	900,000	23.68
2. Leenutaphong Holding Co.,Ltd	900,000	23.68
3. CIMB Thai Bank PCL.	760,000	20.00
4. I.C.C. International PCL.	675,000	17.76
5. Dusit Thani PCL.	200,000	5.27
6. Vitayasithi Co.,Ltd	137,499	3.62
7. Fareast Securities Company Limited	90,000	2.37
8. I.D.F Co.,Ltd	87,501	2.30
9. Dhana Nakorn Finance & Securities PCL.	50,000	1.32
<b>Total</b>	<b>3,800,000</b>	<b>100.00</b>

Source: www.bol.co.th

### 1.5.6 Summary of Financial Status and Performance

Summary of financial status and performance presented in the following table is from audited financial statement for the year ended December 31, 2007 – 2008, notwithstanding, financial items in 2009 are from unaudited financial statement prepare by the management of WCRC.

**Table 8: Summary of WCRC's financial statement for the year ended 2007 – 2009**

<b>World Class Rent a Car Co., Ltd.</b>	<b>2009E</b>	<b>2008</b>	<b>2007</b>
<b>Balance Sheet (Unit: THB)</b>			
<b>Assets</b>			
Cash and cash equivalent	83,497,127	33,327,367	13,781,704
Short-term investment	-	10,000,000	-
Trade account receivables – net	51,804,368	42,598,383	48,595,357
Unbilled receivables	14,089,801	13,599,434	12,853,041
Withholding income tax	-	-	945,768
Other current assets	77,680,907	48,044,087	48,439,509
<i>Total current assets</i>	<i>227,072,203</i>	<i>147,569,271</i>	<i>124,615,379</i>
Plant and equipment – net	1,239,244,822	897,095,852	692,689,650
Deferred royalties	2,284,721	2,461,587	2,638,453
Intangible assets – net	1,031,833	1,358,742	476,577
Withholding income tax	-	945,768	5,335,125
Other non-current assets	-	4,333,808	1,842,324
<i>Total non-current assets</i>	<i>1,242,561,376</i>	<i>906,195,757</i>	<i>702,982,129</i>

<b>World Class Rent a Car Co., Ltd.</b>			
<b>Balance Sheet (Unit: THB)</b>	<b>2009E</b>	<b>2008</b>	<b>2007</b>
<b>Total assets</b>	<b>1,469,633,579</b>	<b>1,053,765,028</b>	<b>827,597,509</b>
<b>Liabilities and Shareholders' Equity</b>			
Trade account payables	50,570,548	38,464,721	36,496,770
Current portion of long-term liabilities			
Long-term loans	3,777,500	26,176,933	24,312,918
Liabilities under hire purchase / financial leases	414,141,110	296,317,174	210,903,712
Other account payable from related company	1,314,411	2,269,628	2,409,763
Other current liabilities	27,198,020	20,662,784	13,732,210
<i>Total current liabilities</i>	<i>497,001,588</i>	<i>383,891,240</i>	<i>287,855,373</i>
Long-term loan – net	-	3,777,484	29,954,417
Liabilities under hire purchase / finance leases – net	614,208,145	336,918,760	208,095,012
<i>Total non-current liabilities</i>	<i>614,208,145</i>	<i>340,696,244</i>	<i>238,049,429</i>
<b>Total Liabilities</b>	<b>1,111,209,733</b>	<b>724,587,484</b>	<b>525,904,802</b>
<b>Shareholders' Equity</b>			
Paid-up share capital			
Preferred share 2,800,000 shares Baht 100 per share	280,000,000	280,000,000	280,000,000
Common share 1,000,000 shares Baht 100 per share	100,000,000	100,000,000	100,000,000
Retained earnings (Deficit)	(21,576,154)	(50,822,456)	(78,307,293)
<b>Total Shareholders' Equity</b>	<b>358,423,846</b>	<b>329,177,544</b>	<b>301,692,707</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>1,469,633,579</b>	<b>1,053,765,028</b>	<b>827,597,509</b>

<b>World Class Rent a Car Co., Ltd.</b>			
<b>Profit and Loss Statement (Unit: THB)</b>	<b>2009E</b>	<b>2008</b>	<b>2007</b>
<b>Revenues</b>			
Rental and services incomes	384,938,701	350,447,819	355,310,836
Gain on disposal of fixed assets	119,747,262	87,610,286	49,959,542
Other incomes	75,332,421	71,875,647	67,951,414
<b>Total revenues</b>	<b>580,018,384</b>	<b>509,933,752</b>	<b>473,221,792</b>
<b>Expenses</b>			
Cost of rental and services	367,401,365	322,411,848	298,805,340
Administrative expenses	126,171,702	117,790,079	114,745,812
<b>Total expenses</b>	<b>493,573,067</b>	<b>440,201,927</b>	<b>413,551,152</b>
<b>Profit (loss) before interest expenses and income tax</b>	<b>86,445,317</b>	<b>69,731,825</b>	<b>59,670,640</b>
Interest expenses	(38,887,103)	(29,059,282)	(32,471,958)
Income tax	(18,311,912)	(13,187,706)	(12,863,913)
<b>Net profit (loss)</b>	<b>29,246,302</b>	<b>27,484,837</b>	<b>14,334,769</b>



<b>World Class Rent a Car Co., Ltd.</b>		
<b>Cash flow Statement (Unit: THB)</b>	<b>2008</b>	<b>2007</b>
<b>Cash flows from operating activities</b>		
Net profit (loss) before income tax	40,672,543	27,198,682
Adjustments to reconcile profit to net cash by operations	176,235,558	204,454,612
Net cash flow from change in working capital	22,241,611	20,535,143
Cash paid for interest expenses	(28,346,992)	(33,922,193)
Cash paid for income tax	(12,668,023)	(11,445,821)
<b>Net cash received (payment) from operating activities</b>	<b>198,134,697</b>	<b>206,820,423</b>
<b>Cash flows from investing activities</b>		
Disposal of fixed assets	194,462,618	182,619,153
Purchase of fixed assets	(549,401,790)	(226,200,886)
Intangible assets	(1,082,670)	(82,419)
Other non-current asset	(2,491,484)	(429,728)
<b>Net cash received (payment) from investing activities</b>	<b>(358,513,326)</b>	<b>(44,093,880)</b>
<b>Cash flows from financing activities</b>		
Payment from S/T loans from related financial institution	-	(15,000,000)
Received s/t investments	(10,000,000)	-
Received other L/T loans	(24,312,918)	(21,253,970)
Hire purchase / Finance lease liabilities increase (decrease)	214,237,210	(130,938,656)
<b>Net cash received (payment) from financing activities</b>	<b>179,924,292</b>	<b>(167,192,626)</b>
Net increase (decrease) in cash and cash equivalents	19,545,663	(4,466,083)
Beginning balance	13,781,704	18,247,787
<b>Ending balance</b>	<b>33,327,367</b>	<b>13,781,704</b>

Remark: Audited statement of cash flow for the year ended December 31, 2009 is in the process of preparation

<b>Financial Ratio</b>	<b>Unit</b>	<b>2009E</b>	<b>2008</b>	<b>2007</b>
<b>Profitability Ratio</b>				
Gross profit margin	%	27.20%	26.40%	26.27%
Net profit margin	%	5.04%	5.39%	3.03%
Return on Equity	%	8.51%	8.71%	4.87%
<b>Asset Turnover Ratio</b>				
Return on Asset	%	2.32%	2.92%	1.58%
Total Asset Turnover	%	45.97%	54.21%	52.19%
<b>Financial Policy Ratio</b>				
Total Debt / Equity	X	3.10	2.20	1.74
Dividend payout	%	0.00%	0.00%	0.00%

## **Overall performance**

Total revenues of WCRC for the year ended 2009 was THB 580.02 million and net profit was THB 29.25 million. Total assets as of December 31, 2009 was THB 1,469.63 million, increased by THB 415.87 million comparing to the same period of last year. The increase in WCRC's total assets resulted from an increase in cash and cash equivalent of THB 50.17 million as well as an increase in net property, plant and equipments of THB 342.15 million as a result of the improvement in total revenue and operating performance. Whereas, total liabilities were THB 1,111.21 million and total shareholders' equity was THB 358.42 million, increased by THB 386.62 million and THB 29.25 million comparing with the same period last year, respectively.

### **Revenues**

Total revenue for the year ended 2007 – 2009 was THB 473.22, 509.93 and 580.02 million, respectively. Most of which was revenue from rental and services. In 2008, rental and services income was THB 350.45 million, decreased by THB 4.86 million comparing to the same period of 2007. This resulted from the economic contraction in Thailand as well as price competition in the industry which, in turn, affected an expansion of WCRC's customer base. Nevertheless, rental and services income in 2009 increased to THB 384.94 million represented an increase of THB 34.49 million or 9.84% comparing with that in 2008. This was due to the implementation of WCRC's business strategies, which enhanced its rental services to be privileged to its peer competitors along with maintaining the rental rate to sustain its competitiveness. These strategies helped WCRC maintaining its current customers together with expand its business to the new group of customers. Not only revenue from rental and services, other sources of WCRC's total revenue also come from gain on disposal of fixed assets which comprise of the resell used cars whose lease agreement had expired or which had surpassed usage period. For 2007 – 2009, gain on disposal of used car was THB 49.96 million, THB 87.61 million and THB 119.75 million or represented 10.56%, 17.18% and 20.65% of total revenues, respectively. The gradually increase in gain on disposal of used car was resulted from a further maintenance of used cars to maintain its value as well as the management for selling distribution, especially by the auction off and WCRC's car sale center (Budget Car Sales).

In addition, WCRC also earned other revenues from car rental services such as income from driver services and insurance premium. For 2007 – 2009, other revenue was THB 67.95 million, THB 71.88 million and THB 75.33 million or represented 14.36%, 14.10% and 12.99% of total revenues, respectively. The increase in other revenue was due to the increase of driver services and insurance premium.

