

No. IR 12/2023



Micro Leasing Public Company Limited
863/3 Petchkasem Road, Sanamchan
Sub-district, Mueang Nakhon Pathom District,
Nakhon Pathom Province 73000

3 March 2023

Subject: Notification of the resolutions of the Board of Directors regarding No.3/2023 regarding Investment in the newly Issued Ordinary Shares of Micro Plus Leasing

Attention: President
The Stock Exchange of Thailand

Enclosure: 1. Information Memorandum on Investment in the Newly Issued Ordinary Shares of Micro Plus Leasing
2. Information Memorandum on Financial Assistance to Micro Plus Leasing Company Limited

The Board of Directors Meeting of Micro Leasing Public Company Limited (the “**Company**” or “**MICRO**”) no. 3/2023 held on 3 March 2023 resolved to approve the Company to invest in the newly issued ordinary shares of Micro Plus Leasing Company Limited (“**MPLUS**”), a 51.00% owned subsidiary of the Company, as MPLUS will increase its registered capital by THB 400 million, from THB 400 million to THB 800 million, by offering 4,000,000 newly issued ordinary shares at the price of THB 100 per share (equivalent to par value) to its existing shareholders in proportion to their respective shareholdings. The proceed from capital increase will be used as source of fund for the expansion of motorcycle hire purchase business of MPLUS. The Board of Directors of MPLUS shall further obtain the resolution for the capital increase from the Shareholder Meeting of MPLUS. In this regard, the Company’s Board of Directors Meeting approved the Company to invest in MPLUS newly issued ordinary shares in proportion to its shareholding in the amount of 2,040,000 shares at the price of THB 100 per share, equivalent to an investment of THB 204 million, and approved the Company to further invest in MPLUS newly issued ordinary shares in excess of its rights in the amount of not exceeding 1,960,000 shares if they were waived by other MPLUS shareholders, at the price of THB 100 per share, equivalent to an additional investment

of not exceeding THB 196 million. Total investment shall not exceed THB 400 million (Please find more details of Investment in the Newly Issued Ordinary Shares of MPLUS in Enclosure 1)

In addition to the investment in MPLUS by way of subscribing for MPLUS newly issued ordinary shares, the Board of Directors Meeting no. 3/2023 held on 3 March 2023 also resolved to approve the Company to provide financial assistance to MPLUS by lending the revolving loan of not exceeding THB 800 million at the interest rate of 6.85% per annum with the maximum loan period of 5 years, in order to provide MPLUS source of fund for its business expansion during the time that MPLUS is seeking financing from financial institutions. After, the Transaction is completed and the Company enter into the Financial Assistance with MPLUS, The Company still has obligation for its owner business both in short and long term and continue to be the leading company of Micro Leasing Group. (Please find more details of Financial Assistance to MPLUS in Enclosure 2)

Please kindly be informed accordingly.

Yours Sincerely,



(Mr. Kandanai Chonsuwat)

Deputy Managing Director of Accounting and Finance

Investor Relations Department

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Information Memorandum on Investment in the Newly Issued Ordinary Shares
Of Micro Plus Leasing Company Limited

Information Memorandum on Investment in the Newly Issued Ordinary Shares of Micro Plus Leasing

The Board of Directors Meeting of Micro Leasing Public Company Limited (the “Company” or “MICRO”) no. 3/2023 held on 3 March 2023 resolved to approve the Company to invest in the newly issued ordinary shares of Micro Plus Leasing Company Limited (“MPLUS”), a 51.00% owned subsidiary of the Company, as MPLUS will increase its registered capital by THB 400 million, from THB 400 million to THB 800 million, by offering 4,000,000 newly issued ordinary shares at the price of THB 100 per share (equivalent to par value) to its existing shareholders in proportion to their respective shareholdings. The proceed from capital increase will be used as source of fund for the expansion of motorcycle hire purchase business of MPLUS. In this regard, the Company’s Board of Directors Meeting approved the Company to invest in MPLUS newly issued ordinary shares in proportion to its shareholding in the amount of 2,040,000 shares at the price of THB 100 per share, equivalent to an investment of THB 204 million, and approved the Company to further invest in MPLUS newly issued ordinary shares in excess of its rights in the amount of not exceeding 1,960,000 shares if they were waived by other MPLUS shareholders, at the price of THB 100 per share, equivalent to an additional investment of not exceeding THB 196 million. Total investment shall not exceed THB 400 million (collectively referred to as, the “Investment in MPLUS” or the “Transaction”).

