



Winner Group Enterprise Plc.

43 Thai CC Tower, 21st Floor, Room 214-219, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120 Thailand
Tel. 0-2675-6525-31, Fax: 0-2675-6533, Email: winner@winnergroup.co.th

Disclosures on the asset acquisition of Winner Group Enterprise Public Company Limited on share purchase of
Aesthetic Zecret (At-Ze) Company Limited (Schedule 1)

- Translation -

Ref. WINNER 0009/2018

February 28, 2018

Re Information Memorandum on Acquiring of Ordinary Shares in Aesthetic Zecret (At-Ze) Co., Ltd.

To The President
The Stock Exchange of Thailand

Winner Group Enterprise Public Company Limited (“the Company”) wishes to notify you that the resolutions of the Board of Directors Meeting No. 2/2018 which was held on February 28, 2018 as the following significant Board’s resolutions:-

1. Approved the acquisition by the Company and its wholly ordinary shares of Aesthetic Zecret Co., Ltd. (“At-Ze”) (“Seller”) and entered into the sign of Share Sale and Purchase Agreement, including transfer of related brand names from the selling shareholder(s).

According to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2551 Re: Rules on Entering into Material Transactions deemed as Acquisition or Disposal of Assets dated 31 August 2008 (as amended) and the Notification of the Stock Exchange of Thailand Re: Disclosures of Information Concerning the Acquisition and Disposition of Assets of Listed Company B.E. 2547 (2004) dated 29 October 2004 (as amended) (collectively, the Acquisition or Disposition Rule), the transaction is classified as a Class 2 transaction with a transaction size of 26.84 % calculated using the value of consideration criterion, which gives the highest value is calculated in accordance with 15 percent or more but lower than 50 percent . On that basis, the Company is obligated to disclose information pertaining to the Class 2 transaction to the Stock Exchange of Thailand (“the SET”) as follows.



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1. The date on which the transaction occurs

The Company signed Share Sale and Purchase Agreement on February 28, 2018 and will proceed to purchase shares of At-Ze on April 2, 2018 under agreed condition indicated in Share Sale and Purchase Agreement.

2. Parties involved

Purchaser Winner Group Enterprise Public Company Limited
Seller (s) Mrs. Chawpech Pisutthanan
Mr. Sathit Sengsomwong and;
Mr. Thanawis Pisutthanan

In this Agreement the Seller(s) collectively referred to “the ex-shareholders” or the “Seller(s)”

Relationship between the parties

The company has no relationship with the Seller(s).

3. The general characteristics of the transaction, category and volume of the transaction

The Company will purchase ordinary shares of Aesthetic Zecret (At-Ze), including current ex-shareholders holding in the amount of 500,000 shares or 100 percent of paid-up registered capital plus newly ordinary shares in the amount of 300,000 shares, so the totaling amount of shares is 800,000 shares or 100 percent of paid up registered capital as of purchase date and transfer of related brand names , the value consideration paid THB 125 million while on purchase date, the Company offered loan to At-Ze for payback to the Seller’s connected persons in the amount of THB 125 million , totaling value of investing capital that the Company offered loan is amounted to THB 250 million.

This transaction is considered a Class 2 transaction according to the Acquisition or Disposition Rule with a transaction size of 26.84% calculated using the value of consideration criterion, which gives the highest value among all criteria prescribed by the Acquisition or Disposition Rule. When combining the Transaction with the



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acquisition of assets acquired during six months preceding the date of the Company's Board of Directors Meeting No. 2/2018, the Company has no acquisition of assets, so the aggregate transaction size equals 26.84% which is still considered within a Class 2 transaction threshold.

Therefore, the Company must disclose certain information pertaining to the Transaction to the SET and send a notification with respect to the Transaction to its shareholders within 21 days from the date of disclosure information to the SET.

The calculation of the Transaction size is based on the audited financial statements of the Company for the period of twelve months ended December 31, 2017 by the Company's auditor and At-Ze's audited financial statements for the period of twelve months ended December 31, 2017 by its auditor as follows.