### **Cost and Expenses**

For 2007 – 2009, cost of rental and services accounted to THB 298.81 million, THB 322.41 million and 367.40 million or represented 73.73%, 73.60% and 72.80% of total revenue (exclude other incomes), respectively. The increase in cost of rental and services was due to an increase in direct cost of car rent as well as cost of car maintenance in order to maintain its car sales value and enhance its marketability.

Administrative expenses comprise of management remuneration, wages and salary, marketing expense, rental expense and etc. In 2007, an administrative expense was THB 114.75 million and increased to THB 126.17 and THB 126.17 million in 2008 and 2009 respectively. Nevertheless, proportion of administrative expense to total revenue was gradually declining from 24.25%, 23.10% and 21.75% each year. This resulted from the implementation of new business strategies that helped WCRC to control its expense effectively.

### **Net profit**

For the year ended 2007 – 2009, WCRC's gross profit accounted to THB 106.47 million, THB 115.65 million and THB 137.28 million, or represented gross margin of 26.27%, 26.40% and 27.20% respectively. Beside, net profit for the year ended 2007 – 2009 were THB 14.33 million, THB 27.48 million and THB 29.25 million, or represented net profit margin of 3.03%, 5.39% and 5.04% respectively. As the result shown, net profit margin has increased continuously due to the increase in gain on disposal of fixed assets as well as the efficiency in cost control. Net profit margin for the year ended 2009, however, showed a slightly decrease comparing to 2008. This was primary due to an increase in interest expenses and income tax expense due to the improvement in operating profit.

As mentioned earlier, WCRC's capital consisted of 2,800,000 preferred shares. Preferred shareholders have the right to obtain dividend payment at the specified rate prescribed in the Joint Venture Agreement (summary of the Joint Venture Agreement is presented in section 1.5.9 of this report) Nevertheless, WCRC has never distributed any preferred dividend to preferred shareholders since 1997, as it still have accumulated loss.

Return on equity for the year ended 2007 – 2009 was 4.87%, 8.71% and 8.51% respectively. The slightly decrease in return on equity in 2009 was due to the increase in average shareholders' equity as a result of positive operational profit.

## **Financial Status**

### **Assets**

WCRC's total assets as of December 31, 2007 – 2009 were THB 827.60 million, 1,053.77 million and THB 1,469.63 million, respectively. Total current assets accounted for THB 124.62 million, THB 147.57 million and THB 227.07 million or represented 15.06%, 14.00% and 15.45% of total assets each year. Total non-current assets accounted for THB 702.98 million, THB 906.20 million and THB 1,242.56 million or represented 84.94%, 86.00% and 84.55% of total assets each year. The increase in total assets at the end of 2008 and 2009 resulted from an increase in value of net vehicles for rent. In 2007, net vehicles for rent accounted for THB 688.49 million an increased to THB 891.16 million and THB 1,232.89 million in 2008 and 2009, respectively. This was primarily due to an increase in number of vehicles for rent.

### **Liabilities**

Total liabilities at the end of 2007 was THB 525.90 million and increased to THB 724.59 million and THB 1,111.21 million at the end of 2008 and 2009, respectively. This represented 63.55%, 68.76% and 75.61% of total assets each year. Total current liabilities at the end of 2007 – 2009 accounted for THB 287.86 million, THB 383.89 million and THB 497.00 million or represented 54.74%, 52.98% and 44.73% of total liabilities each year. Total non-current liabilities accounted for THB 238.05 million, THB 340.70 million and THB 614.21 million or represented 45.26%, 47.02% and 55.27% of total liabilities each year. Material items of liabilities comprised of long-term loans and liabilities under hire purchase/ financial lease. At the end of 2007, total long-term loan of WCRC accounted to THB 54.27 million, and decreased to THB 29.95 million and THB 3.78 million at the end of 2008 and 2009, respectively. Total liabilities under hire purchase/ financial lease at the end of 2007 accounted for THB 419.00 million and increased to THB 633.24 million and THB 1,028.35 million at the end of 2008 and 2009, respectively. A continuous increase in liabilities under hire purchase/ financial lease resulted from the procurement of vehicle for rent. This is a general type of financing for car rental business.

### **Equity**

As of December 31, 2009, WCRC's issued and paid-up capital was THB 380.00 million, comprised of 2.80 million preferred shares (par value of THB 100.00 per share) and 1.00 million common shares (par value of THB 100.00 per share). At the end of 2009, WCRC had loss carried forward of THB 21.58 million, decreased from the previous balance at the end of 2008 due to the net profit of THB 29.25 million from FY2009. Consequently, total shareholders' equity as of December 31, 2009 was THB 358.42 million.

### **Capital Structure**

WCRC procures its vehicle for rent by using source of fund from hire purchase/ financial lease. In this regard, portion of liabilities under hire purchase / financial lease at the end of 2007 – 2009 was 79.67%, 87.39% and 92.54%, respectively. This source of fund conforms to cash flow from operation and help WCRC to operate its cash outflow and inflow efficiently. Apart from hire purchase/ financial lease, WCRC also uses source of fund from long-term loan. The consideration for loan financing is subject to the reasonableness of interest rate, terms and conditions of payment as well as the consistency between cash inflow and cash outflow from operation.

As of December 31, 2007 – 2009, WCRC's debt to equity ratio was 1.74, 2.20 and 3.10 times, respectively. Although, WCRC has positive performance which gradually increased shareholders' equity, liabilities under

hire purchase/ financial leases has been growing at a higher rate than the growing of shareholders' equity. Consequently, debt to equity ratio has been increasing during the aforementioned period.

### 1.5.7 Goal of the Company

WCRC aims to expand its customer base and maintain substantial market share as one of the leaders in car rental business, both in the operating lease and the short-term rental business. WCRC gives priority to high quality products and additional services to serve every group of customers.

### 1.5.8 Market and Competition

#### 1) Target customers

WCRC's target customers are mainly tourists, private companies, government offices, and state enterprise. Corporate customers mostly rent a car for a period of not more than 3 years, while individual customers seek for a short-term rental: daily, weekly, and monthly. In 2009, proportion of revenue from operating lease customers versus car rental customer was approximately 50/50.

#### 2) Business policy

- Provide products and additional services to meet each customer's need  
WCRC will purchase the type, brand, model, and additional equipments of cars according to each customer's need such as car insurance, car replacement in case of accident, and maintenance. This is to provide the highest customers' satisfaction and urge them to reuse WCRC's services.
- Build good relationships with customers to maintain customer base  
WCRC has a policy to develop good relationship with customers by using fast and quality services as well as meeting and calling customers to receive comments and suggestions.
- Control cost more efficiently  
As WCRC has a great number of cars for rental, the company also has the ability to bargain for lower cost of operation such as budget for purchasing cars, and cost for car insurance.

#### 3) Business Potential

WCRC's strengths are shown below:

- Reputation in car rental business  
Since its inception, WCRC has been providing services for customers under the brand and trademark "Budget Car and Truck Rental," which is widely accepted internationally. Therefore, WCRC is regarded as one of Thailand's leading car rental companies, which provides both operating lease and short-term rental.
- Economy of Scale  
As WCRC has a great number of cars for rental, the company is able to efficiently control its cost, such as the ability to bargain for the cost of car purchase, interest rates, and the ability to utilize the employee in car supporting business.
- Service quality  
WCRC can provide fast services to customers in every region as it has 22 branches located in Thailand's economic centers and touristic sites, as well as 24 hours call centre (02 203 0250).

#### 4) Competition and business trend

Currently, car rental business is mainly divided into 2 categories which are 1) Financial Lease and Hire Purchase, and, 2) Operating Lease and Car Rental.

Mostly those who provide financial lease and hire purchase are financial institutions, subsidiary of car makers, and general leasing companies. Target customers of these entrepreneurs are individuals who prefer to own cars and their marketing strategy tends to be using price

competition. These entrepreneurs are not direct competitors of WCRC since their target customers and the business strategies are different from WCRC, which focus on operating lease. The operating lease allows customers to use the property and they can terminate the lease contract when they no longer need that property. The leasing company is responsible for maintenance cost, and the property can be rented to others after the expiration of the leasing contracts. Additionally, business strategy of the car rental operators is to give priority to the service quality. WCRC's competitors are middle-sized and big-sized famous car rental companies, namely, Thai International Rent a Car Company Limited (AVIS), Hertz System Company Limited (HERTZ), Krungthai Car Rent and Lease Public Company Limited, Master Car Rental Company Limited, and Petchburi Car Rent Company Limited (1978).

In 2009, the car rental business on the whole met a recession due to the economic downturn, the declining tourist industry, and the country's political situation. As a result, the competition among dealers and entrepreneurs is more intensify, using price and cost competition. As for car rental business in 2010, it is estimated that the business will continue to expand due to the recovery of the world's and the country's economic conditions. Nevertheless, the country's political uncertainty and the soaring oil price and various risk factors cause entrepreneurs to be well aware of their investment and cost control, in particular in transportation, the main variable cost. Therefore, government offices, private sectors, and private organizations change their vehicle usage policy from purchasing to renting in order to manager an accurate operating budget.

### 1.5.9 Summary of material contracts

#### 1) Summary of the Joint Venture Agreement

The Joint Venture Agreement has been made by and between the shareholders of WCRC and in effect since January 1, 2001. The principle objective of this Joint Venture Agreement is to conduct a car rental business under the name "Budget Car and Truck Rental" in Thailand. This agreement specifies the details regarding management of WCRC, share capital, working capital requirements, additional investment capital, application of net income before income taxes, reports and meetings, encumbering shares, transfer of shares, compulsory sales of shares in case of default, confidentiality, license agreement, relationship of parties, termination of agreement, deadlock and resolution of dispute, accounting, subsidiaries and general.

