

No. CBG 053/2017

14 November 2017

Re: Board resolution and change of overseas subsidiaries' capital structure

To Managing Director  
Stock Exchange of Thailand

Reference is made to the resolutions of the Board of Director Meeting No. 7/2017 of Carabao Group Public Company Limited (the "Company") held on 14 November 2017 as follows:

1. To approve the Company's financial statements for the nine-month period ended on 30 September 2017.

2. To approve the change of overseas subsidiaries' capital structure namely Carabao Venture Holdings (Luxembourg) Limited ("CVHLUX") which is a joint venture company between the Company's overseas subsidiary, Carabao Holdings (Hong Kong) Limited ("CHHK"), and an unrelated party of Singaporean business partner, Intercarabao Private Limited ("ICSG"), with 51.0% and 49.0% of registered and paid-up capital of CVHLUX as of 30 September 2017, respectively. CVHLUX is a holding company which invests in 100% share of the registered and paid-up capital of Intercarabao Limited ("ICUK"), of which the business engages in marketing, sales and distribution of energy drinks under Carabao trademark in the UK market and other countries outside Asia (the "**Change of overseas subsidiaries' capital structure**"). The resolutions relating thereto are set out below:

2.1. Approve CHHK, a wholly owned subsidiary of CBG, to increase capital by the principal sum equivalent to the amount of not exceeding GBP 19.5 million or approximately THB 846.7 million so that the proceeds shall be used to take out the right offering share subscription to which CVHLUX issues for sales at par value. Such subscription is made to the whole issue offered by CVHLUX, including both CHHK's portion and ICSG's because ICSG acting in capacity of an eligible shareholder has expressed its intention not to purchase the right offering shares;

2.2. Approve CVHLUX to increase capital equivalent to the amount of not exceeding GBP 40.2 million or approximately THB 1,747.5 million by issuing primary shares for sales at par value, comprising:

(a) Right offering shares made to its shareholders for payment in cash equivalent to the amount not exceeding GBP 19.5 million or approximately THB 846.7 million so that the proceeds shall be used to support major expenses relating to sponsorships, marketing and operations to be incurred by ICUK; and

(b) Primary shares made pursuant to the conversion of loans that CVHLUX obtained from its shareholders to support ICUK's business operations in 2017, whereby the shares are used as a means of payment in kind to repaying the shareholder loans from CHHK and ICSG equivalent to the amount of not exceeding GBP 20.7 million or approximately THB 900.7 million.

In this regard, decision to enter into such a transaction is considered an asset acquisition pursuant to the Notification of the Capital Market Supervisory Board No. ThorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets, 2004 (collectively the "**Notifications on Acquisitions or Dispositions**"). Size of the transaction by the highest value based on total considerations

(Translation)

method is equal to 13.37%. When taking into account all other asset acquisitions transacted during 6 months prior to the date the decision is made to enter into the transaction, total size of the said transactions by the highest value based on total considerations method is equal to 17.99% and as a result is classified under Class 2 Transaction i.e. 15% or higher but not exceeding 50% pursuant to the Notifications on Acquisitions or Dispositions, the Company is required to disclose certain information as specified in List 1 attached to the Major Transaction Rules to the Stock Exchange of Thailand (the “SET”) immediately (details as appear in enclosure 1) and send a notification disclosing at least the information specified in List 2 of the Major Transaction Rules to its shareholders within 21 days from the date on which the disclosure is made to the SET.

Please be informed accordingly.

Yours sincerely,

(Mr. Waranchai Jensiriwanich)

Legal director/company secretary

Legal Department

Tel. 02-636-6111

**Disclosure of Information Memorandum Concerning Asset Acquisition of Carabao Group Plc. and Subsidiaries: Change of overseas subsidiaries' capital structure**

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We, Carabao Group Public Company Limited (the “**Company**” or “**CBG**”), are pleased to notify with reference to the resolutions of the Board of Directors’ meeting No. 7/2560 held on 14 November 2017 to consider and approve the change of overseas subsidiaries’ capital structure namely Carabao Venture Holdings (Luxembourg) Limited (“**CVHLUX**”) which is a joint venture company between the Company’s overseas subsidiary, Carabao Holdings (Hong Kong) Limited (“**CHHK**”), and an unrelated party of Singaporean business partner, Intercarabao Private Limited (“**ICSG**”), with 51.0% and 49.0% of registered and paid-up capital of CVHLUX as of 30 September 2017, respectively. CVHLUX is a holding company which invests in 100% share of the registered and paid-up capital of Intercarabao Limited (“**ICUK**”), of which the business engages in marketing, sales and distribution of energy drinks under Carabao trademark in the UK market and other countries outside Asia (the “**Change of overseas subsidiaries’ capital structure**”).