Unit : THB Million	The Company	AT-ZE*
Total assets	931.58	157.66
<u>Deduct</u> Intangible assets deduct	11.53	0.54
<u>Deduct</u> Total liabilities	315.37	157.34
<u>Deduct</u> Minority interest	-	-
Net tangible assets (NTA)	604.68	(0.22)
<u>Plus</u> Capital increase from ex-shareholder :At-Ze prior to share sale and purchase date*	-	30.00
Net tangible assets (NTA)-adjusted	604.68	29.78
Net profit	104.39	5.47

Remark: * Audited Financial Statements ended as at December 31,2017 which is audited by At-Ze's auditor.

** Based on Share Sale and Purchase Agreement , the At-Ze's ex-shareholders will increase the registered paid-up capital from THB 50 million to THB 80 million prior to share sale and purchase date.



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Criterion	Calculation Method	Transaction size
1. Net tangible assets (NTA)	$\frac{\text{Proportion of assets acquired (100\%)} \times \text{NTA AT-ZE (29.78)}}{\text{NTA WINNER (604.68)}}$	4.93 %
2. Net income	$\frac{\text{Proportion of assets acquired (100\%)} \times \text{Net income AT-ZE (5.47)}}{\text{Net income WINNER (104.39)}}$	5.24 %
3. Value of consideration paid	$\frac{\text{Value of consideration paid (250.00)} \times 100}{\text{Total assets WINNER (931.58)}}$	26.84 %
4. Value of securities issued as a consideration for the assets acquired	$\frac{\text{Value of securities issued as a consideration for the assets acquired}}{\text{Value of the Company's securities paid-up shares}}$	None

Remark: *Based on NTA from At-Ze's Financial Statements ended as at December 31, 2017 which audited by At-Ze's auditor adjusted by an increase the registered paid-up capital from THB 50 million to THB 80 million prior to share sale and purchase date indicated in Share Sale and Purchase Agreement .

4. The details of assets purchased

4.1 Nature of business

At-Ze established in 2011 and operated business Original Equipment Manufacturer or OEM for skincare, cosmetics, supplementary food and skin medicine under trademarks including trademark of "DERMALIS", (which will be transferred on share sale and purchase date from the seller's connected persons) and related services i.e. registration with Food and Drug Administration (FDA), trademark permission, product and packaging design, and brand building etc. to customers who are business operator in skin cares and cosmetics. In addition, At-Ze distributed medical care products under brand name "Aesthetic Zecret".



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Factory is located in Muang district, Chachoengsao province and authorized manufacturing cosmeceuticals and modern medicine from FDA and controlled quality and operational efficiency which certified by international standards ISO 9001:2008, GMP, PICS, HACCP และ HALAL.

Presently, At-Ze' s board of directors comprises: -

1. Mr. Thanawis Pisutthanan and ;
2. Mr. Chanyakorn Kongsakul

The registered paid-up capital is THB 50 million, divided into 50,000 ordinary shares , par value THB 100 and the shareholders structure is as follows.

#	Shareholder	No. of shares	%
1	Mrs.Chawpech Pisutthanan	494,400	98.88
2	Mr. Sathit Sengsomwong	2,800	0.56
3	Mr. Thanawis Pisutthanan	2,800	0.56
	Total	500,000*	100

Remark: * The agreed condition in Share Sale and Purchase Agreement, the ex-shareholders will increase registered paid-up capital of At-Ze from Baht 50 million to Baht 80 million prior to share sale and purchase date.

4.2 Financial Highlights in the last 3 years

	2015	2016	2017
Unit : THB Million	(Audited)	(Audited)	(Audited)
Revenue from sales and services	90.29	114.55	139.17
Total revenue	92.36	115.14	142.24
Selling cost	57.15	68.60	79.60
Gross Profit	35.21	46.54	62.64
Sales expenses	6.54	7.04	14.54
Administrative Expenses	40.55	40.62	42.63
EBIT	(11.88)	(1.11)	5.47



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EBITDA	(2.66)	9.55	10.85
Net Income	(11.88)	(1.11)	5.47
Current Assets	34.64	45.70	55.99
Non-Current Assets	89.86	97.10	101.67
Total Assets	124.50	142.80	157.66
Current Liabilities	158.53	167.95	157.34
Total Liabilities	158.53	167.95	157.34
Paid-up Capital	20.00	30.00	50.00*
Shareholders' Equity	(34.04)	(25.15)	0.32*

Remark: *The agreed condition in Share Sale and Purchase Agreement, the ex-shareholders will increase registered paid-up capital of At-Ze from Baht 50 million to Baht 80 million prior to share sale and purchase date.

