

IDR 13/2018

November 13, 2018

Re: Notification of the Resolutions of the Board of Directors' Meeting No. 8/2018  
In Entering into Connected Transaction and Capital Increase in Subsidiaries  
CP All Public Company Limited

To: The President  
The Stock Exchange of Thailand

Enclosure: Information Memorandum of Connected Transaction

The Board of Directors' Meeting of CP All Public Company Limited (the Company or CPALL) has resolved in the meeting No.8/2018 held on November 13, 2018, at 14:00 p.m. - 17:00 p.m. at the True Tower Board Room, 34<sup>th</sup> Floor, True Tower, 18 Ratchadapisek Road, Huai Khwang, Bangkok. After such consideration, CPALL would like to inform on the approval of material matters as follows;

1. Approved interim financial statements for the period ended September 30, 2018.
2. Approved the purchase of ordinary shares of Thai Smart Card Company Limited (TSC) from all shareholders and approve a connected transaction with True Corporation Public Company Limited (TRUE) with additional details provided in the Information Memorandum of Connected Transaction enclosed.
3. Approved a capital increase amount USD 66 million in Lotus Distribution Investment Limited, for the purpose of capital injection in indirect subsidiaries who operate commercial trading, investment, education and for business opportunity in the People's Republic of China. The Company's ownership interests are maintained from the capital increase in direct and indirect subsidiaries. The details of the approval are as follows;
  - A capital increase in Lotus Distribution Investment Limited (a direct subsidiary with 100% ownership), with authorized capital of USD 245 million to USD 311 million.
  - A capital increase in Successor (China) Investment Limited (an indirect subsidiary with 100% ownership), with authorized capital of USD 232 million to USD 298 million.
  - A capital increase in Nanjing Tianqu Investment Management Co.,Ltd. (an indirect subsidiary with 100% ownership), with authorized capital of Renminbi 1,412 million to Renminbi 1,862 million.

Please be informed accordingly.

Sincerely yours,

Mr. Supot Shitgasornpongse  
Company Secretary  
Authorized to sign on behalf of the Company

**CP ALL Public Company Limited**  
**Information Memorandum on the Connected Transactions**  
**Of the Purchase of Ordinary Shares of Thai Smart Card Company Limited**

The Board of Directors' Meeting of CP All Public Company Limited (CPALL) No. 8/2018 held on November 13, 2018 has approved the purchase of ordinary shares of Thai Smart Card Company Limited (TSC) from all shareholders. The transaction is considered as acquisition of asset; however transaction size does not reach the requirement to be disclosed pursuant to the Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, 2004.

Nevertheless, in the above mentioned transaction, True Corporation Public Company Limited (TRUE) is one of the shareholders of TSC which CPALL will offer to purchase ordinary shares from, therefore the transaction is considered as a connected transaction in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 and 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 Connected Transaction, 2003. The details are as follows;

**1. Date/Month/Year of Transaction**

After the Board of Directors' Meeting of TRUE approves to sell ordinary shares of TSC to CPALL

**2. Involved parties**

- Buyer of TSC : CPALL
- Seller of TSC : TRUE

**3. General transaction description**

TSC is considered as one of CPALL's subsidiaries which operates electronic cash card and offers electronic payment services with a license from The Ministry of Finance and regulated under Payment System Act B.E. 2560 (2017) Section 16(2) and 16(3) of Bank of Thailand.

TSC was registered on September 28, 2001 with a registered and paid up capital of 160 million shares with par value of 10 Baht per share, equivalent to Baht 1.6 billion with the current shareholding structure as follows;

Shareholders	Number of Shares	Portion (%)
1. CP All Public Company Limited	116,219,400	72.64%
2. True Corporation Public Company Limited	25,215,600	15.76%
3. Government Savings Bank	7,900,000	4.94%
4. NTT DATA Corporation	4,345,000	2.71%
5. Krung Thai Bank Public Company Limited	3,950,000	2.47%
6. SVOA Public Company Limited	1,185,000	0.74%
7. Loxley Public Company Limited	1,185,000	0.74%
<b>Total</b>	<b>160,000,000</b>	<b>100.00%</b>

The Board of Directors of TSC is listed as follows;

1.	Mr. Suwat Wanisubut	Chairman
2.	Mr. Korsak Chairasmisak	Director
3.	Mr. Umroong Sanphasitvong	Director
4.	Mr. Vichaow Rakphongphairoj	Director
5.	Ms. Amara Klabprathum	Director
6.	Mr. Joti Bhokavanij	Director
7.	Mrs. Preeprame Seriwongse	Director
8.	Ms. Jiraporn Nugitrangson	Director
9.	Mr. Hironari Tomioka	Director
10.	Mr. Tanin Buranamanit	Director and Chief Executive Officer

Statement of Financial Position and Statement of Income of TSC as disclosed in the audited financial statements for the year ended 31 December 2016 and 31 December 2017 and as reviewed for nine-months periods ended 30 September 2018 were as follows;

Unit: Thousand Baht	2016	2017	2018
	Jan - Dec	Jan - Dec	Jan - Sep
Total revenue	414,538	311,104	247,449
Profit for the period	121,738	48,986	37,505
Basic earnings per share (Baht)	0.76	0.31	0.23
	31 Dec 2016	31 Dec 2017	30 Sep 2018
Total assets	2,403,517	2,425,261	2,414,753
Total liabilities	995,368	969,106	921,092
Total shareholders' equity	1,408,149	1,456,155	1,493,661
Book value per share (Baht)	8.80	9.10	9.33

#### 4. Expected benefit from the purchase of ordinary shares of TSC

TSC will play a vital role in supporting and promoting sustainable revenue stream for CPALL. As the digital technology provider, TSC will support CPALL's key business strategy of providing convenient services to customers, increasing revenue from existing customer base, reducing duplicate costs among CPALL Group and leveraging on its knowledge and expertise of electronic payment services and loyalty programs. Details of the benefits are as follows;