The resolutions relating thereto are set out below:

1. Approve CHHK, a wholly owned subsidiary of CBG, to increase capital by the principal sum equivalent to the amount of not exceeding GBP 19.5 million or approximately THB 846.7 million so that the proceeds shall be used to take out the right offering share subscription to which CVHLUX issues for sales at par value. Such subscription is made to the whole issue offered by CVHLUX, including both CHHK’s portion and ICSG’s because ICSG acting in capacity of an eligible shareholder has expressed its intention not to purchase the right offering shares;
2. Approve CVHLUX to increase capital equivalent to the amount of not exceeding GBP 40.2 million or approximately THB 1,747.5 million by issuing primary shares for sales at par value, comprising:
  - (a) Right offering shares made to its shareholders for payment in cash equivalent to the amount not exceeding GBP 19.5 million or approximately THB 846.7 million so that the proceeds shall be used to support major expenses relating to sponsorships, marketing and operations to be incurred by ICUK; and
  - (b) Primary shares made pursuant to the conversion of loans that CVHLUX obtained from its shareholders to support ICUK’s business operations in 2017, whereby the shares are used as a means of payment in kind to repaying the shareholder loans from CHHK and ICSG equivalent to the amount of not exceeding GBP 20.7 million or approximately THB 900.7 million.

In this regard, decision to enter into such a transaction is considered an asset acquisition pursuant to the Notification of the Capital Market Supervisory Board No. ThorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets and the Notification of the Board of Governors of the Stock Exchange of Thailand re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition or Disposition of Assets, 2004 (collectively the “**Notifications on Acquisitions or Dispositions**”). Size of the transaction by the highest value based on total considerations method is equal to 13.37%. When taking into account all other asset acquisitions transacted during 6 months prior to the date the decision is made to enter into the transaction, total size of the said transactions by the highest value based on total considerations method is equal to 17.99% and as a result is classified under Class 2 Transaction i.e. 15% or higher but not exceeding 50% pursuant to the Notifications on Acquisitions or Dispositions.

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Consequently, the Company has duties to disclosure and hereby submits the Information Memorandum concerning asset acquisitions as provided in this document to the Stock Exchange of Thailand, and the Company shall serve a written notice of decision to enter into the transaction on the shareholders within 21 days from the date of disclosure of information to the Stock Exchange of Thailand.

### 1. Date, Month, Year of the Transaction

Preliminary details of the activities in order are set out below:

Timing	Description
14 Nov 2017	The Company's Board of Directors' meeting to approve the transactions
Within Nov 2017	CVHLUX's Board of Directors' meeting to approve capital increase comprising both the right offering shares and the conversion of loans granted from CHHK and ICSG
Within Nov 2017	CHHK's Board of Directors' meeting and shareholders' meeting to approve capital increase
Within Jan 2018	- CVHLUX's shareholders' meeting to approve capital increase comprising both the right offering shares and the conversion of loans granted from CHHK and ICSG - CHHK shall make cash payment for the right offering share subscription to CVHLUX

### 2. Relevant Parties and Relationships with the Listed Company

- ICSG is an unrelated party of Singaporean business partner with the Company, holding 49.0% of registered and paid-up capital of CVHLUX as of 30 September 2017 pre transactions;
- CHHK is a wholly owned subsidiary of the Company both pre and post transactions; and
- CVHLUX is a joint venture company between CHHK and ICSG, holding 51.0% and 49.0% of registered and paid-up capital as of 30 September 2017, respectively, pre transactions.

### 3. General Characteristics, Type and Size of the Transaction

#### 3.1 General Characteristics and Type of the Transaction

CVHLUX is a holding company, only having 100.00% of the registered and paid-up shares of ICUK. The transactions are for CVHLUX to use the proceeds from the right offering shares as a source of fund to support major expenses relating to sponsorships, marketing and operations to be incurred by ICUK.

ICSG, as a business partner, was unable to provide financial support to the extent of its existing shareholding. Consequently, the Company, as a major shareholder and the owner of the energy drinks under Carabao trademark, has offered financial support to CVHLUX to the extent beyond current shareholding of 51%. The Change of overseas subsidiaries' capital structure, therefore, could be referred as a mechanism that reflects the control of the Company and subsidiaries over the investment in ICUK, which is indirectly held by CVHLUX.