According to the confidentiality clause of the Joint Venture Agreement, the Advisor provides merely a fraction of information, which is relevant to this Transaction as follows:

#### - Share Capital

The registered Capital of the Company is THB 380,000,000 consists of 1,000,000 ordinary shares at the par value of THB 100 each and 2,800,000 preferred shares at the par value of THB 100 each.

The preferred shares are entitled to a cumulative preferential dividend at the rate of up to 17% per annum of WCRC's total paid-up capital and shall rank both as regard such dividend and as to the capital, in priority to all other shares in the ordinary capital, but not cover any rights to participate in the profits. Preferred shares have the same ranks for voting purpose at the meeting of WCRC as have ordinary shares, that is to say, each preferred shares shall be entitled to one vote, as likewise are ordinary shares.

#### - Transfer of Shares

- A shareholder shall not transfer its share to any persons other than sell to existing shareholders of WCRC ("the Remaining Shareholders"). The transfer notice shall specify the number of shares proposed to be transferred, state the price at which each share is offered to be sold as well as the proposed terms and conditions of sale.

- If, at the end of the Period of Acceptance<sup>(1)</sup>, the Remaining Shareholder have not to lodge a Notice of Acceptance, then a selling shareholder may at any time within 2 months after the Period of Acceptance sell and transfer its shares to any person at a price equal to or greater than price and on terms and conditions that are not more favorable to the Remaining Shareholder.

<sup>(1)</sup> *Period of Acceptance is approximately 40 days*

## 2) Summary of the International Prime License Agreement

On August 15, 1995 WCRC entered into an International Prime License Agreement with Budget Rent A Car International, Inc, one of the major shareholders, whereby the latter agreed to grant trade names, trademarks and service system of “Budget Car and Truck Rental” to WCRC to operate car rental business in Thailand. In consideration thereof, WCRC is committed to pay yearly license fee. WCRC is also committed to pay royalty fee bases on certain percentages of rental income as stipulated in the agreement. The term of this agreement is for a period of 5 years, renewable for 5 years periods. In case of termination of the contract, 180 days prior written notice shall be issued to the other party.

### 1.6 Summarized profile of CIMB Thai Bank Public Company Limited

#### 1.6.1 Background information and Distinctive Development of the Company

CIMB Thai Bank Public Company Limited (“CIMBT”), previously known as Bank Thai Public Company Limited, was established in 1998 as a result of the consolidation among Union Bank Plc, 12 intervened finance companies\* and Krungthai Thanakit Finance Plc\*\* according to the Ministry of Financial and the BOT’s announcement of financial sector restructuring program on August 14 1998, the Cabinet resolution on October 1998 and the announcement of the Ministry of Finance on December 22, 1998. Consequently, a new commercial bank was formed and renamed as “Bank Thai Co., Ltd.” on December 21, 1998, which the Financial Institutions Development Fund (“FIDF”) was the major shareholder. Later on, Bank Thai submitted the proposal for enlisting its share in the SET and the SET approve the enlisting proposal on March 30, 2001 with the stock symbol “BT”.

On 5 November 2008, CIMB, on behalf of CIMB Group, a leading financial institution in Southeast Asia, offered to purchase Bank Thai’s ordinary shares from the FIDF, and become the major shareholder of the Bank with a shareholding of 42.13% of total paid-up capital of Bank Thai. According to the notification and regulations of the SEC, CIMB had to make a tender offer to all remaining shares of Bank Thai. Upon completion of tender offer on January 6, 2009, CIMB’s shareholding in Bank Thai increased to 6,143,544,532 shares, representing 92.04% of total issued and paid-up shares of Bank Thai. On May 4, 2009, Bank Thai Co., Ltd. was renamed to “CIMB Thai Bank Public Company Limited” and its stock symbol was changed to “CIMBT”. At the present, CIMB’ shareholding in CIMBT accounts to 12,435,069,760 or represent 93.15% of total issued and paid-up capital.

\* Comprise of

Nava Finance and Securities Public Company Limited	Vajiradhanathun Finance Co., Ltd.	First City Investment Public Company Limited
Thai Summit Finance and Securities Co., Ltd.	Erawan Trust Co., Ltd.	Ksit Finance and Securities Public Company Limited
Mahatun Finance Co., Ltd.	Progressive Finance Co., Ltd.	Union Asia Finance Public Company Limited
Bangkok Asian Finance Co., Ltd.	Dhana Siam Finance and Securities Public Company Limited	IFCT Finance and Securities Public Company Limited

\*\* Previously named Krungthai Thanakit Finance and Security Public Company Limited



## 1.6.2 Description of business

CIMBT is licensed by the Ministry of Finance and related authorities to engage in commercial banking, which constitutes the primary business of the Bank. The main business areas of CIMBT can be summarized as follows:

- (i) Commercial banking: the Bank provides a full suite of commercial banking products and services, such as deposits, loans, discounting, aval/acceptance of bills of exchange, letters of guarantee, foreign exchange trading, letters of credit, tele-banking and ATM services;
- (ii) Insurances: life and non-life insurance brokerage as licensed by Office of Insurance Commission, Ministry of Finance;
- (iii) Securities businesses and other related businesses as licensed by the Office of the Securities and Exchange of Commission (SEC) and/or Ministry of Finance such as:
  - (a) Financial advisory;
  - (b) Registrar and paying agent services
  - (c) Debt securities dealing and underwriting
  - (d) Bondholders' representative
  - (e) Brokerage, dealing and underwriting of investment unit trusts
  - (f) Custodian services and
  - (g) Derivatives dealing;
- (iv) Business consultancy; and
- (v) Asset management

## 1.6.3 Revenue Structure of CIMBT, its Subsidiaries and Associated

**Table 9: Revenue Structure of CIMBT, its Subsidiaries and Associated**

### CIMBT

(THB: million)

	As of December 31						
	2009		2008		2007		
	Amount	%	Amount	%	Amount	%	
Interest and Dividend Income							
1. Loans	5,572.25	62.96	6,990.96	70.17	7,819.41	88.00	
1.1 Borrowings	4,229.61	47.79	6,249.05	62.72	6,870.20	77.32	
1.2 Overdrafts	351.29	3.97	401.48	4.03	427.59	4.81	
1.3 Bills Discounts	991.35	11.20	340.43	3.42	521.62	5.87	
2. Interbank and money market items	416.34	4.70	774.25	7.77	863.59	9.72	
2.1 Deposits	0.54	0.01	16.99	0.17	625.04	7.03	
2.2 Loans	415.80	4.69	749.87	7.53	127.43	1.44	
2.3 Securities Purchased Under Resale Agreement	-	-	7.39	0.07	111.12	1.25	
3. Securities	1,402.22	15.84	3,209.72	32.21	5,252.92	59.11	
Net interest and dividend income	7,390.81	83.50	10,974.93	110.15	13,935.92	156.83	
Non-interest Income							
1. Fees and charges	620.30	7.01	759.97	7.63	1,455.53	16.38	
1.1 Acceptances, aval and guarantees	80.53	0.91	109.57	1.10	124.26	1.40	
1.2 Others	539.77	6.10	650.40	6.53	1,331.27	14.98	

	As of December 31					
	2009		2008		2007	
	Amount	%	Amount	%	Amount	%
2. Gains (losses) on exchange rates	104.53	1.18	193.63	1.94	(317.27)	(3.57)
3. Other income	735.51	8.31	(1,965.05)	(19.72)	(6,188.09)	(69.64)
3.1 Others	735.51	8.31	(1,965.05)	(19.72)	(6,188.09)	(69.64)
Total non-interest income	1,460.34	16.50	(1,011.45)	(10.15)	(5,049.83)	(56.83)
<b>Total Income</b>	<b>8,851.15</b>	<b>100.00</b>	<b>9,963.48</b>	<b>100.00</b>	<b>8,886.09</b>	<b>100.00</b>

Source: CIMBT

**CIMBT's Subsidiaries and Associated Company**

(THB: million)

Company Name/ Structure	2009		2008		2010	
	Amount	%	Amount	%	Amount	%
<b>1. CIMB Securities (Thailand) Co., Ltd.</b>						
Interest and Dividend Income	16.68	8.05	31.70	13.17	22.49	8.06
Non-Interest Income	190.54	91.95	208.91	86.83	256.37	91.94
<b>Total</b>	<b>207.22</b>	<b>100.00</b>	<b>240.61</b>	<b>100.00</b>	<b>278.86</b>	<b>100.00</b>
<b>2. BT Asset Management Co., Ltd.</b>						
Interest and Dividend Income	0.10	0.14	0.94	0.76	1.50	1.97
Non-Interest Income	72.10	99.86	122.12	99.24	74.82	98.03
<b>Total</b>	<b>72.20</b>	<b>100.00</b>	<b>123.06</b>	<b>100.00</b>	<b>76.32</b>	<b>100.00</b>
<b>3. BT Insurance Co., Ltd.</b>						
Insurance Income	264.88	92.19	91.88	113.45	93.56	84.32
Interest and Dividend Income	12.23	4.26	14.80	18.27	15.69	14.14
Non-Interest Income	10.22	3.55	(25.69)	(31.72)	1.71	1.54
<b>Total</b>	<b>287.33</b>	<b>100.00</b>	<b>80.99</b>	<b>100.00</b>	<b>110.96</b>	<b>100.00</b>
<b>4. BT Leasing Co., Ltd.</b>						
Interest and Dividend Income	278.79	91.50	324.43	92.17	301.59	92.28
Non-Interest Income	25.90	8.50	27.56	7.83	25.24	7.72
<b>Total</b>	<b>304.69</b>	<b>100.00</b>	<b>351.99</b>	<b>100.00</b>	<b>326.83</b>	<b>100.00</b>
<b>5. BT Business Consulting Co., Ltd.</b>						
Interest and Dividend Income	0.02	4.35	0.08	18.18	-	-
Non-Interest Income	0.44	95.65	0.36	81.82	10.61	100.00
<b>Total</b>	<b>0.46</b>	<b>100.00</b>	<b>0.44</b>	<b>100.00</b>	<b>10.61</b>	<b>100.00</b>
<b>6. Sathorn Asset Management Co., Ltd.</b>						
Interest and Dividend Income	28.14	15.60	33.52	2.58	207.00	16.71
Non-Interest Income	152.23	84.40	1,264.01	97.42	1,032.00	83.29
<b>Total</b>	<b>180.37</b>	<b>100.00</b>	<b>1,297.53</b>	<b>100.00</b>	<b>1,239.00</b>	<b>100.00</b>