1. At present, business environment of electronic payment services is intensifying, having public sector as the key driver in encouraging PromptPay to receive and transfer funds, at the same time financial institutions and other operators are progressive with substitute products and lower operating cost such as QR payment or mobile phone application. Meanwhile, TSC, which is in a card base, is restrained and outdated when compared to other innovative products in the market, and as a result, TSC was not able to deliver operating results as targeted. Strategic plan was reviewed, while current and future

situation were assessed in order for TSC to be able to continue its business operation as technical arm services for CPALL and support CPALL's future revenue growth and margin improvement. Nonetheless, in order for TSC to effectively achieve the Company's target, the Company is necessitated to acquire shares of TSC from other shareholders to increase efficiency in business management and remodeling.

2. Increase revenue from existing customer base – Smart Purse Card has existing customer base of over 3 million cards, where more than 1.5 million of which are active and loyal cardholders monthly. Therefore, if the Company can migrate existing Smart Purse customer base to 7-Eleven's All Member Program and offer special reward program for this group of customer, the Company believes that it will lead to higher spending at 7-Eleven stores. In addition, Smart Purse Card information can be applied for data analytic in order to understand and cater to customers need.
3. Provide convenient services to customers – Using electronic payment as a tool to support O2O business strategy by connecting with other service offerings at 7-Eleven stores such as connecting to Counter Service's payment gateway or acting as clearing house for other transactions within CPALL Group.
4. Reduce duplicate costs among CPALL Group – As some of the subsidiaries in CPALL Group are providing similar services to that of TSC's, business restructuring will lead to operating cost savings.
5. Leverage on TSC's knowledge and expertise of electronic payment services and loyalty programs – Because TSC is highly proficient in electronic payment services and loyalty programs, it will be beneficial for other businesses of CPALL Group to leverage on TSC's knowledge and expertise, including customer relationship management, reward and redemption program, and single currency.

#### **5. Criteria for determination of consideration value**

The Company determined the purchase price of TSC with reference to the price which was purchased earlier by other shareholders, as well as a preliminary negotiation between the Company and sellers on the proposal of this transaction. In addition, the Company also incorporated expected benefit to CPALL Group from the purchase of ordinary shares of TSC.

#### **6. Source of Fund**

The Company's working capital

#### **7. Connected persons and nature of relationship**

In the above mentioned transaction, TRUE is one of the shareholders of TSC which CPALL will offer to purchase shares from, though this will also be subjected to the approval of Board of Directors of TRUE. For that reason, the transaction is considered as a connected transaction in accordance with the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 and the Notification of the Board of Governor of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies concerning Connected Transaction, 2003. TRUE has CP Group as the major shareholder, having 49.99% shareholding through direct and indirect related companies, meanwhile CPALL also has CP Group as the major shareholder, having 36.53% shareholding through direct and indirect related companies. In addition, there are four common Directors between TRUE and CPALL, namely are Mr. Dhanin Chearavanont, Mr. Soopakij Chearavanont, Mr. Narong Chearavanont and Mr. Umroong Sanphasitvong.

## 8. Transaction size

In the case that all TSC shareholders agree to the Company's offer to purchase ordinary shares of TSC at the price of Baht 18 per share with the approval of the Board of Directors and/or Shareholders (if required) of other TSC shareholders, transaction value will be as follows;

Shareholders	Number of Shares	Amount (Baht)
1. True Corporation Public Company Limited	25,215,600	453,880,800
2. Government Savings Bank	7,900,000	142,200,000
3. NTT DATA Corporation	4,345,000	78,210,000
4. Krung Thai Bank Public Company Limited	3,950,000	71,100,000
5. SVOA Public Company Limited	1,185,000	21,330,000
6. Loxley Public Company Limited	1,185,000	21,330,000
<b>Total</b>	<b>43,780,600</b>	<b>788,050,800</b>

The transaction that is considered as related transaction which CPALL will purchase ordinary shares of TSC from TRUE has a value of approximately Baht 454 million, which is more than 0.03% of net tangible assets (NTA) of the reviewed consolidated financial statements of the Company's as of the third quarter of 2018 (0.03% of NTA amounted Baht 72,240 were Baht 21.67 million), but less than 3% of NTA (3% of NTA amounted Baht 72,240 were Baht 2,167 million). Therefore, the transaction is considered as a medium size transaction that needs approval from the Board of Directors who has no interest in the transaction and disclosure of information to the Stock Exchange of Thailand.

## 9. Name of the Company's directors who have interest

Directors who have interests did not attend nor were eligible to cast votes at the Board of Directors' meeting when approving the agenda were as listed below;

- |                              |  |
|------------------------------|--|
| 1. Mr. Dhanin Chearavanont   | Chairman   |
| 2. Mr. Soopakij Chearavanont | Director and Remuneration and Nomination Committee                         |
| 3. Mr. Narong Chearavanont   | Director   |
| 4. Mr. Umroong Sanphasitvong | Director, Member of Corporate Governance Committee and Executive Committee |

## 10. Opinion of the Board of Directors

The Board of the Directors of the Company that has no interests in the transaction has considered the connected transaction with reference to the expected benefit from the purchase of TSC ordinary shares to be reasonable and at the same price offered to other shareholders who are not related party. Moreover, the Board of the Directors believed the transaction will be for the best interest of the Company and the benefit of all shareholders.

## 11. Opinion of the Audit Committee

The Audit Committee has considered in detail and provided the opinion that the transaction is reasonable and for the best interest of the Company, as well as for the benefit of all shareholders. The Audit Committee has no significantly different opinion from those expressed by the Board of Directors.