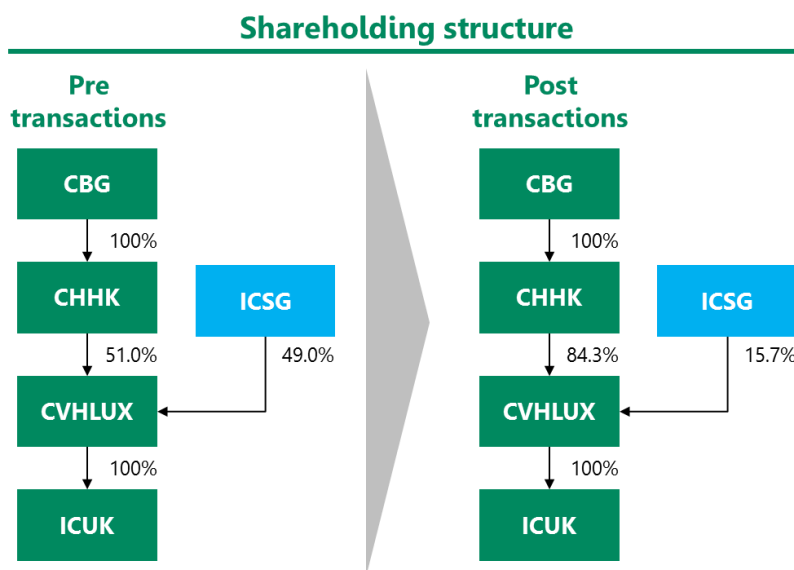
ICUK's performance and financial position shall be reflected in the Company and subsidiaries' consolidated financial statement with increasing proportion from 51.0% to approximately 84.3% of shares after the transaction is settled which is expected to be within January 2018. The capital structure of CVHLUX in terms of equity and shareholders loans is preliminarily set out below.

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Unit: Baht in million	[1]		[2]		[3]		[4] = [1+2+3]	
	Pre-transaction registered and paid-up capital <sup>1/</sup>		Capital increase and right offering process <sup>2/</sup>		Conversion of shareholder loans from CHHK and ICSG <sup>3/</sup>		Post-transaction registered and paid-up capital	
	Amount	%	Amount	%	Amount	%	Amount	%
CHHK	330.6	51.0%	846.7	100.0%	842.9	93.6%	2,020.3	84.3%
ICSG	317.6	49.0%	-	-	57.8	6.4%	375.4	15.7%
<b>Total</b>	<b>648.2</b>	<b>100.0%</b>	<b>846.7</b>	<b>100.0%</b>	<b>900.7</b>	<b>100.0%</b>	<b>2,395.7</b>	<b>100.0%</b>

- Remark:
- 1/ Registered capital of CVHLUX as of 1 October 2016;
  - 2/ ICSG has expressed its intention not to purchase CVHLUX’s right offering shares on a pro-rata basis in the whole amount; and
  - 3/ According to the principal of loans from CHHK and ICSG to CVHLUX which are amounted to GBP 18.8 million or approximately THB 816.3 million and GBP 1.3 million or approximately THB 56.4 million as of 30 September 2017, respectively

Shareholding structure of ICUK, indirectly held by CVHLUX, pre and post transaction is preliminarily set out below:



### 3.2 Size of the Transaction

The Change of overseas subsidiaries’ capital structure transaction is considered an asset acquisition pursuant to the Notifications on Acquisitions or Dispositions, whereby size of the transaction by the highest value based on total considerations method is equal to 13.37% based on the consolidated financial statements of the Company and subsidiaries for the 9-month period ending 31 September 2017.

1. Comparison of Net Tangible Assets (NTA)	=	$\frac{\text{NTA by shareholding percentage} \times 100}{\text{NTA of the Company}}$
Size of the transaction (Baht in million)	=	<i>Not applicable since CVHLUX has a negative net asset value <sup>1/2/3/</sup></i>