Company Name/ Structure	2009		2008		2010	
	Amount	%	Amount	%	Amount	%
<b>7. BT World Lease Co., Ltd.</b>						
Interest and Dividend Income	333.53	117.77	321.60	82.60	327.42	84.62
Non-Interest Income	(50.32)	(17.77)	68.50	17.40	59.52	15.38
<b>Total</b>	<b>283.21</b>	<b>100.00</b>	<b>390.10</b>	<b>100.00</b>	<b>386.94</b>	<b>100.00</b>
<b>8. World Class Rent a Car Co., Ltd.</b>						
Interest and Dividend Income	384.98	83.63	415.01	82.60	355.31	84.05
Non-Interest Income	75.34	16.37	87.60	17.40	67.42	15.95
<b>Total</b>	<b>460.32</b>	<b>100.00</b>	<b>502.61</b>	<b>100.00</b>	<b>422.73</b>	<b>100.00</b>

Source: CIMBT

#### 1.6.4 The Board of Directors

The Board of Directors of CIMBT as of March 17, 2010 is listed below:

**Table10: Board of Director of CIMBT**

Name	Position
1. Mr.Chakramon Phasukavanich	Chairman
2. Dato' Robert Cheim Dau Meng	Vice Chairman
3. Mr.Subhak Siwaraksa:	President and Chief Executive Officer
4. Mr.Sukont Kanjana-Huttakit	Independent Director and Chairman of Audit Committee
5. Dato'Shaarani Bin Ibrahim	Independent Director and Member of the Audit Committee
6. Mr.Chatchawal Eimsiri	Independent Director and Member of the Audit Committee
7. Mrs.Watanan Petersik	Independent Director
8. Mr.Kenny Kim	Director
9. Mr.Chin Yuen Yin	Director
10. Mr.Preecha Oonchitti	Director

### 1.6.5 The Shareholders

The Shareholders of CIMBT as of March 12, 2010 is listed below:

**Table11: Shareholders of CIMBT**

Name of shareholders	Number of Shares	% of Total
1. CIMB Bank Berhad	12,435,069,760	93.15
2. Barclays Bank Plc, Singapore-Wealth MGT	529,733,488	3.97
3. Thai NVDR Co., Ltd.	5 5,934,510	0.42
4. Mr.Pisit Prukpaiboon	1 7,488,600	0.13
5. Mrs. Jaronluk Panitchchiva	5 ,150,085	0.04
6. SCBSET Index Fund.	4 ,835,300	0.04
7. Mr.Ranee Auetaweekul	4 ,300,000	0.03
8. Mr.Preecha Sujinantakul	3 ,450,000	0.03
9. Mr.Phairoj Charoenwisuttiwong	3 ,426,500	0.03
10.Mr.Songchai Atchariyahiranchai	3 ,396,500	0.03
Other shareholders	2 86,616,421	2.15
<b>Total</b>	<b>1 3,349,401,164</b>	<b>100.00</b>

### 1.6.6 The Shareholding Structure

The companies that CIMBT invests direct and indirect 10% or more than of their issued shares are as follows (as of December 31, 2009)

**Table12: The companies that CIMBT invests direct and indirect 10% or more than of their issued shares**

Company Name	Type of Business	Type of Share	Paid-up Capital (No. of shares)	Number of Shares Holding	%
1. CIMB Securities (Thailand) Co., Ltd.	Securities	Ordinary	50,000,000	49,999,993	99.99
2.BT Asset Management Co., Ltd.	Mutual Fund	Ordinary	23,500,000	23,499,993	99.99
3.BT Insurance Co., Ltd.	Insurance	Ordinary	30,000,000	29,999,910	99.99
4.BT Leasing Co., Ltd.	Leasing	Ordinary	50,000,000	49,999,994	99.99
5.BT Business Consulting Co., Ltd.	Consulting	Ordinary	330,000	329,993	99.99
6.Sathon Asset Management Co., Ltd.	Asset Management	Ordinary	2,500,000	2,499,993	99.99
7.BT Worldlease Co., Ltd.	Leasing	Ordinary	24,000,000	18,010,000	75.04
8.Srithepthai Plaschem Co., Ltd.**	Plastic	Ordinary	83,332	31,410	37.69
9.Worldclass Rent a Car Co., Ltd.	Car Rental	Ordinary Preferred	3,800,000	760,000	20.00

Company Name	Type of Business	Type of Share	Paid-up Capital (No. of shares)	Number of Shares Holding	%
10.M-Home SPV 3 Co., Ltd.	Asset Management	Ordinary	10,000	1,282	12.82
11.Tawanna Hotel Co., Ltd.	Hotel	Ordinary	33,909	3,390	10.00
12.Senju Metal (Thailand) Co., Ltd.*	Solder Materials	Ordinary	200,000	20,000	10.00
13.Sanwa Interfood Co., Ltd.	Food	Ordinary	10,000,000	1,000,000	10.00
14.Sunshine Public Co., Ltd.*	Electrical Appliance	Ordinary	40,000,000	4,000,000	10.00
15.P.C.Patanasub Co., Ltd.*	Commerce	Ordinary	10,000	9,993	99.93
16.Krungthai Thanakit Public Co., Ltd.*	Commerce	Ordinary	1,076,976,000	1,067,229,773	99.10
17.Executive Management Services Manpower Ltd.*	Service	Ordinary	2,000	340	17.00
18.Global Leasing Co., Ltd.*	Leasing	Ordinary	2,000,000	200,000	10.00
19.TPF Leasing Co., Ltd.*	Leasing	Ordinary	6,000,000	600,000	10.00
20.UTM Advisory & Capital Management Co., Ltd.*	Service	Ordinary	100,000	10,000	10.00
21.SPL Development Co., Ltd. (abandoned)	Real Estate Development	Ordinary	500,000	499,999	99.99
22.Thai-Ultra Auto Part Co., Ltd. (abandoned)	Auto Parts	Ordinary	6,500,000	650,000	10.00
23.Advance Manufacturing Leasing Co., Ltd. (abandoned)	Leasing	Ordinary	20,000,000	2,000,000	10.00
24.Zigma Paint (Thailand) Co., Ltd.**	Chemical Industry	Ordinary	60,600,000	8,400,000	13.86

Remark \* under liquidation process

\*\* CIMBT's shareholding in these companies resulted from the debt restructuring and has already obtained permission from the Bank of Thailand. However, CIMBT will determine the appropriate time to dispose shares of such companies in the futures.

Source: CIMBT

**1.6.7 Financial Conditions and Operating Performance**

Summary of Financial Statement and Ratio of CIMBT and subsidiary for the year ended December 31, 2009, 2008 and 2007.

**Table13 Summary of Financial Statement and Ratio of CIMBT and subsidiary**

(THB: million)

	Audited		
	2009	2008(Restated)	2007(Restated)
	Amount	Amount	Amount
<b>Financial Position</b>			
<b>Total Assets</b>	<b>140,341.56</b>	<b>214,051.03</b>	<b>205,752.98</b>
Interbank and money market items	15,369.55	43,367.15	8,741.49
Investment - net	20,714.60	45,520.19	76,957.44
Loans and accrued interest receivables - net	78,298.63	83,656.89	88,096.75
<b>Total Liabilities</b>	<b>132,397.43</b>	<b>208,915.80</b>	<b>205,041.96</b>
Deposits	88,398.76	159,777.02	166,028.94
Interbank and money market items	9,947.37	10,249.75	7,698.81
Borrowings	15,143.44	7,069.13	9,715.09
<b>Shareholders' equity</b>	<b>7,944.13</b>	<b>5,135.23</b>	<b>711.02</b>
Issued and paid-up share capital	6,674.70	25,030.13	8,343.38
share discount	-	(10,606.99)	-
Retained earnings (Deficit) and other reserve	1,269.43	(8,827.53)	(7,165.15)
<b>Operating results</b>			
<b>Total Income</b>	<b>9,885.09</b>	<b>12,017.45</b>	<b>10,350.60</b>
Interest and dividend income	7,754.18	11,366.84	14,469.38
Non-interest income	2,130.91	650.61	(4,118.78)
<b>Total Expenses</b>	<b>9,880.77</b>	<b>14,001.07</b>	<b>17,277.56</b>
Interest expenses	2,997.72	5,484.23	7,704.80
Bad debt and doubtful accounts	1,160.87	2,315.36	3,478.26
Non-interest expenses	5,671.61	6,141.53	6,084.62
<b>Net income (loss) for the years</b>	<b>4.32</b>	<b>(1,983.62)</b>	<b>(6,926.96)</b>
Equity holders of the Bank	1.67	(1,989.79)	(6,928.73)
<b>Net income (loss) attributable to equity holders of the Bank *(Baht)</b>	<b>0.00</b>	<b>(0.31)</b>	<b>(3.70)</b>
<b>Financial Ratios</b>			
Yield Rate (%)	5.77	7.24	8.43
Cost Rate (%)	2.06	3.04	4.02
Spread (%)	3.71	4.20	4.41
Net Profit (%)	0.02	(16.56)	(66.94)
Return on Equity (%)	0.03	(68.07)	(277.45)
Return on Assets (%)	0.00	(0.95)	(3.26)
Allowance for Doubtful Accounts per Total Loan (%)	9.21	9.68	11.15
Bad Debt per Total Loan (%)	2.77	2.12	0.09
Dividend Paid (%)	-	-	-

Source: CIMBT

## Performance Results

### Consolidated operating results

For the financial year ended 31 December 2009, the Bank and its subsidiaries (“CIMBT Group”) reported a net profit of THB 1.7 million compared to a net loss of THB 1,990 million for 2008. This marked a significant turnaround amounting to THB 1,991 million. The turnaround was mainly driven by the 228% expansion in Non Interest Income primarily due to gain on sale of investments as well as there were no marked-to-market losses for Collateralised Debt Obligation (CDO) as there had been in 2008 since all the CDO’s were disposed in 2008. The Group’s total gross loans shrank 7% year-on-year as the Bank’s capital positioning the first quarter did not allow the loan book to grow. Soon after the recapitalisation was completed in April 2009, the loan book grew steadily especially during the second half of 2009.