The Investment in MPLUS is considered as the Acquisition Transaction pursuant to the Notification of the Capital Market Supervisory Board No. Tor Jor. 20/2551 Re: Rule of Significant Transaction Constituting an Acquisition or Disposal of Assets and the Notification of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E 2547 (including the amended thereof) (collectively referred to as the “Acquisition/Disposition Notification”). Based on Total Value of Consideration basis, the Transaction size is 7.26% (according to total value of consideration basis) which is less than 15% (the Company has not entered into any other acquisition transactions during the past 6 months before the date of this Transaction). The Transaction is, therefore, under the approval of the Board of Directors and it is not considered an acquisition of significant asset pursuant to the Acquisition/Disposition Notification. Therefore, in entering into the Transaction, the Company is neither required to disclose information regarding the Transaction to the SET, nor seek approval from the Shareholders Meeting.

Nevertheless, in order to provide information to the shareholders, the Company would like to disclose key terms of the Transaction as follows:

1. Date of the Transaction

The Company will gradually invest in MPLUS newly issued ordinary shares in accordance with the call-up schedule of MPLUS. It is expected that MPLUS will call up for capital payment of THB 100 million (25%) per round in May, June, December 2023, and January 2024, respectively.

2. Party Involved and Relationship with the Company

Issuer : Micro Plus Leasing Company Limited (MPLUS)
Subscriber : Micro Leasing Public Company Limited (MICRO)

Relationship with the Company

MPLUS is a 51.00% owned subsidiary of the Company. The Company and MPLUS have a common shareholder, namely Mr. Thammasak Auchyawat (“**Mr. Thammasak**”) holding 24.97% of shares in the Company. Mr. Thammasak also holds 9.00% of shares in MPLUS which does not exceed 10.00% of MPLUS total issued and paid-up shares. The Company and MPLUS also have 3 common directors, namely Mr. Thammasak, Mr. Wisarn Boornasuntikoon, and Mr. Jedsada Auchyawat, who hold positions in MPLUS as representative directors from MICRO. MPLUS is not considered the Company's Connected Person pursuant to the Notification of the Capital Market Supervisory Board No. Tor Jor. 21/2551 Re: Rules on Connected Transactions 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 Connected Transactions B.E. 2546 including any subsequent amendments (the “**Connected Transaction Notification**”)

3. General Characteristic of the Transaction

The Board of Directors of MPLUS agreed to increase its registered capital of THB 400 million from THB 400 million to THB 800 million by offering 4,000,000 newly issued ordinary shares with a par value of THB 100 per share to its existing shareholders in proportion to their respective shareholdings. The Board of Directors of MPLUS will further obtain a resolution from the shareholder meeting of MPLUS to increase capital of THB 400 million. The offering price is THB 100 per share. The proceeds from capital increase will be used as working capital for the expansion of its motorcycle hire purchase business. The Company will subscribe for 2,040,000 new shares of MPLUS according to its rights, at the price of THB 100 per share (par value), equivalent to an investment amount of THB 204 million.

In addition, in the event that other shareholders of MPLUS are unable to fully paid-up for their rights offering shares and/or waive their rights to subscribe for the newly issued ordinary shares, the Company intends to subscribe for all such remaining shares to provide MPLUS, its subsidiary, sufficient fund for its business expansion during the period that MPLUS is seeking financing from financial institutions.

In this regard, Mr. Thammasak who hold 9.00% of shares in MPLUS has indicated his initial intention to subscribe for 360,000 newly issued ordinary shares of MPLUS according to his rights, representing a capital increase by Mr. Thammasak of THB 36 million.

Nevertheless, under the assumption that the remaining shareholders of MPLUS (including Mr. Thammasak) have waived all their rights to subscribe for the newly issued shares, the Company will acquire a total of 1,960,000 additional ordinary shares of MPLUS at the price of THB 100 per share, which requires additional investment amount of THB 196 million. When combined with the investment according to its rights, the company requires total investment in MPLUS of THB 400 million, which does not exceed the investment budget of THB 400 million as approved by the Board of Directors. In such event, the Company's shareholding in MPLUS will increase from 51.00% to not exceeding 75.50% of the total issued and paid-up shares of MPLUS.