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2. Comparison of Net Profits	=	$\frac{\text{Net Profits by shareholding percentage} \times 100}{\text{Net Profits of the Company}}$
Size of the transaction (Baht in million)	=	<i>Not applicable since CVHLUX has made a loss over the past 12-month</i>
3. Comparison of Total Considerations	=	$\frac{\text{Total Considerations paid} \times 100}{\text{Total Assets of the Company}}$
Size of the transaction (Baht in million)	=	$\frac{(846.7 + 842.9) \times 100}{12,635.3}$
	=	13.37%
4. Comparison of Securities Value	=	$\frac{\text{Number of Shares issued as considerations} \times 100}{\text{Total Number of Outstanding Shares}}$
Size of the transaction (Baht in million)	=	<i>Not applicable since the transaction is not involved with issuance of securities by the Company</i>

Remark:

1/ The purchase of primary shares in cash for both their own and ICSG's right offerings and the conversion of loans to equity shall cause CHHK a higher proportion of shareholding in ICUK, which is indirectly held by CVHLUX, increased from 51.0% to approximately 84.3%

2/ The Company's management prepared consolidated financial statements of CVHLUX (unreviewed and unaudited) to reflect the financial performance and position of CVHLUX, of which business engages in an overseas holding company and only holds 100% of the issued and paid-up capital of ICUK as mentioned in clause 4.2 Re: Financial Information Summary of CVHLUX

3/ Consolidated financial statements of CVHLUX show a negative net asset value, therefore, the calculation of net asset value is not applicable.

However, based on net asset value of separated financial statements of CVHLUX as of 30 September 2017, prepared by the Company's management (unreviewed and unaudited), which is amounted to THB 628 million, the size of the transaction by the highest value based on total considerations method is equal to 3%.

Size of the transaction by the highest value based on total considerations method is equal to 13.37%. When taking into account all other asset acquisitions transacted during 6 months prior to the date the decision is made to enter into the transaction, total size of the said transactions by the highest value based on total considerations method is equal to 17.99% and as a result is classified under Class 2 Transaction i.e. 15% or higher but not exceeding 50% pursuant to the Notifications on Acquisitions or Dispositions.

Consequently, the Company has duties to disclosure and thereby submits the Information Memorandum concerning asset acquisitions as provided in this document to the Stock Exchange of Thailand, and the Company shall serve a written notice of decision to enter into the transaction on the shareholders within 21 days from the date of disclosure of information to the Stock Exchange of Thailand.

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Summary of transaction sizes during 6 months Unit: Baht in million	Date of decision to enter into transaction	Value applied to calculation of transaction (Baht in millions)	The Highest Value based on Total Considerations Method (%)
1.) Can Filing Machines line 4 <sup>th</sup> and 5 <sup>th</sup>	18 Jul 2017 <sup>1/</sup>	480.00	4.62
2.) Change of overseas subsidiaries' capital structure Transaction	14 Nov 2017	1,689.6	13.37
<b>Total</b>			<b>17.99</b>

Remark: 1/ According to the resolution of the Board of Directors' meeting

#### 4. Details of the Assets Acquired

Preliminary details of the assets acquired by the Company after the transaction, which shall cause the proportion of shareholding in ICUK, indirectly held by 2 overseas subsidiaries i.e. CHHK and CVHLUX, increased from 51% to approximately 84.3%, can be summarized as follows:

<b>CHHK</b>	
Entity	Carabao Holdings (Hong Kong) Limited
Country	Hong Kong
Paid-up and registered capital	<b>Pre-transaction:</b> Equivalent to the amount of GBP 25.9 million <b>Post-transaction:</b> Equivalent to the amount of GBP 45.4 million
Nature of business	Subsidiary company, engaging as an overseas holding company
Shareholder	CBG: 100.00%
Director	1. Sathien Setthasit <sup>1/</sup> ; 2. Romtham Setthasit <sup>1/</sup> ; and 3. Kartchai Jamkajornkeiat <sup>1/</sup>
<b>CVHLUX</b>	
Entity	Carabao Venture Holdings (Luxembourg) Limited
Country	Luxembourg
Paid-up and registered capital	<b>Pre-transaction:</b> Equivalent to the amount of GBP 14.9 million <b>Post-transaction:</b> Equivalent to the amount of GBP 55.2 million
Nature of business	Subsidiary company, engaging as an overseas holding company
Shareholder	<b>Pre-transaction</b> 1. CHHK: 51.0%; and 2. ICSG: 49.0% <b>Post-transaction</b> 1. CHHK: approximately 84.3%; and 2. ICSG: approximately 15.7%
Director	<b>Pre-transaction</b> 1. Sathien Setthasit <sup>1/</sup> ; 2. Romtham Setthasit <sup>1/</sup> ; 3. Kartchai Jamkajornkeiat <sup>1/</sup> ; 4. Pairoj Piempongsant; 5. Taweasuk Srisumrid; 6. Local director <sup>2/</sup> <b>Post-transaction</b> 1. Sathien Setthasit <sup>1/</sup> ; 2. Romtham Setthasit <sup>1/</sup> ; 3. Kartchai Jamkajornkeiat <sup>1/</sup> ;