### A summary of CIMBT Group’s income

CIMBT Group’s total income as presented in the consolidated financial statements as at 31 December 2009 was THB 10 billion. This represented a decrease of THB 2.1 billion or 18% compared to the same period of 2008. Interest and Dividend Income was THB 7.8 billion showing a decline of THB 3.6 billion or 32% from 2008. Interest from loans dropped by THB 1.4 billion while interest from money market dropped by THB 0.4 billion together with a drop of THB 1.9 billion in Investments Income in 2009.

CIMBT Group’s Non Interest Income for 2009 was THB 2.1 billion showing a substantial improvement of THB 1.5 billion or 228% compared to 2008. It was mainly attributed to gains from sale of investments. Non Interest Income represented 22% of the total income in 2009.

### Cost of Funds and Operating Expenses

CIMBT Group’s interest and operating expenses (including bad and doubtful debts and corporate income tax) for 2009 was THB 9.9 billion. This was a decline of THB 4.1 billion or 29% from 2008. The decrease was largely due to the drop in interest expense declining by THB 2.5 billion or 45% compared to that of 2008. This large drop in interest expense was mainly from the rightsizing of the Group’s deposit structure following better balance sheet management.

Non interest expense (including bad and doubtful debts and corporate income tax) was THB 6.9 billion showing a decrease of THB 1.6 billion or 19% from the same period last year. The reduction was mainly due to the decrease of bad debts and doubtful accounts of THB 1.2 billion or 50% from 2008, coupled with 8% drop in operating expenses or THB 0.5 billion year-on-year.

### Net Profit / (Loss)

CIMBT Group’s net profit for 2009 was THB 1.7 million compared to a net loss of THB 1,990 million the previous year. The increase in the profit were largely due to the absence of marked-to-market losses in from CDOs in 2009 as such investments were disposed in 2008, lower loan loss provisioning from a better and more streamlined collection process especially in retail banking and lower non interest expense from better cost management but offset by one-off write off of assets in 2009.

For the year ending 2009, CIMBT Group showed a return on equity of 0.03% compared to negative 68.1% in 2008. For the Bank only figures, the return on equity was 1.09% compared to negative 86.44% for the same period last year. The ratio reflected the turnaround of the Bank in 2009. However, those turnaround activities only materialised in the second half of 2009 as the Bank was very much involved in the recapitalisation during the first half of the year.

### CIMBT Group’s financial position

#### Assets

CIMBT Group’s primary assets consist of loans, investments, interbank and money market items. As at 31 December 2009, CIMBT Group had total assets of THB 140 billion showing a decrease of THB 74 billion or 34% as compared to the end of 2008. Net loans outstanding was THB 78 billion, a decrease of THB 5.4 billion or 6% year-on-year as a result of capital constraints in the first quarter of 2009. Investments were at THB 21 billion, a decrease of THB 25 billion or 54% following the disposal of THB 19 billion available-for-sales securities and THB 5 billion held-to-maturity debt securities during 2009. The interbank and money

market items were THB 15 billion, a decrease of THB 28 billion or 65% as a result of deposit rightsizing in reducing excess liquidity especially high cost deposits thus leaving lesser funds to place out in the interbank and money market.

## **Asset Quality**

### Loans and loan concentration

As at 31 December 2009, CIMBT Group's net outstanding loans was THB 78 billion showing a decline of THB 5 billion or 6% compared to THB 84 billion at the end of 2008. Repayments of loans were higher than extensions of the loans during the year especially during the first quarter of 2009 as the weakened capital position did not allow the Bank to disburse loans. Loans (excluding loans to financial institutions) were mainly extended to the retail consumer sector and manufacturing sector. These two sectors made up 26% each of total loans granted in 2009. Loans granted to the retail consumer sector amounted to THB 23 billion, a decrease of THB 2 billion or 8.1%, while loans granted to manufacturing sector totalled THB 22 billion representing a decrease of 1.7 billion or 7% year-on-year. The remaining loan disbursements were made to the commercial, real estate and construction, public utilities and service sectors.

To avoid concentration risk in any particular industry, the Bank continued to diversify the proportion of loans granted to various business sectors, which was in compliance with its credit policy to extend loans to customers of vital business sectors with good growth potential and customers from all categories of large, medium, small and retail sectors. Lending continued to focus on customers who are manufacturers in high-potential sectors and on increasing the valued retail customer portfolio.

### Classification of assets

As at 31 December 2009, the Bank's gross loans (including accrued interest receivables, but excluding loans to financial institutions) stood at THB 81 billion whereas allowance for bad and doubtful debts was THB 4 billion. For the Bank only basis, the ratio of non-performing loans to total loans (including money market and Repo) was at 9.6% while the loan loss coverage was 47% as compared to 8.2% and 53% in 2008 respectively. On the CIMBT Group consolidated basis, the non-performing loans to total loans ratio (including money market and Repo) was 12.8%, with loan loss coverage of 62% compared to 10.8% and 66% respectively in 2008.

The Bank has closely monitored the status of each loan by maintaining a database of loans with outstanding balances ageing by segregating loan balances into 4 categories, namely, (1) 1-3 months past due, (2) 3-6 months past due, (3) 6-12 months past due and (4) over 12 months past due which is in line with loan classification rules imposed by the Bank of Thailand. Based on such information, the Bank reviews repayment records together with account history for debt reclassification, the collection process and forecasting trends for non-performing loans.

### Non-performing loans (substandard loans)

As at 31 December 2009, CIMBT Group's non-performing loans (before allowance for doubtful debts) amounted to THB 12.8 billion or 13% of the outstanding loan portfolio. In the same period last year, the non-performing loans were to THB 13.6 billion or 11%. Such loan classification was made in accordance with the Bank of Thailand's notification dated 3 August 2008 which classifies non-performing loans into substandard, doubtful, doubtful or loss and doubtful loans written off.

## **Liabilities and Shareholders' Equity**

As at 31 December 2009, CIMBT Group had the total liabilities of THB 132 billion representing a decrease of THB 77 billion or 37% from 31 December 2008. The major component contributing to the decline was the total deposits which was declined by THB 71 billion or 45% to THB 88 billion. This large reduction resulted from the deposit rightsizing initiative which reduced high cost/excess deposits. Interbank and money market liabilities decreased by THB 0.3 billion or 3% to THB 10 billion while the borrowings increased by THB 8 billion or 114% to THB 15 billion following the issuance of subordinated debt as part of the Bank's recapitalisation program in April 2009.

As at 31 December 2009, the shareholders' equity was THB 7.9 billion representing an increase of THB 2.8 billion or 55% compared to 2008. The major movements included the capital injection of THB 25 billion followed by a capital reduction of THB 43 billion from a par value reduction from THB 3.75 to THB 0.50 per share. This capital reduction was made in offsetting the accumulated retained losses and the share discount account.

With the current capital position together with relatively small profits, CIMBT Group did not declare any dividends for its shareholders in 2009. The Board of Directors also approved to appropriate THB 3.5 million of the current year profit of THB 68.7 million into statutory reserve and to carry the remaining net profit forward into retained earnings.

### Liquidity

The cash and cash-equivalent items, as indicated in the cash flow statement of the Bank and its subsidiaries at the end of 2009, were THB 2.8 billion, showing a decrease of THB 1.8 billion from that of 2008. Details of the changes are as follows:

Net cash used in operations in 2009 was THB 39 billion. The losses from operations before changes in operating assets and liabilities was THB 3.2 billion including THB 55 million the net profits for the year while the remaining deficit of THB 3.3 billion resulted from adjustments of non-cash items to net profit, mainly from bad debts and doubtful accounts and interest expenses.

Operating assets for the year decreased by THB 32 billion due to the decrease in interbank and money market items, securities purchased under resale agreement and investments held for trading. Meanwhile, operating liabilities decreased by THB 72 billion resulting from the decline in deposits as mentioned earlier.

Net cash from investing activities was THB 26 billion mainly due to the decrease in investment securities. The net cash from financing activities was THB 10 billion as a result of an increase in cash received from capital injection coupled with the increase in short-term and long-term borrowings

### Relationships between Sources and Uses of funds

Two major sources of funds for the Bank were deposits and borrowings while the uses of funds covered the extension of loans. As at 31 December 2009, the Bank had deposits, borrowings and loans classified by maturities as follows:

**Table14 Deposits, Borrowings and Loans of CIMBT**

(THB: million)

Maturities	Credits <sup>a/</sup>	%	Deposits <sup>a/</sup>	%	Borrowings <sup>a/</sup>	%
Payable on demand	9,858	10.38	25,146	27.91	548	2.36
Up to one year	41,949	44.18	58,123	64.51	17,192	73.97
Over one year	43,139	45.44	6,834	7.58	5,503	23.67
<b>Total</b>	<b>94,946</b>	<b>100.00</b>	<b>90,103</b>	<b>100.00</b>	<b>23,243</b>	<b>100.00</b>

<sup>a/</sup> including interbank and money market items.



