

(Translation)

**Information Memorandum regarding the allocation of the newly issued shares to the Specific Investors (Private Placement)**

The meeting of the Board of Directors of Berli Jucker Public Company Limited (the “Company”) No.6/2016, which was held on 25 May 2016, resolved to approve the capital increase of Baht 2,400,000,000 from the existing registered capital of Baht 1,653,955,000 to Baht 4,053,955,000 by means of issuing 2,400,000,000 newly-issued ordinary shares with a par value of Baht 1.00 per share in order to accommodate the allocation of the newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings (Rights Offering) and to specific investors (Private Placement), which will be proposed to the Extraordinary General Meeting of the Shareholders No.2/2016 on 29 June 2016, for consideration.

The allocation of the newly issued shares to the specific investors (Private Placement) is significant matter; the Company then prepares this substantial information memorandum for the shareholders’ consideration according to the Capital Market Supervisory Board No. Tor Chor. 73/2558, Re: List of Information in Notice of Shareholders’ Meeting of Listed Company for seeking approval of the issuance and offering of securities, with the details as follows:

**1. Details of the allocation of the newly issued shares to the specific investors**

The Board of Directors’ meeting resolved to approve the allocation of not exceeding 800,000,000 newly-issued ordinary shares to specific investors (Private Placement) who are not connected persons of the Company. The Board of Directors or Mr. Aswin Techajareonvikul, Chief Executive Officer and President, as a person designed by the Board of Directors, is authorized to determine the offering price in accordance with the following conditions:

- (1) The offering price shall be the best market price according to the market condition during the offering period, i.e. the price shall not be lower than the weighted average of the shares trading on the Stock Exchange of Thailand (the “Stock Exchange”) for 7 but not more than 15 consecutive trading days (Market Price). In this regard, the Company may determine the discount on the offering price but shall not be more than 10.0 percent of such Market Price, or not lower than price which is determined by the book building method surveyed by the securities company in accordance with the Notification of the Capital Market Supervisory Board No. TorChor. 72/2558, Re: Approval for the Listed Companies to Issue the Newly-issued Shares to the Specific Investors; and
- (2) Such price shall be the offering price not lower than the price which is offered to the existing shareholders proportionate to their respective shareholdings (Rights Offering) on the first offering (Baht 35 per share) and shall be a reasonable price when considering to benefits, interest and any impact to the existing shareholders of the Company.

The issuance and offering of the newly issued shares to the specific investors is subject to the approval from the Securities and Exchange Commission (“SEC”).

In addition, it is proposed to the Extraordinary General Meeting of the Shareholders No.2/2016 on 29 June 2016 that that the Board of Directors or Mr. Aswin Techajareonvikul, Chief Executive Officer and President, as a person designed by the Board of Directors has the authority to determine and/or make changes to other details relating to the allocation of the newly-issued shares to the specific investors, subject to the relevant rules and laws, which shall include but not be limited to the following: (1) to consider and determine whether the newly-issued ordinary shares shall be one or from time to time allocation (within 6 months), the offering period, the share allocation, offering price, payment for shares, and other details and conditions relating to the allocation; (2) to appoint the financial advisors, enter into negotiations, agreements, and execute relevant documentation and agreements relating to the allocation, and to undertake any act in connection with the allocation; and (3) to sign application forms for permission, relaxation, and evidence necessary for and relevant to the allocation, as well as to coordinate with and apply for permission for approval, relaxation, and necessary and relevant evidence from the relevant government agencies or relevant agencies, and to list the newly-issued ordinary shares on the Stock Exchange, and any take other action as it deems necessary and appropriate for the purpose of the allocation.