5. Total value of consideration

The Company will pay THB 250 million for

- 1) Share based remuneration on purchase of At-Ze's ordinary shares in the amount of 800,000 shares, the total payment is at THB 125 million as at the closing date of transaction on April 2, 2018, the payment shall be made to the Seller at THB 105 million due to the Company paid deposit to the Seller since December 2017, which included as part of remuneration on purchase such ordinary share.
- 2) Loan payment, which At-Ze borrowed from the Company to pay the director back money it owes to the director as Seller's connected person in the amount of THB 125 million at the share sale and purchase date on April 2, 2018.

6. Value of assets purchased

The Company will acquire assets on this transaction in the amount of THB 250 million which derived from

- 1) At-Ze's Ordinary shares investment at 800,000 shares or 100 percent of At-Ze's registered capital as at closing date of transaction by the total value of THB 125 million and;
- 2) Loan payment to At-Ze, a Company's subsidiary, is at share sale and purchase date in the amount of THB 125 million.



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7. Basis used to determine value of consideration

The Company appointed Financial Advisor to evaluate the appropriated At-Ze's assets value by using Discounted Free Cash Flow Method-Free Cash Flows to Firm. Total value of consideration is same value as negotiation in between Seller and the Company upon the Share Sale and Purchase Agreement.

8. Benefits expected to be generated

The Company considered the asset acquisition and expected to generate benefits to the Company and the Company's shareholders as follows.

- (1) Expand opportunity to enter into skincare, cosmeceuticals or cosmetics and medical business, which has positive growth trend and being one of government business enterprise support as Policy Entrepreneur to be a hub of cosmetics manufacturer. For this share acquisition, the Company is ready-to-run business both production, marketing and customers-based information.
- (2) Increase Group of Companies' future revenue growth and diverse business dependency risk on food and beverage industry to cosmeceuticals and medical business, which has positive expansion with consumers-oriented goodwill.
- (3) Increase profit and remuneration using business coordination with both management team, including expand market channel, improve production line and cost control to increase gross profit margin and long-term shareholders' equity.
- (4) Low cost source of funds on loan from financial institution upon the Company's capital base is adequate for loan support due to interest rate is lower than expected investment return and increased more Company's cost of capital for value-added to Company and its shareholders.

9. Source of funds

The Company will enter into the long-term loan facility agreement with domestic financial institution for the total amount of THB 250 million. The maturity date is 7 years from the date of the signing of the loan facility agreement. The amount to be obtained from the loan facility agreement will be adequate for the acquisition units



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in this transaction. The Company shall reserve the financial ratio in accordance with terms and conditions from such financial institution.

10. Conditions precedent

Completion of the Transaction is subject to, among other things which included the indicated key condition precedent in the Share Sale and Purchase Agreement.

11. Opinion of the Board of Directors

The Board of Directors deems it appropriate to approve the entry into by the Company of the Transaction and has the opinion that the entry into the Transaction is reasonable and its for the benefit of the Company and its shareholders as to expand opportunity in the entry into cosmeceuticals and medical business which is consumers-oriented goodwill , increase Group of Companies' future revenue growth and diverse business dependency , expand opportunity in other investments and lead to long-term business sustainability.

12. Opinion of the Audit Committee which is different from the opinion of the Board of Directors

-None-

Responsibilities of the Board of Directors for Disclosures information

The Board of Directors of Winner Group Enterprise Public Company Limited is responsible for disclosures information, considered and ensured information in this disclosure that is prepared without any incorrectly significant information.

The Company certifies that the information provided on this disclosure is accurate with careful consideration for the benefits to shareholders transparently.

Yours faithfully,

Winner Group Enterprise Public Company Limited

-Signature-

(Mr. Jane Wongisariyakul)

President & CEO