The Bank derived its funds from customer deposits which can be categorised as follows:

**Table15 Sources of Funds From Customers Deposits of CIMBT**

(THB: million)

Categories of Deposit	2009		2008		2007	
	Amount	%	Amount	%	Amount	%
Current and savings deposits	25,146	27.91	24,023	14.22	28,462	16.56
Fixed deposits	64,957	72.09	144,913	85.78	143,422	83.44
<b>Total</b>	<b>90,103</b>	<b>100.00</b>	<b>168,936</b>	<b>100.00</b>	<b>171,884</b>	<b>100.00</b>

#### **Capital funds and Capital adequacy ratio**

As at 31 December 2008, the Bank's assets were THB 5 billion higher than its liabilities. Though the remaining represented the positive shareholders' equity balance of the Bank's capital funds adequacy ratio (BIS ratio) was 5.8%, less than the regulatory requirement of 8.50%

In 1Q09, the Bank raised capital via a 1:1 rights issue to its existing shareholders at an offering price of THB 0.38 per share which helped increase the paid up capital by THB 2.5 billion followed by a capital reduction exercise by decreasing the par value per share from THB 3.75 to THB 0.50 per share, which offset the share discount and retained losses. This improved the capital adequacy ratio to 9.8%

The Bank had also in 1Q09 issued THB 2.5 billion cumulative hybrid tier-2 debt capital securities with a face value of THB 1,000 each for the total amount of THB 2.5 billion with a tenor of 10 years maturing 27 March 2019, all of which was approved by the Bank of Thailand to be included as Tier-2 capital which further improved the capital adequacy ratio to 12.4%

As at 31 December 2009, the Bank's total capital funds was THB 7.9 billion while the capital adequacy ratio was 12.0% This was calculated in line with the Basel II directives in relation to the calculation of capital funds.

#### **Liquid assets ratio**

The Bank of Thailand requires all commercial banks to maintain a minimum liquid assets ratio of not less than 6% of total deposits and offshore borrowings with less than one-year maturity. At the end of 2009, the Bank's total liquid assets were THB 23.6 billion, while its loan-to-deposit ratio stood at 105%. The liquid assets to total assets ratio was 17% and liquid assets to total deposits was 26%. All of these ratios were within the regulatory minimum requirement.

#### **Investment in subsidiaries**

In 2009, CIMBT had injected additional capital of THB 45 million and THB 75 million in the form of common share capital into its subsidiaries, BT Asset Management Co., Ltd. and BT Leasing Co., Ltd. respectively. BT Asset Management provides asset management and investment services while BT Leasing provides hire purchase and leasing services to its customers.

#### **1.6.8 Economic situation and competitive environment**

The Thai economy in 2009 had been severely affected by the global financial crisis and political instability in the country. As a result of the economic downturn in partner trading countries, exports had declined from the year earlier. Private spending had also decreased from previous year, reflecting erosion in confidence. Accordingly, overall credit for investment and trading in 2009 declined from the previous year. Therefore many commercial banks expanded their credit businesses to the household sector, especially vehicle and housing credits.

For the deposit side, with the huge financial liquidity surplus in the banking sector and limited lending opportunities, commercial banks cut their interest rates to historical lows. Therefore the amount of deposits in



the banking sector had decreased slightly from the year 2008. However, to maintain their deposit client base, commercial banks presented a wide range of alternative investment instruments which according to the needs of each client group.

Risk management was a constant focus of commercial banks with continued development of risk processes, strengthening of financial status and adjusting their business strategies to be able to compete in the long run in line with the liberalization of the Thai financial sector. This includes increased capital funds, cooperation with strategic partners to increase business volume, increased and relocated networks, innovative financial products, enlarged retail client base, increased fee base income and improved technology.

## **2. Reasonableness of the Transaction**

### **2.1 Objective and necessity of the Transaction**

As previously mentioned, in order to conform to Financial Institution Business Act B.E. 2551, which prohibit financial institutions to invest or hold in any company which is not finance or supporting business in excess of 10% of issued and paid-up shares, CIMBT has to dispose its 20% shareholding in WCRC, which is not its core business.

### **2.2 Advantages and disadvantages of the Transaction**

#### Advantages of the Transaction

In the event of entering into the transaction, CIMBT will be in compliance with the Financial Institution Business Act B.E.2551 and finish its liability to monitor the operation of WCRC, which is not the core business of CIMBT. This also will improve the efficiency in human resource management of CIMBT.

#### Disadvantages of the Transaction

Upon the disposition of investment, CIMBT will lose the opportunity to earn investment returns from WCRC. A 3-year historical ROE of WCRC was approximately 7.09% per annum and it is expected that WCRC will offset its loss carried forward in 2010 and be able to pay dividend in a foreseeable future.

#### Advantages of not performing the Transaction

CIMBT will retain the opportunity to earn investment returns from WCRC, provided that WCRC has performed net profit and be able to offset its deficit and be able to pay dividend.

#### Disadvantages of not performing the Transaction

In the case that, upon the end of the waiver period, CIMBT can not conform to the Section 34 (3) of the Financial Institution Business Act B.E.2551, which prohibit financial institution to invest or hold, either directly or indirectly, in any company which is not finance or supporting business in excess of 10% of total issued and paid-up shares of that company, CIMBT may subject to the punishment in form of penalty fee or temporary suspension of business license.

### **2.3 Comparison between performing the Transaction with connected person and with the third party**

In comparing the transaction of CIMBT with connected party and with the third party, the Advisor views that CIMBT incurs the similar advantages since CIMBT has to first offer to sell WCRC shares to other existing shareholders of WCRC prior to offering them to CIMB at the same prices, terms and conditions (Right of First Refusal). This is in order to comply with the Joint Venture Agreement signed by CIMBT and other shareholders of WCRC on January 1, 2001 (as summarized in section 1.5.9 of this report)

## 2.4 Risk factors of the Transaction

Upon this disposition of investment, CIMBT will no longer have participation in car rental business. In the case that WCRC's future performance is improving, CIMBT may lose the opportunity to enjoy the benefit or dispose WCRC shares at the higher price.

## 3. Fairness of the Price, Terms and Conditions of Payment

### 3.1 Fairness of the Price

In order to render opinions on the fairness of the offer price, the Advisor has performed the valuation analysis based on various financial valuation approaches and considered that due to the limitation of information disclosure of WCRC, since CIMBT is not the major shareholder and has no representative as the director or executive in WCRC, the Discounted Cash Flow Approaches (DCF) may not be appropriate method to evaluate fair value of WCRC. As, DCF is based on many reliable assumptions and valid expectations of WCRC's future operation which is difficult to estimate as its business is sensitive to uncontrollable factors including competition in car rental industry, prospect of tourism industry, interest rate as well as the government policies. Lacking of enough information may distort the accuracy of DCF. In addition, nature of car rental business is also required large and secured financial resources, superior expertise and competency in penetrating to the market. These factors may affect financial assumptions in the extent that the future forecast of WCRC operating result may not be accurate. Additionally, with the limitation to reach information as mentioned earlier, the Advisor has also disregarded Adjusted Book Value Approach in this report since material information, which are necessary for the calculation are unable to be obtained. In this regard, the Advisor decides to perform three valuation approaches to evaluate fair price of WCRC as follows:

#### 3.1.1 Book Value Approach

#### 3.1.2 Peer Comparables:

##### 3.1.2.1 Price to Earnings Ratio Approach or P/E Ratio

##### 3.1.2.2 Price to Book Ratio Approach or P/BV Ratio

Details of each valuation method are presented as follows:

### 3.1.1 Book Value Approach

This valuation approach determines the value of WCRC's common shares and preferred shares in accordance to its book value, as presented in the financial statements at certain point of time. In order to indicate the book value of each types of share, the Advisor has relied on WCRC's unaudited financial statements as of December 31, 2009. Results of the calculation are demonstrated in the following table:

**Table 16: Book Value Approach for WCRC's Share Valuation**

Total shareholders' equity as of December 31, 2009	THB million
Issued and paid-up capital	380,000,000
Retained earnings (deficit)	(21,576,154)
Total shareholders' equity (1)	358,423,846
Number of issued and paid-up shares (shares)	3,800,000
Preferred share (2)	2,800,000
Common share (3)	1,000,000
<b>Book value per preferred share (THB) (4)</b>	<b>100.00</b>
<b>Book value per common share (THB) (5) = [(1)-((2)*(4))]/(3)</b>	<b>78.42</b>

Total shareholders' equity as of December 31, 2009	THB million
Premium (discount) of preferred share (4) comparing to the offering price	Equal to the offering price
Premium (discount) of common share (5) comparing to the offering price	( 0.14%)

The valuation results showed that book value of preferred share equals to its par value at THB 100 per share which is the offering price that CIMBT wishes to offer to sell. Whereas, book value of common share was THB 78.42 per share, 0.14% discount from the offering price of THB 78.53 per share.

The selling price for common stock of THB 78.53 per share herein was in accordance with the resolutions of the Board of Directors Meeting of CIMBT, held on January 28, 2010. At the time of the resolutions, the selling price was set based on the book value of WCRC's common shares presented in unaudited financial statement as of September 30, 2009. The real offering price, however, is subject to change according to any changes in WCRC's audited financial statement as of December 31, 2009. Nevertheless, such audited financial statement was not completed at the time of performing this valuation by the Advisor.

The difference in value of each type of shares resulted from the rights of preferred shares, which superior to the common shares in the extent that the preferred shareholders have the priority in dividend payment and claim on capital upon liquidation. Notwithstanding, WCRC still incur accumulated loss that affects its total book value of equity to be lower than issued and paid-up capital. With this regard, the Advisor determined that the appropriate value of preferred shares should be equal to its par value and the remaining value of total shareholders' equity shall be attributed to the common shareholders.