## **2. Criteria for the allocation of the newly issued shares to the specific investor**

With respect to this issuance and offering of the newly-issued ordinary shares to specific investors (Private Placement), the Company will choose a variety of types of investors such as institutional investors, private equities, hedge funds, strategic investors, as well as institutional investors that have previously invested in BIG C Supercenter Public Company Limited. This is for the reason that the aforementioned groups of investors have extensive investment experience, a good understanding of many types of businesses; particularly the businesses operated by the Company, and also have experience in investments in large-scale businesses. Their investment policy also includes the holding of shares in the Company in the long term and such investors shall have investment potential and capable to the investment. In this regard such investors will not be connected persons as prescribed by the Notification of the Capital Market Supervisory Board on Connected Transactions.

## **3. Objectives of the allocation of the newly issued shares to the specific investor and plans for utilizing proceeds received from the capital increase**

The Company will utilize all proceeds received from the issuance of the newly issued shares to the specific investors (Private Placement) to the restructure of the capital and repayment of the loan from financial institution received by the Group of Company to acquire the business of Big C Supercenter Public Company Limited (“**BIGC Group**”) at the amount of 97.94% of total issued and paid-up shares of BIGC, which the Group of Company was granted the bridge loan from the financial institution at the amount of Baht 204,330 million (exclusive of interest and all other expenses to the transaction).

4. **Effect to the existing shareholders from the allocation of newly issued shares to the specific investors**

The potential effects resulting from the allocation of shares to the Private Placement on the existing shareholders are price dilution, control dilution, and earnings per share (EPS) dilution.

**Case 1** In the case that the newly issued shares are fully subscribed by the Private Placement (PP) and the shareholders exercises their rights to fully subscribe for the newly issued shares (the First Right Offering), which have the conditions to the calculations as follow:-

- (1) 800,000,000 newly issued shares are fully subscribed by the Private Placement (PP) which are not the existing shareholders;
- (2) In the First Right Offering, the existing shareholders exercise their rights to subscribe for the 1,592,221,000 newly issued shares in proportionate of their shareholdings (currently, the issued shares of the Company are 1,592,221,000 shares, therefore, the offering of newly issued shares according to the existing shareholders' entitlement are 1,592,221,000 shares)

**Case 2** In the case that the newly issued shares are fully subscribed by the Private Placement (PP), but the existing shareholders have not fully subscribed for the newly issued shares, therefore, the remaining shares from such allocation may be again allocated to the existing shareholders (the Second Right Offering), which have the conditions to the calculations as follow:-

**Case 2.1** If there are the remaining shares from the unsubscription of the existing shareholders in the Second Right Offering and TCC Corporation Co., Ltd. ("TCC Corporation"), a major shareholder, has subscribed for such newly issued shares.

- (1) 800,000,000 newly issued shares are fully subscribed by the Private Placement (PP) which are not the existing shareholders.
- (2) TCC Corporation has subscribed for the newly issued shares in proportionate of its shareholding of 1,175,584,200 shares in the First Right Offering and other shareholders have not subscribed for the newly issued shares, resulting to the paid-up shares are 3,567,805,220 shares and the remaining shares from the share subscription in the First Right Offering of 416,636,780 shares.
- (3) For the Second Right Offering, the share allocation ratio is 1 existing share to 0.116776773 new share (equivalent to the remaining shares from the First Right Offering divided by the number of paid-up shares after the First Right Offering or 416,636,780 shares divided by 3,567,805,220 shares).
- (4) The specific investors who have subscribed for the newly issued shares and become the shareholders who are entitled to subscribe for the newly issued shares in proportionate of their entitlements in the Second Right Offering of 93,421,418 shares, if other shareholders have not subscribed for the newly issued shares and TCC Corporation has

subscribed for (in excess of its entitlement) the 323,215,362 remaining shares (the subscription in proportionate of its shareholding of 274,561,863 shares and in excess of its entitlement of 48,653,449 shares).

**Case 2.2** If there are remaining shares from the unsubscription of the minority shareholders in the Second Right Offering and the specific investors who becomes the shareholders of the Company and are entitled to subscribe for the newly issued shares in the Second Right Offering, have exercised their rights to subscribe for such newly issued shares in excess of their entitlement.

