

**Key Terms of the Voluntary Partial Tender Offer (PTO)<sup>1</sup>**

**1. Details of the Offeror(s)**

Allianz SE ("**AZSE**") and/or its affiliate, who is a member of the Allianz Group and which may be designated by AZSE as co-offeror (the "**Designated Person**") wish to make PTO under key terms as set out below. AZSE is a stock corporation in the form of a European Company incorporated under the laws of Germany and the European Union and was founded in 1890. Its headquarter is in Munich, Germany. Allianz Group (AZSE and its subsidiaries and affiliates) is a global financial services provider with services predominantly in the insurance and asset management business.

AZSE and/or its Designated Person are collectively referred to as the "**Offeror(s)**".

**2. Details of shares intended to be purchased**

Subject to Section 8 below, the Offeror(s) intend to make the PTO (according to the current planning in January 2019) to purchase an aggregate number of 56,930,000 ordinary shares (the "**PTO Threshold**") representing 19.37 per cent of the total issued shares with voting rights in Sri Ayudhya Capital Public Company Limited (the "**Company**") as of the date hereof (the "**Relevant Percentage**").

If the total number of shares tendered in the PTO is less than the PTO Threshold, the Offeror(s) will cancel the PTO, i.e. the Offeror(s) shall not purchase only part of the PTO Threshold. The Offeror(s) have received undertakings from certain shareholders to unconditionally accept the PTO (if and when made) in respect of the ordinary shares of the Company in an amount as set out in Section 9.

If the total number of shares tendered in the PTO exceeds the PTO Threshold, the Offeror(s) will only purchase such number of shares equivalent to the PTO Threshold and from all accepting shareholders on a pro-rata basis.

As the PTO Threshold is fixed at 56,930,000 ordinary shares, the Relevant Percentage may change as a result of the exercise of the warrants to purchase ordinary shares in AYUD No. 1 ("**AYUD-W1**") on 17 December 2018.

**AYUD-W1 Illustration**

As of 24 September 2018, the Company has Baht 293,905,225 paid-up share capital, divided into 293,905,225 shares with par value of Baht 1 per share and a total number of 81,094,582 issued and outstanding units of AYUD-W1, of which (i) AZSE holds 21,052,000 units, and (ii) Allianz Ayudhya Assurance Public Company Limited ("**AZAY**") holds 579,500 units. Accordingly and for illustrative purposes, the Relevant Percentage may change as a result of the exercise of AYUD-W1 on 17 December 2018 as follows:

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<sup>1</sup>The Company was informed this information by Allianz SE.

<b>AYUD W-1 exercised on 17 December 2018</b>	<b>Paid-up share capital (Baht)</b>	<b>Relevant Percentage</b>
<u>In case none of the issued and outstanding AYUD W-1 are exercised</u>	<u>293,905,225</u>	<u>19.37%</u>
In case <u>50%</u> of the issued and outstanding AYUD-W1 are exercised	334,452,516	17.02%
In case <u>100%</u> of the <u>issued and outstanding</u> AYUD-W1 are exercised	374,999,807	15.18%

### 3. Number of shares held before the PTO

As of 24 September 2018, the following are the number of current issued shares held by the Offeror(s) and their related persons under Section 258 (the "**Related Persons**") of the Securities and Exchange Act B.E. 2535 (1992) (as amended) (the "**SEC Act**"), namely, AZAY in the Company:

<b>Name</b>	<b>Number of shares</b>	<b>Percentage of the total current issued share capital</b>	<b>Percentage of the total current voting rights</b>
(i) AZSE	42,104,000	14.33	14.33
(ii) The Designated Person	Nil	Nil	Nil
(iii) AZAY	1,159,000	0.39	0.39
<b>Total</b>	<b>43,263,000</b>	<b>14.72</b>	<b>14.72</b>

**Note** As of 24 September 2018, the Company has Baht 293,905,225 paid-up share capital, divided into 293,905,225 shares with par value of Baht 1 per share.

### 4. Number of shares held after the PTO

Based on the total number of current issued shares of the Company as of the date hereof, the following are the number of shares which are expected to be held by the Offeror(s) and their Related Persons if the PTO is fully accepted:

Name	Number of shares	Percentage of the total current issued share capital	Percentage of the total current voting rights
(i) <u>AZSE</u>	99,034,000	33.70	33.70
(ii) <u>The Designated Person</u>			
(iii) <u>AZAY</u>	1,159,000	0.39	0.39
<b>Total</b>	<b>100,193,000</b>	<b>34.09</b>	<b>34.09</b>

**Note** As of 24 September 2018, the Company has Baht 293,905,225 paid-up share capital, divided into 293,905,225 shares with par value of Baht 1 per share.