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	4. Pongsarn Klongwathanakith <sup>1/</sup> ; 5. Taweasuk Srisumrid; 6. Local director <sup>2/</sup>
<b>ICUK</b>	
Entity	Intercarabao Limited
Country	United Kingdom
Paid-up and registered capital	<b>Pre-transaction:</b> Equivalent to the amount of GBP 14.5 million <b>Post-transaction:</b> Equivalent to the amount of GBP 14.5 million
Nature of business	Engaging in marketing, sales and distribution of energy drinks under Carabao trademark in the UK market and other countries outside Asia
Shareholder	1. CVHLUX: 100.00%
Director	<b>Pre-transaction</b> 1. Romtham Setthasit <sup>1/</sup> ; 2. Kartchai Jamkajornkeiat <sup>1/</sup> ; 3. Paiboon Kujareevanich <sup>1/</sup> ; 4. Praphant Asava-Aree <sup>1/</sup> ; 5. Pairoj Piempongsant; and 6. Taweasuk Srisumrid <b>Post-transaction</b> 1. Romtham Setthasit <sup>1/</sup> ; 2. Kartchai Jamkajornkeiat <sup>1/</sup> ; 3. Natchanok Wongsawat <sup>1/</sup> ; 4. Pongsarn Klongwathanakith <sup>1/</sup> ; 5. Pairoj Piempongsant; and 6. Mark Young <sup>1/</sup>

Remark: 1/ Directors are proposed and appointed by the Company and subsidiaries  
2/ In the process of consulting with Corporate Secretary Service in Luxembourg to propose and appoint a local director in order to comply with the law  
3/ CVHLUX may consider injecting capital in the form of shareholder loans and/or primary share subscription to ICUK

#### 4.1 Nature of Business of ICUK

A new chapter of our energy drinks under Carabao trademark orchestrated to the global stage was unfolded since we managed to enter a 3-season principal partnership agreement with Chelsea Football Club in November 2015, made investments for a shareholding of 51% in Intercarabao Limited (“**ICUK**”) in October 2016 to conduct marketing, sales and distributions of our energy drinks under Carabao trademark in the United Kingdom and soft landed in November 2016 a landmark 3-season sponsorship agreement with English Football League. We are in deeply understanding that those football sponsorships and joint venture into overseas business operations may put the Group’s financial performance and position at risks during the start-up phase. However, we believe that our feat of endeavors as mentioned shall be considered an investment from strategic perspective to substantiate a solid platform instrumental in driving business expansions outside Thailand in the long run. Due to our equity investments in ICUK, its financial performance and position have been reflected in our consolidated financial statements from the 4th quarter of 2016 onwards.

Sales volume of energy drinks under Carabao trademark in the United Kingdom has improved steadily quarter on quarter, up from the average monthly sales volume of 167k cans in the 1st quarter of 2017 to 868k cans in the 3rd quarter of 2017. This improvement is a result of our strategy to focus on extensive distribution coverage, particularly in modern trades, as ICUK was able to penetrate into three of the leading modern trade channels in the 3<sup>rd</sup> quarter of 2017. Coupled with this, such progress

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is supported by our distinguishing position of official sponsor to Chelsea Football Club Limited and English Football League and product differentiation strategy, especially the Green Apple flavored energy drinks under Carabao trademark, which are getting more recognition from customers. As a consequence, ICUK's business plans aim to entail further penetrations in more modern trades, careful allocation of marketing and promotional budgets to spur growth through priority channels, strong push of product sampling experiences among the target group to attract the trials for future sales and cost reductions particularly in redundant procedures to deliver appropriate rate of return on sales.