- (1) 800,000,000 newly issued shares are fully subscribed by the Private Placement (PP) which are not the existing shareholders.
- (2) TCC Corporation has subscribed for the newly issued shares in proportionate of its shareholding of 1,175,584,200 shares in the First Right Offering and other shareholders have not subscribed for the newly issued shares, resulting to the paid-up shares are 3,567,805,220 shares and the remaining shares from the share subscription in the First Right Offering of 416,636,780 shares.
- (3) For the Second Right Offering, the share allocation ratio is 1 existing share to 0.116776773 new share (equivalent to the remaining shares from the First Right Offering divided by the number of paid-up shares after the First Right Offering or 416,636,780 shares divided by 3,567,805,220 shares).
- (4) TCC Corporation has subscribed for 274,561,863 newly issued shares, in proportionate of its shareholding, if other shareholders have not subscribed for the newly issued shares and the specific investors who becomes the shareholders of the Company who are entitled to subscribed for the newly issued shares in the Second Right Offering, have subscribed for (in excess of its entitlement) the 142,074,917 remaining shares in the Second Right Offering (the subscription in proportionate of their entitlements of 93,421,418 shares and in excess of their entitlements of 48,653,449 shares).

1. Control Dilution

**Case 1** dilution of 20.1%, **Case 2.1** dilution of 22.4%, and **Case 2.2** dilution of 23.6%

Control Dilution Formula:

$$= \frac{\text{Total Offered Shares}}{\text{Existing Paid-up Shares} + \text{Total Offered Shares}}$$



**Case 1** calculation of Control Dilution

$$= \frac{800,000,000}{1,592,221,000+2,392,221,000} = 20.1\%$$

**Case 2.1** calculation of Control Dilution

$$= \frac{800,000,000+93,421,418}{1,592,221,000+2,392,221,000} = 22.4\%$$

**Case 2.2** calculation of Control Dilution

$$= \frac{800,000,000+142,074,917}{1,592,221,000+2,392,221,000} = 23.6\%$$

2. Earnings per share (EPS)

Dilution is 60.0% for **Case 1**, **Case 2.1** and **Case 2.2**

EPS dilution Formula

$$= \frac{\text{EPS before Offering} - \text{EPS after Offering}}{\text{EPS after Offering}}$$

In which

$$\begin{array}{ccccccc} \text{EPS before} & = & \text{Net Profit} & = & \text{Baht 2,787.53} & = & \text{Baht 1.7507 per} \\ \text{Offering} & & & & \text{million} & & \text{share} \\ & & \frac{\text{Existing Paid-up}}{\text{Shares}} & & \frac{1,592.22 \text{ million}}{\text{shares}} & & \end{array}$$

Net profit is calculated from the last twelve months since 1 April 2015 to 31 March 2016  
And

$$\begin{array}{ccc} \text{EPS after} & = & \text{Net Profit} \\ \text{Offering} & & \\ & & \frac{\text{Existing Paid-up Shares} + \text{Total Offered}}{\text{Shares}} \end{array}$$

$$= \text{Baht } 2,787.53 \text{ million} = \text{Baht } 0.6996 \text{ per share}$$

$$\frac{1,592.22 \text{ million shares} + 2,392.22 \text{ million shares}}$$

Thus, EPS dilution equals to

$$= \frac{1.7507 - 0.6996}{1.7507} = 60.0\%$$

### 3. Price Dilution

Dilution is 4.4% for **Case 1**, **Case 2.1** and **Case 2.2**

Price dilution formula:

$$= \frac{\text{Market Price before Offering} - \text{Market Price after Offering}}{\text{Market Price before Offering}}$$

$$= \frac{(\text{Market Price before Offering} \times \text{Existing Paid-up Shares}) - (\text{Offer Price} \times \text{Total Offered Shares})}{\text{Existing Paid-up Shares} + \text{Total Offered Shares}}$$

$$= \frac{(37.75 \times 1,592,221,000) - (35.00 \times 2,392,221,000)}{1,592,221,000 + 2,392,221,000} = \text{Baht } 36.10 \text{ per share}$$