As mentioned earlier, the PTO Threshold is fixed at 56,930,000 ordinary shares. Therefore, the shareholding ratio of the Offeror(s) and their Related Persons in the Company may change as a result of the exercise of AYUD-W1 as illustrated below.

#### **AYUD-W1 Illustration**

For illustrative purposes, should none of issued and outstanding AYUD-W1 units be exercised prior to the launching of PTO and the PTO is fully accepted by shareholders, the Offeror(s) and their Related Persons would hold shares in the Company as follows:

<u>Name</u>	<u>Number of shares</u>	<u>Percentage of the total issued share capital</u>	<u>Percentage of the total voting rights</u>
(i) <u>AZSE</u>	<u>99,034,000</u>	<u>33.70</u>	<u>33.70</u>
(ii) <u>The Designated Person</u>			
(iii) <u>AZAY</u>	<u>1,159,000</u>	<u>0.39</u>	<u>0.39</u>
<b><u>Total</u></b>	<b><u>100,193,000</u></b>	<b><u>34.09</u></b>	<b><u>34.09</u></b>

**Note** On the assumption that none of AYUD-W1 is exercised prior to the launching of PTO. The Company will have Baht 293,905,225 paid-up share capital, divided into 293,905,225 shares with par value of Baht 1 per share.

Further, should one half of the issued and outstanding AYUD-W1 units be exercised prior to the launching of PTO and the Company's new shares be issued to the holders of AYUD-W1 according to that exercise of AYUD-W1 and the PTO is fully accepted by shareholders, the Offeror(s) and their Related Persons will hold shares in the Company as follows:

Name	Number of shares	Percentage of the total issued share capital	Percentage of the total voting rights
(i) <u>AZSE</u>	109,560,00	32.76	32.76
(ii) <u>The Designated Person</u>			
(iii) AZAY	1,448,750	0.43	0.43
<b>Total</b>	<b>111,008,750</b>	<b>33.19</b>	<b>33.19</b>

**Note** On the assumption that one half of the issued and outstanding AYUD-W1 are exercised by all existing holders of AYUD-W1 prior to the launching of PTO. The Company will issue new shares to the holders of AYUD-W1 according to that exercise of AYUD-W1 and as a result, the Company will have Baht 334,452,516 paid-up share capital, divided into 334,452,516 shares with par value of Baht 1 per share.

In addition, should all issued and outstanding AYUD-W1 units be exercised prior to the launching of PTO and the Company's new shares be issued to the holders of AYUD-W1 according to that exercise of AYUD-W1 and the PTO is fully accepted by shareholders, the Offeror(s) and their Related Persons would hold shares in the Company as follows:

Name	Number of shares	Percentage of the total issued share capital	Percentage of the total voting rights
(i) <u>AZSE</u>	120,086,000	32.02	32.02
(ii) <u>The Designated Person</u>			
(iii) AZAY	1,738,500	0.46	0.46
<b>Total</b>	<b>121,824,500</b>	<b>32.48</b>	<b>32.48</b>

**Note** On the assumption that all AYUD-W1 are fully exercised by all existing holders of AYUD-W1 prior to the launching of PTO. The Company will issue new shares to the holders of AYUD-W1 according to that exercise of AYUD-W1 and as a result, the Company will have Baht 374,999,807 paid-up share capital, divided into 374,999,807 shares with par value of Baht 1 per share.

## 5. The PTO price

The PTO price shall be at Baht 53.32 per share, which is the same price as the price proposed by the board of directors of the Company to the shareholders' meeting of the Company for such new shares to be issued and offered by the Company to CPRN (Thailand) Limited ("CPRNT") and AZSE in connection with the proposed acquisition of (i) the entire non-life insurance business of Allianz General Insurance Public Company Limited ("AZTH") by Sri Ayudhya General Insurance Public Company Limited ("SAGI"); and (ii) 34,810,000 shares in AZAY by the Company (the "Proposed Acquisition"). The PTO price is not lower than the market price of the Company's shares, which is approximately Baht 38.57 per share calculated based on the weighted average price of the Company's shares traded on the Stock Exchange of Thailand from 4 to 21 September 2018 (i.e. 14-business day period before the

board of directors meeting of the Company on 24 September 2018, which resolved to propose to shareholders' meeting of the Company to approve the Proposed Acquisition).