### **3.1.2 Peer Comparables Approach or Market Comparables Approach**

Market Comparable Approach determines the value of WCRC shares by using ratios of various listed companies that operate similar type to the WCRC's business. The underlying assumptions of this method are that companies in the same industry should have some similar financial ratios such as Price to Earnings ratio ("P/E Ratio"), Price to Book ratio ("P/BV Ratio"), etc. The Advisor has selected 11 comparable companies in Finance Industry (Finance and Securities Sector) to be the benchmark for valuing share price of WCRC. The lists of the selected companies are as follows:

1. Krungthai Car Rent and Lease Public Company Limited
2. Phatra Leasing Public Company Limited
3. Asia Sermkij Leasing Public Company Limited
4. Eastern Commercial Leasing Public Company Limited
5. Group Lease Public Company Limited
6. Mida Leasing Public Co., Ltd.
7. Nava Leasing Public Company Limited
8. Scandinavian Leasing Public Company Limited
9. Premier Enterprise Public Company Limited
10. Ratchthani Leasing Public Company Limited
11. Thitikorn Public Company Limited

The primary business of WCRC, however, is quite different from many of the selected comparable companies since WCRC focuses on short-term car rental (rental period less than 1 year) and operating lease (leasing tenor is between 1-3 year(s)), whereas business of most selected companies focus on hire-purchase or financial lease. As a result, revenues, cost and expenses of these companies and WCRC are substantially different and should not be compared. Consequently, the Advisor disregarded almost of the said companies except Krungthai Car Rent and Lease Public Company Limited ("KCAR") and Phatra Leasing Public Company Limited ("PL"), which the Advisor used as benchmarks for valuation since their businesses are quite similar to that of WCRC.

**Table 17: List of Peer Comparable Companies and Their Financial Ratio as of March 17, 2009**

No.	Listed Companies	Symbol	Closed price (THB)	P/E Ratio (X)	P/BV Ratio (X)
1	Krungthai Car Rent and Lease Plc.	KCAR	6.55	6.15	1.49
2	Phatra Leasing Plc.	PL	2.90	6.61	0.70
	<b>Mean</b>			<b>6.38</b>	<b>1.10</b>

Source: www.setsmart.com

The Advisor applied the mean of P/E Ratio and P/BV Ratio of the selected stocks as valuation benchmarks for calculating share price of WCRC. However, as WCRC's shares are illiquid since it is not listed security on the SET and transfer of WCRC shares is also subject to the Right of First Refusal as stated in the Joint Venture Agreement (as summarized in section 1.5.9 of this report). In this regard, the benchmark ratios shall be discounted for 10% - 20% to reflect the lacking shares liquidity. The adjustments of P/E and P/BV are demonstrated as follows:

**Table 18: The Adjustment of P/E and P/BV Ratios**

No.	Listed Companies	Symbol	Closed price (THB)	P/E Ratio (X)	P/BV Ratio (X)
1	Krungthai Car Rent and Lease Plc.	KCAR	6.55	6.15	1.49
2	Phatra Leasing Plc.	PL	2.90	6.61	0.70
	<b>Mean</b>			<b>6.38</b>	<b>1.10</b>
	<b>10% discount</b>			<b>5.74</b>	<b>0.99</b>
	<b>15% discount</b>			<b>5.42</b>	<b>0.93</b>
	<b>20% discount</b>			<b>5.10</b>	<b>0.88</b>

**3.1.2.1 Price to Earnings Ratio (P/E Ratio)**

In this approach, the Advisor multiplied earning per share ("EPS") for the year ended 2009 by discounted P/E Ratio of 5.10 – 5.74 times (as presented in Table 18 above) to obtain the fair value of WCRC's shares.

The Advisor calculated EPS in 2009 by dividing net profit after tax with total issued and paid-up shares. As a result, adjusted EPS was THB 7.70 per share. Details of the calculation are demonstrated in Table 19.

**Table 19 Adjusted FY 2009 Earnings Per Share**

Items	Value
Net profit for the year ended 2009 (THB) (1)	29,246,302
Issued and paid-up share (shares) (2)	3,800,000
Preferred share	2,800,000
Common share	1,000,000
<b>Earning per share (THB) (3) = (1)/(2)</b>	<b>7.70</b>

Source: WCRC's unaudited financial statement as of December 31, 2009 and the calculation of the Advisor

**Table 20: Value of WCRC's share by using P/E Ratio (discount by 10% – 20%)**

Items	Discount of P/E Ratio		
	10%	15%	20%
Earnings per share (THB) (1)	7.70	7.70	7.70
Average P/E (post adjustment (times)) (2)	5.74	5.42	5.10
Share price (THB per share)( (3) = (1)*(2)	44.19	41.74	39.28
<b>Premium (discount) comparing to the offering price of preferred share of THB 100.00</b>	<b>(55.81%)</b>	<b>(58.26%)</b>	<b>(60.72%)</b>
<b>Premium (discount) comparing to the offering price of common share of THB 78.53</b>	<b>(43.73%)</b>	<b>(46.85%)</b>	<b>(49.98%)</b>

Fair value of WCRC shares calculated by P/E Ratio at the end of FY 2009 ranges between THB 39.28 – 44.19 per share, lower than the offering price of preferred shares by 55.81% - 60.72%, and by 43.73% - 49.98% for the common shares.

In order to provide additional information on the valuation, the Advisor has gathered historical P/E Ratio during 5 – 360 official days prior to March 17, 2010, the valuation date, to be applied in the calculation. Details of such information are presented in the following table:

**Table 21 List of Peer Comparable Companies and Their Historical P/E Ratio**

Retroactive	5 days	30 days	60 days	90 days	180 days	360 days
KCAR	6.17	6.17	6.05	5.87	5.34	4.94
PL	6.57	6.09	5.98	6.08	5.89	5.11
<b>Average</b>	<b>6.37</b>	<b>6.13</b>	<b>6.01</b>	<b>5.98</b>	<b>5.61</b>	<b>5.03</b>
<b>Discount by 10.00%</b>	<b>5.73</b>	<b>5.52</b>	<b>5.41</b>	<b>5.38</b>	<b>5.05</b>	<b>4.53</b>
<b>Discount by 15.00%</b>	<b>5.41</b>	<b>5.21</b>	<b>5.11</b>	<b>5.08</b>	<b>4.77</b>	<b>4.27</b>
<b>Discount by 20.00%</b>	<b>5.09</b>	<b>4.91</b>	<b>4.81</b>	<b>4.78</b>	<b>4.49</b>	<b>4.02</b>

Source: www.setsmart.com

Consequently, the fair value of WCRC's shares was determined as follows:

**Scenario 1: 10% discount to P/E Ratio**

Retroactive	5 days	30 days	60 days	90 days	180 days	360 days
Earnings per share (THB) (1)	7.70	7.70	7.70	7.70	7.70	7.70
Average P/E (2)	5.73	5.52	5.41	5.38	5.05	4.53
Share price (THB/share) (3) = (1) *(2)	44.11	42.49	41.66	41.39	38.89	34.83

**Scenario 2: 15% discount to P/E Ratio**

Retroactive	5 days	30 days	60 days	90 days	180 days	360 days
Earnings per share (THB) (1)	7.70	7.70	7.70	7.70	7.70	7.70
Average P/E (2)	5.41	5.21	5.11	5.08	4.77	4.27
Share price (THB/share) (3) = (1) *(2)	41.66	40.13	39.34	39.09	36.73	32.89

**Scenario 3: 20% discount to P/E Ratio**

Retroactive	5 days	30 days	60 days	90 days	180 days	360 days
Earnings per share (THB) (1)	7.70	7.70	7.70	7.70	7.70	7.70
Average P/E (2)	5.09	4.91	4.81	4.78	4.49	4.02
Share price (THB/share) (3) = (1) *(2)	39.21	37.77	37.03	36.79	34.57	30.96

As presented in the above tables, fair value of WCRC shares based on historical P/E Ratio during 5 – 360 official days (prior to March 17, 2010) ranges between THB 30.96 – 44.11 per share, represent 55.89% - 69.04% discount from the offering price of preferred share, and 43.83% - 60.58% discount from the offering price of common share.

**3.1.2.2 Price to Book Ratio Approach or P/BV**

This valuation approach used the book value per share as stated in an unaudited financial statement as of December 31, 2009 multiply by the average P/BV Ratio of the comparable companies in Financial and Securities Sector as presented in Table 18. Details of the calculation are as follows:

**Table 22: Value of WCRC's Preferred Share by Using P/BV Ratio (discount by 10% – 20%)**

Items	Discount to Average P/BV Ratio		
	10%	15%	20%
BV of preferred share (Baht) (1)	100.00	100.00	100.00
Average P/BV after discount (times) (2)	0.99	0.93	0.88
Share price (Bt. per share) (3) = (1)*(2)	98.55	93.08	87.60
<b>Premium (discount) comparing to the offering price of THB 100 per share.</b>	<b>(1.45%)</b>	<b>(6.92%)</b>	<b>(12.40%)</b>

Remark Book value was based on the unaudited financial statement as of December 31, 2009, whereas book value of preferred share at the end of 2007 and 2008 were THB 100 per share.

**Table 23: Value of WCRC's Common Share by Using P/BV Ratio (discount by 10% – 20%)**

Items	Discount to Average P/BV Ratio		
	10%	15%	20%
BV of common share (Baht) (1)	78.42	78.42	78.42
Average P/BV after discount (times) (2)	0.99	0.93	0.88
Share price (Bt. per share) (3) = (1)*(2)	77.29	72.99	68.70
<b>Premium (discount) comparing to the offering price of Bt. 78.53 per share.</b>	<b>(1.58%)</b>	<b>(7.05%)</b>	<b>(12.52%)</b>

**Remark** Book value was based on an unaudited financial statement as of December 31, 2009. Book value of common shares at the end of FY 2007 and FY 2008 were THB 21.69 per share and 49.18 per share, respectively.

Based on this valuation approach, the fair value of WCRC's preferred share ranges THB 87.60 – 98.55 per share, represented the discount of 1.45% - 12.40% from the offering price of preferred share, whereas the fair value of common share ranges between THB 68.70 – 77.29 per share, represented the discount of 1.58% - 12.52% from the offering price of common share.