Thus, Price dilution equals to

$$= \frac{37.75 - 36.10}{37.75} = 4.4\%$$

*Remark:* Based on the assumption that the offering price to the Private Placement, the first Rights Offering and the Second Rights Offering is Baht 35.00 per share and the market price is Baht 37.75 per share, which is reference from the closing price of the

*company shares as at 25 May 2016 which is the date on which the Board of Directors resolved to approve the capital increase and shares allocation.*

Even if the offering of the newly issued shares to the Private Placement resulting in the price dilution, control dilution, and earnings per share (EPS) dilution as aforementioned, however, such capital increase will enhance the appropriateness of the Company's capital structure, the decrease of obligations and expenses from the lending, resulting in the Company's financial status is stable and readiness for expansion its business or investment in the future, as such, the shareholders will benefit from the increase of business value, as well as the operation results and dividend payment in the long term.

In addition, the capital increase according to the capital restructuring plan of the Company will contribute to the decrease of the leverage ratio to be in accordance with the terms and conditions specified in the short term loan agreement with the financial institution received by the group of Company for the acquisition of the business of BIGC group (totaling approximately of Baht 204,330 million, exclusive of interest and other expenses from entering into the transaction). Under the short term loan agreement, the net interest bearing debt to adjusted EBIDA to net debts to EBIDA ratio shall not exceeding 5:1 and the net debt to equity ratio shall not exceeding 2:1 within 31 December 2016. If there is no such capital increase, it is necessity to restructure of the Company's capital by other means, in order to maintain the debt to equity ratio to be in accordance with the terms and conditions of the loan agreement, otherwise it will be an event of default under the agreement.

**5. Opinion of the Board of Directors on the capital increase or allocation of the newly-issued shares to specific investors (Private Placement)**

**(1) Rationale and necessity for the capital increase**

The Board of Directors was of the opinion that, it is necessary for the Company to increase its registered capital and issue newly-issued ordinary shares to the specific investors (Private Placement) who are not connected persons of the Company in order to use the proceeds derived from the Private Placement (as well as from the proceeds received from the allocation of the newly-issued ordinary shares to the existing shareholders of the Company proportionate to their respective shareholdings (Rights Offering)) for restructuring the investment capital of the Company. This will be done by means of using the proceeds derived from the capital increase as funds for repaying the short term loans with the financial institutions from which the group of the Company had obtained a bridge loan for the acquisition of the business of the group company of BIGC as mentioned above. In this regard, the Board of Directors has determined that the specific investors to be allocated the newly issued shares shall be in accordance with the Criteria for the allocation of the newly issued shares to the specific investor as specified in Clause 2 above.



**(2) Feasibility of the proceeds utilization plan**

The Company expects that the issuance and offering of the shares to specific investors (Private Placement) and the obtaining of proceeds from the offering of such newly-issued ordinary shares will occur within July 2016 (this will be around the same time as the allocation of the newly-issued ordinary shares to the existing shareholders proportionate to their respective shareholdings (Rights Offering). The Company will use all of the proceeds derived from the issuance and offering of the newly issued shares to the Private Placement for repaying the short term loan to the financial institution as soon as possible in order to reduce its interest obligations.

**(3) Reasonableness of the capital increase, plan to utilize the proceeds derived from the offering for sale, and projects to be operated, including the sufficiency of the sources of funds**

The Board of Director was of the opinion that, the issuance and offering of the newly-issued ordinary shares to the specific investors (Private Placement) and to the existing shareholders proportionate to their respective shareholdings are part of the capital restructuring plan in accordance with the capital restructuring plan of the Company for the repayment of loans secured from the financial institutions which the group of the Company used to acquire the business of BIGC Group. When combining the transactions of the issuance of debentures, Bill of Exchange and/or lending from the financial institution which the Company will proceed with such transaction concurrently with the refinancing in the total amount of not exceeding Baht 130,000 million (excluding the existing debentures and credit facilities granted to the Company Group that are the part not relevant to the loan which the Company used in the investment in the shares of BIGC), therefore it will be sufficient for the capital restructuring of the Company.