## **6. Objectives of an increase of the shareholding ratio in the Company**

The Offeror(s) intend to make a long-term investment in the Company by increasing its shareholding via the PTO and the Proposed Acquisition to approximately 45 per cent of the total issued share capital of the Company (assuming the PTO and the Proposed Acquisition are completed and all AYUD-W1 are fully exercised) with a view to expand its long-standing partnership with the Company across both the life and general insurance businesses, which would create an enhanced insurance franchise with expanded scale and competitiveness in Thailand. The PTO shall be made as part of, and in conjunction with, the Proposed Acquisition, whereby the Offeror(s) anticipate that the integration of AZTH and SAGI will benefit all stakeholders and the insurance industry as follows:

- 6.1 encourage the aggregation and utilization of resources of SAGI and AZTH in order to achieve the maximum benefit in accordance with economics of scale principle resulting in the lower cost for SAGI's operation;
- 6.2 integrate experience, know-how, capability and expertise in the business operation of SAGI and AZTH, including the expansion of SAGI and AZTH's customer base and distribution channels; and
- 6.3 improve market share of direct insurance premiums of SAGI and AZTH.

Effectively, the PTO and the Proposed Acquisition will enhance the ability to invest and innovate locally and further ensure that the partnership is well-placed to accelerate growth and value for customers, employees, associates and investors in Thailand.

## **7. Effect on the Company and its shareholders as a result of the acquisition of shares through the PTO**

Within 12 months after the PTO, the Offeror(s) have no intention to delist the Company's securities from the Stock Exchange of Thailand, nor to significantly change the business policy or plan of the Company and SAGI, which will operate the integrated insurance business following the entire business transfer from AZTH to SAGI other than:

- 7.1 a change of their names and logos;
- 7.2 a nomination of additional representatives of the Offeror(s) as their directors;

At present, the Company has 11 directors, which comprise one director nominated by AZSE and 10 directors nominated by other shareholders of the Company; and SAGI has eight directors, which comprise one director nominated by AZSE and seven directors nominated by the Company.

Further, the Share Subscription and Purchase Agreement amongst AZSE, CPRNT and the Company dated 24 September 2018 (the "SPA") contains certain conditions precedent with regard to the resignation of (i) three out of 11 directors in respect of the Company and (ii) four out of eight directors in respect of SAGI.

Accordingly, if the shareholders' meeting of the Company resolves to approve an increase of the total number of its directors from 11 to 15 directors in accordance with the SPA, the number of directors to be nominated by the Offeror(s) in the Company and SAGI post-completion of the Proposed Acquisition will be increased as follows:

- (i) the Company will have 15 directors, which comprise eight directors nominated by the Offeror(s) and seven directors nominated by other shareholders of the Company; and

- (ii) SAGI will have eight directors, which comprise five directors nominated by the Offeror(s) and three directors nominated by the Company.
- 7.3 in respect of SAGI, implementation of the relevant steps and plans in accordance with the business integration plan in relation to the proposed acquisition of the entire business of AZTH by SAGI as approved by the Office of Insurance Commission (the "OIC").

## 8. Conditions for the PTO

The Offeror(s) will not be obliged to make the PTO until all of the following key conditions are fulfilled:

- 8.1 receipt of an unconditional approval from the shareholders' meeting of the Company with respect to the Proposed Acquisition and the PTO;
- 8.2 receipt of an unconditional approval from the Office of the Securities and Exchange Commission (the "SEC") (other than customary conditions in a transaction of a similar nature or such conditions as required by applicable laws, relating to the private placement of newly issued shares by listed company and the period for the acquisition of shares by the PTO) with respect to the following:
  - 8.2.1 the offering by the Company of new shares to CPRNT and AZSE by way of a private placement and an extension of the offering period for more than three months after the approval is granted by the shareholders' meeting of the Company (if required); and
  - 8.2.2 the PTO;
- 8.3 receipt of an unconditional approval from the OIC (other than customary conditions in a transaction of a similar nature relating to capital adequacy, completion period; policyholders notification and creditors consent, progress report to the OIC and public announcement) with respect to the entire business transfer from AZTH to SAGI; and
- 8.4 on the signing date of the SPA and as at the submission of the PTO documents (Form 247-4) with the SEC: (i) there has been no breach by the Company of any of its pre-closing covenants as set out in the SPA, and (ii) the representations and warranties given by the Company in respect of both the Company and SAGI as set out in the SPA remains true, correct and not misleading.

## 9. Undertaking as regards PTO

The Offeror(s) have received undertakings from Bangkok Broadcasting and Television Company Limited, BBTV Equity Company Limited, and The Great Fortune Equity Company Limited (the "**Undertaking**") to unconditionally accept by themselves or procure that other shareholders within the Ratanarak family group unconditionally accept the PTO (if and when made) in respect of an aggregate amount of at least 40,000,000 ordinary shares representing 13.61 per cent of the total issued shares with voting rights in the Company as of the date hereof.