ICUK also continued to bear fruit from increasing sales of our energy drinks under Carabao trademark quarter on quarter outside the UK, up from the monthly average of 475k cans in the 1<sup>st</sup> quarter of 2017 to 1.80 million cans in the 3<sup>rd</sup> quarter of 2017. The Group believes such window of business opportunities is opened up by our bolstering visibility of energy drinks under Carabao trademark in the global spotlight, thanks to our sponsorships to Chelsea Football Club Limited and English Football League expected to serve as a key to future growth in overseas businesses. In light of this, we decided to enter into the deed of variation in respect of rights and fees to the sponsorship agreement with Chelsea Football Club Limited. The amendments allow the Group to extend sponsorship period from a three-year term ending 30 June 2019 to a five-year term ending on 30 June 2021, whereby the Group shall bear an extra cost of GBP 3 million throughout this entire arrangement. However, should the first three years come to end, our sponsorship status will be automatically changed from "Principal Partner" to "Global Partner" in the next following two years.

#### 4.2 Financial Information Summary of CVHLUX

CVHLUX engages as an overseas holding company, which fully invests and only holds 100% of shares in ICUK. As a result, CVHLUX's performance is based on the economic benefits mainly from the ICUK's business operation.

Financial Information Summary of CVHLUX <sup>1/2/</sup>	9-month Period ending 30 September 2017	
	Amount	%
<b>Unit: THB million</b>		
<b>Income Statement</b>		
Revenue from sales	169.4	100.0%
Gross profit	54.7	32.3%
Earnings before interest and tax	(625.5)	-369.2%
Net Profit (Loss)	(646.6)	-381.6%
<b>Balance Sheet</b>		
Total assets	876.9	100.0%
Total liabilities	1,047.2	119.4%
Total shareholders' equity	(170.3)	-19.4%

Remark: 1/ The Company holds 51% of shares in ICUK, indirectly by shareholding of CVHLUX since October 2016. Therefore, ICUK's business performance and financial position has been consolidated in the Company and subsidiaries' financial statements since the 4<sup>th</sup> quarter 2016

2/ The Company's management prepared consolidated financial statements of CVHLUX (Unreviewed and unaudited) to reflect the financial performance and financial position of CVHLUX, of which business engages in an overseas holding company and only holds 100% of the issued and paid-up capital of ICUK

#### 5. Total Considerations and Payment Conditions

Value in Thai Baht (THB) as converted from Great British Pound (GBP) is based on exchange rate of 38.392 THB/EUR, 43.422 THB/GBP and 33.105 THB/USD according to Bloomberg Markets as of 8 November 2017. Actual value may change depending on the exchange rate being effected as of the transaction date

Value of total considerations the Company pay for higher proportion of shareholding in ICUK from 51.0% to approximately 84.3%, which is indirectly held by CVHLUX, equivalent to the amount of not exceeding GBP 38.9 million or approximately THB 1,689.6 million.

**6. Value of the Acquired Assets**

Value of the acquired assets by total considerations equivalent to the amount of not exceeding GBP 38.9 million or approximately THB 1,689.6 million as mentioned in clause 5. Re: Total Considerations and Payment Conditions.

**7. Basis of Determining Value of Considerations**

CVHLUX shall issue right offering and conversion of loans from CHHK and ICSG to equity at par value which is in accordance to the mutual agreement between the Company and ICSG

**8. Expected Benefits from the Transaction**

The Company believes that the Change of overseas subsidiaries' capital structure transaction could potentially result in benefits to the Company and shareholders in various aspects such as:

- Facilitate ICUK's business operation in pursuant to the business plan that the Company believes in that ICUK would potentially generate profit in the future and be one of the Company's long-term growth drivers;
- Reflect the control over the business in pursuant to the investment proportion in ICUK, indirectly by shareholding of CVHLUX;
- Expand footprints into the PRC that has large market size and growth prospect and leverage business opportunity to further into other markets in the Greater China region;
- Enlarge scope of business operations and foster marketing position of energy drink under Carabao trademark in the large and high potential growth regions of the UK and other overseas markets outside Asia;
- Diversify source of revenue flows and reduce degree of reliance on energy drink market in Thailand; and
- Pursue growth in revenue from sales and accomplish appropriate rate of return on investments in the long run

**9. Source of Funds**

Source of funds consists of cash generated from liquidity and internal cash flows of the Company and subsidiaries plus loans from financial institution(s).

**10. Entering into Transactions with a company in which the parties connected to the Company hold 10% or more of total voting rights**

- None -

**11. Opinion of the Board of Directors on the Transaction**

The Board of Directors' meeting No. 7/2560 held on 14 November 2017, during which the Audit Committee members also had a presence, has considered and opined that the transaction is reasonable and beneficial to the Company and shareholders in the long run.

**12. Opinion of the Audit Committee and/or directors of the Company that differs from that of the Board of Directors**

- None -

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