**Table 24 List of Peer Comparable Companies and Their Historical P/BV Ratio**

Retroactive	5 days	30 days	60 days	90 days	180 days	360 days
KCAR	1.50	1.50	1.47	1.42	1.27	1.20
PL	0.70	0.71	0.71	0.73	0.74	0.66
<b>Average</b>	<b>1.10</b>	<b>1.10</b>	<b>1.09</b>	<b>1.08</b>	<b>1.01</b>	<b>0.93</b>
<b>Discount by 10.00%</b>	<b>0.99</b>	<b>0.99</b>	<b>0.98</b>	<b>0.97</b>	<b>0.91</b>	<b>0.84</b>
<b>Discount by 15.00%</b>	<b>0.93</b>	<b>0.94</b>	<b>0.92</b>	<b>0.92</b>	<b>0.86</b>	<b>0.79</b>
<b>Discount by 20.00%</b>	<b>0.88</b>	<b>0.88</b>	<b>0.87</b>	<b>0.86</b>	<b>0.81</b>	<b>0.75</b>

Source: www.setsmart.com

In order to provide additional information on the valuation, the Advisor has gathered historical P/BV Ratio during 5 – 360 official days prior to March 17, 2010 to be applied in the calculation. Details of such information are presented in the following table:

**Preferred shares:**

**Scenario 1: 10% discount to P/BV Ratio**

Retroactive	5 days	30 days	60 days	90 days	180 days	360 days
Book value per share (THB) (1)	100.00	100.00	100.00	100.00	100.00	100.00
Average P/BV (2)	0.99	0.99	0.98	0.97	0.91	0.84
Share price (THB/share) (3) = (1) *(2)	99.00	99.00	98.00	97.00	91.00	84.00

**Scenario 2: 15% discount to P/BV Ratio**

Retroactive	5 days	30 days	60 days	90 days	180 days	360 days
Book value per share (THB) (1)	100.00	100.00	100.00	100.00	100.00	100.00
Average P/BV (2)	0.93	0.94	0.92	0.92	0.86	0.79
Share price (THB/share) (3) = (1) *(2)	93.00	94.00	92.00	92.00	86.00	79.00

**Scenario 3: 20% discount to P/BV Ratio**

Retroactive	5 days	30 days	60 days	90 days	180 days	360 days
Book value per share (THB) (1)	100.00	100.00	100.00	100.00	100.00	100.00
Average P/BV (2)	0.88	0.88	0.87	0.86	0.81	0.75
Share price (THB/share) (3) = (1) *(2)	88.00	88.00	87.00	86.00	81.00	75.00

**Common shares:**

**Scenario 1: 10% discount to P/BV Ratio**

Retroactive	5 days	30 days	60 days	90 days	180 days	360 days
Book value per share (THB) (1)	78.42	78.42	78.42	78.42	78.42	78.42
Average P/BV (2)	0.99	0.99	0.98	0.97	0.91	0.84
Share price (THB/share) (3) = (1) *(2)	77.49	77.88	76.69	76.03	71.07	65.80

**Scenario 2: 15% discount to P/BV Ratio**

Retroactive	5 days	30 days	60 days	90 days	180 days	360 days
Book value per share (THB) (1)	78.42	78.42	78.42	78.42	78.42	78.42
Average P/BV (2)	0.93	0.94	0.92	0.92	0.86	0.79
Share price (THB/share) (3) = (1) *(2)	73.19	73.56	72.53	71.81	67.12	62.14

**Scenario 3: 20% discount to P/BV Ratio**

Retroactive	5 days	30 days	60 days	90 days	180 days	360 days
Book value per share (THB) (1)	7.70	7.70	7.70	7.70	7.70	7.70
Average P/BV (2)	0.88	0.88	0.87	0.86	0.81	0.75
Share price (THB/share) (3) = (1) *(2)	68.88	69.23	68.26	67.58	63.18	58.49

As presented in the above table, fair value of WCRC's preferred shares based on historical P/BV Ratio during 5 – 360 official days (prior to March 17, 2010) ranges between THB 75.00 – 99.00 per share, or the discount of 1.00% - 25.00% comparing to the offering price of preferred share, and fair value of common shares ranges between 58.49 – 77.49, or the discount of 1.32% - 25.52% from the offering price of common share.



In conclusion, fair value of WCRC's share price by using each valuation method is presented in the following table:

**Table 24: Valuation Results Summary**

Valuation Method	Common Stocks		Preferred Stocks	
	Value (THB/Share)	Premium (discount) comparing to the offering price of THB 78.53*	Value (THB/Share)	Premium (discount) comparing to the offering price of THB 100.00*
1. Book Value Approach (FY 2009)	78.42	(0.14%)	100.00	–
2. Price to Earnings Ratio Approach	30.96 - 44.11	(43.83%) – (60.58%)	30.96 - 44.11	(55.81%) – (69.04%)
3. Price to Book Ratio Approach	58.49 – 77.49	(1.32%) – (25.52%)	75.00 – 99.00	(1.00%) – (25.00%)

Remark: The offering price for common stock is subject to change according to any changes in WCRC's audited financial statement for the year ended December 31, 2009.

Owing to the limitation of information disclosure, Book Value Approach and Price to Book Value Approach ("P/BV Ratio") are considered to be appropriate valuation approaches. These two methods are superior to the other method as they reflect the present net assets value. Accordingly, the fair value of WCRC's common shares range between THB 58.49 – 78.42 per share and the fair value of WCRC' preferred shares range between THB 75.00 – 100.00 per share, which are in range of the offering price.

### 3.2 Fairness of the offering price, terms and conditions of payment

As for payment terms and conditions, the Advisor views that it is in accordance with market practice and CIMBT does not have any disadvantages. Additionally, payment terms and conditions prescribed in the resolutions of the Board of Directors Meeting of both CIMBT and CIMB are also considered as general practices in sale and purchase of securities.

## 4. Summary of the Opinion of the Independent Financial Advisor

### 4.1 Reasonableness and benefit of the transaction

The Advisor views that the disposition of WCRC's shares currently held by CIMBT is appropriate and reasonable due to the following reasons:

- a) The transaction is in accordance with CIMBT's investment policy, which give priority to investment in its core businesses
- b) The 20% shareholding in WCRC does not comply with the Section 34 (3) of the Financial Institution Business Act B.E. 2551 which prohibit commercial banks to invest or hold shares, either directly or indirectly, in any company which is not finance or supporting business in excess of 10% of total issued and paid-up shares. Accordingly, by divesting this investment, CIMBT will no longer have to request for a waiver from BOT.
- c) CIMBT holds 20% stake of WCRC's total shares. The Bank is not the major shareholder and has no involvement in the management or control over WCRC's business and operations.

### 4.2 Fairness of the price and terms and conditions of payment

The Advisor views that the Transaction size of THB 73,852,978.53 is reasonable. Based on the assumptions and valuation analysis performed by the Advisor as of March 17, 2010, fair value of WCRC's common share ranges THB 58.49 – 78.42 per share, whereas the fair value of preferred share ranges between THB 75.00 –

100.00 per share. The valuation is in range of the offering price to be made by CIMBT. Summary of the valuation results is presented in Table 24.

As for the payment terms and conditions (in the event that such shares will be sold to CIMB), the Advisor views that it is general and in accordance with market practice and CIMBT does not have any disadvantages. Terms and other conditions specified in the Board of Director Meeting of CIMBT as of January 28, 2010 and the Board of Director Meeting of CIMB as of March 25, 2010 are deemed appropriate and in accordance with general practices in selling and buying of securities.

#### **4.3 Opinion of the Independent Financial Advisor**

As the objective in conducting this Transaction is to restructure CIMBT's investment and to conform with the requirement of Financial Institution Business Act B.E. 2551, the Advisor would like to recommend the shareholders of CIMBT to approve the Transaction, CIMBT's disposition of investments in WCRC, provided that the information received from both WCRC and CIMBT do not significantly change from that stated in this document.

Notwithstanding, according to the Joint Venture Agreement executed by CIMBT and other shareholders of WCRC on January 1, 2001 (as summarized in section 1.5.9 of this report), CIMBT must first offer to sell WCRC's shares to other existing shareholders of WCRC (Rights of First Refusal). In order to comply with this agreement, after obtaining an approval from the Shareholders' Meeting, CIMBT will notify WCRC to inform all of its shareholders of their rights to buy the shares at the same offering prices, terms and conditions offered to CIMB. Should all other shareholders of WCRC decline, CIMBT will then extend the offer to CIMB.

JayDee Partners Limited hereby certified that we have studied, analyzed and prudently performed our duties as an Independent Financial Advisor, complying with the generally accepted professional standards and rendered our opinions based on unbiased analysis with regard to the best benefits of shareholders.

However, it is important to note that the Advisor's opinions are based on documents, publicly available information and/or information received from the interviews conducted with WCRC's and CIMBT's executives and other related information. The Advisor assumed that the aforementioned sources of information are accurate and reliable. However, if the data and information are found to be inaccurate and/or unreliable and/or make any significant changes in the future, the opinion provided by the Advisor may differ. As a result, the Advisor is unable to hold responsible for any impacts on CIMBT and its shareholders resulting from such events. Moreover, the objectives of rendering the opinion are merely to provide its professional perspectives on the transaction to CIMBT's Board of Directors and the shareholders.

The decision to vote on the approval of this transaction is solely discretion of CIMBT's shareholders, which shall include the consideration of advantages, disadvantages, and risk of entering into this transaction as well as consider the attached documents submitting to the shareholders along with the shareholders' meeting invitation letter so as to make the most appropriate decision.

Yours Sincerely,



(Miss Jirayong Anuman-Rajadhon)  
Managing Director/ Operation Controller  
JayDee Partners Limited (The Independent Financial Advisor)