**(4) The potential impact which may occur to the business operation of the Company, as well as its financial positions, and operational results, due to the capital increase and the proceeds utilization plan or projects:**

The Board of Director was of the opinion that, the proceeds derived from the capital increase will strengthen the financial position and capital structure of the Company and to reduce the interest obligations in the future after the completion of the capital increase.

**(5) Expected effects to the Company in the case that the newly issued shares to the Private Placement are not fully subscribed**

The Board of Director has considered such effect, then resolved to approve the allocation of the remaining shares from the share subscription by the Private Placement to the existing shareholders.



**(6) Appropriateness of the offering price of the Private Placement, rationale on determination of offering price, rationale and necessity for the Private Placement:**

After due consideration, the Board of Directors was of the opinion that, the offering price of the Private Placement is appropriate and reliable, because such offering price shall be determined in accordance with the best market price, according to the market condition during the offering period, i.e. the price not lower than the weighted average of the shares trading on the Stock Exchange for 7 but not more than 15 consecutive trading days prior to such period (Market Price). In this regard, the Board of Directors may determine the discount on the offering price but shall not be more than 10 percent of such Market Price, or not lower than the price which is determined by the book building method surveyed by the securities company subject to the Notification of the Capital Market Supervisory Board No. Tor Chor. 72/2558, Re: Approval for the Listed Companies to Issue the Newly-issued Shares to the Specific Investors; and such offering price is not lower than the price which is offered to the existing shareholders proportionate to their respective shareholdings (Rights Offering) on the first offering (Baht 35 per share).

In addition, the Company deemed that, the offering for sale of newly-issued shares to the specific investors shall enhance liquidity of the Company's ordinary shares which will also increase the attractiveness to the general investors.

In this regard, the Board of Directors hereby certifies that, it shall consider and verify information and the potential of the investors by taking into account the best interests of the Company and its shareholders.

**6. Certification of the Board of Directors regarding the capital increase**

According to the Section 85 of the Public Company Limited Act B.E. 2535 (including any amendment thereto), in the case that the directors of the Company do not comply with the laws, the objectives, the articles of association of the Company, and the resolution of the meeting of shareholders in good faith and with care to preserve the interest of the Company on matters relating to the increase of registered capital, resulting that the performance of any act or non-performance of any act which fails to comply with the aforementioned duties and causes damages to the Company, the Company may claim compensation from the directors. In the case where the Company fails to make such claim, any one or more shareholders holding shares amounting to not less than 5% of the total number of issued shares of the Company may issue a written notice requesting the Company to make such a claim. If the Company fails to take action as directed by the said shareholders, such shareholders may bring a suit to the court to claim compensation on behalf of the Company. In addition, according to Section 89/18 of the Securities and Exchange Act B.E.2535 (including any amendment thereto), in the case where the director acts or omits to act in such a way that not comply with the laws, the objectives, the articles of association and the resolution of the meeting of shareholders with due care and loyalty to preserve the interest of the Company on the matters relating to the increase of registered capital, resulting that the director, the executive or the related person to obtain undue benefits, the Company may bring an action against the director for disgorgement of such benefits to the



Company. In this regard, a shareholder or shareholders who hold shares and have the right to vote amounting to not less than 5% of the total number of voting rights of the Company may issue a written notice requesting the Company to bring the aforementioned action and the Company fails to proceed as requested within one month from the date of the notice, such shareholder or shareholders may bring an action for disgorgement of benefits on behalf of the Company.

Please be informed accordingly.

Sincerely yours,

Berli Jucker Public Company Limited

-Signature-

Thirasakdi Nathikanchanalab

Director

-Signature-

Aswin Techajareonvikul

Director