4. Details of Acquired Asset

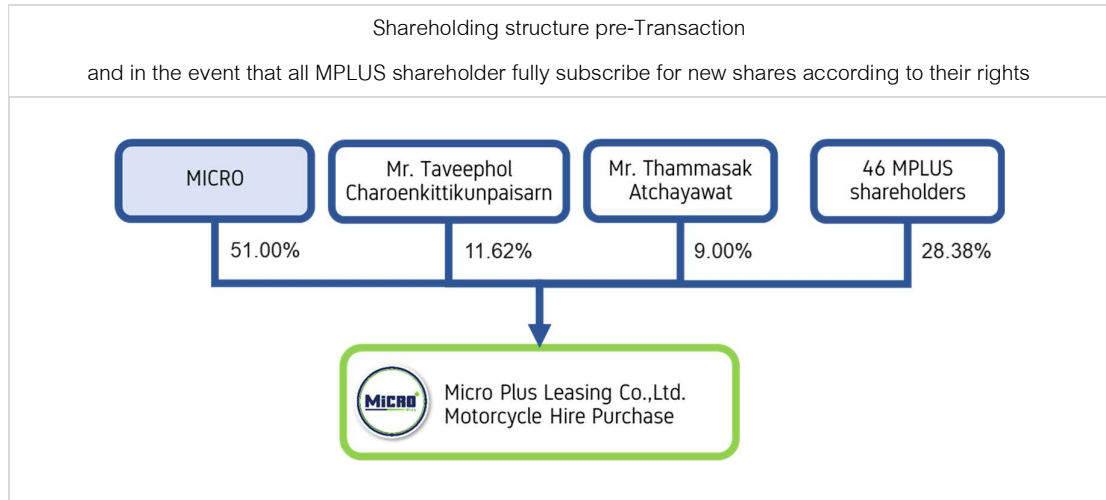
In the event that the Company subscribes for the newly issued ordinary shares of MPLUS according to its rights, the Company will acquire 2,040,000 ordinary shares of MPLUS with a par value of THB 100 per share, which will cause the Company to hold 51.00% of shares in MPLUS after the capital increase. Nevertheless, in the event that the Company subscribes for the newly issued ordinary shares of MPLUS in excess of its rights, the Company will acquire up to 4,000,000 ordinary shares of MPLUS at a par value of THB 100 per share, which will cause the Company to hold 75.50% of MPLUS total issued and paid-up shares after the capital increase.

	Capital Increase Assumption	
	According to its right ⁽¹⁾	In excess of its right ⁽²⁾
No. of subscribed shares	2,040,000 shares	4,000,000 shares
Offering price of new shares	THB 100 per share	THB 100 per share
Investment amount	THB 204 million	THB 400 million
% Shareholding pre-transaction	51.00%	51.00%
% Shareholding post-transaction	51.00%	75.50%

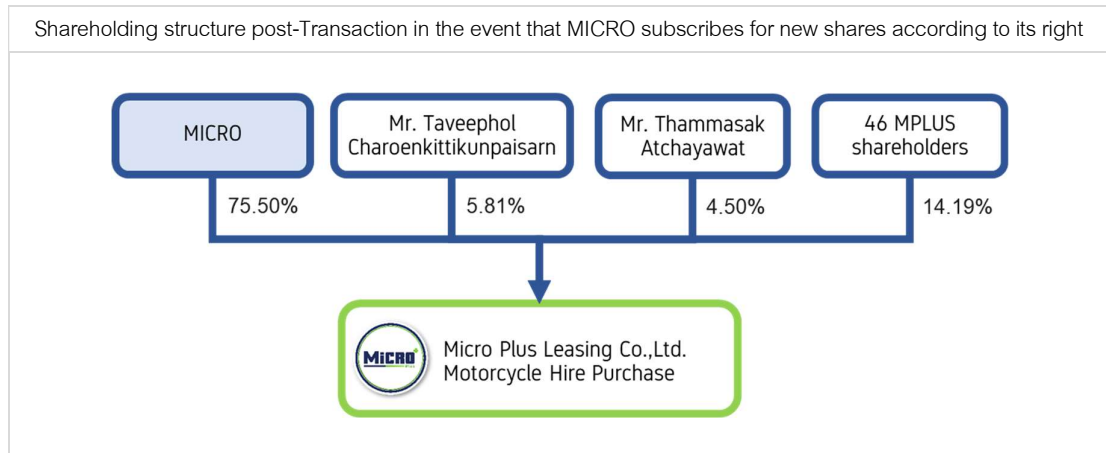
(1) Under the assumption that all MPLUS shareholders fully subscribe for newly issued shares according to their rights

(2) Under the assumption that other MPLUS shareholders waive their rights to subscribe for new shares. There will be only the Company subscribing for new shares of MPLUS.

4.1 MPLUS Shareholding Structure Pre- and Post-Transaction



In the event that the Company is the only shareholder who subscribe for MPLUS newly issued ordinary shares (48 other shareholders of MPLUS waive their subscription rights), each shareholder of MPLUS will hold shares in MPLUS post-Transaction as follow:



Remark: Under the assumption that other MPLUS shareholders waive their subscription rights and there will be only the Company subscribing for newly issued shares of MPLUS.

MPLUS Shareholders	Pre-Transaction		No. of New Shares	Post-Transaction	
	No. of Shares	%		No. of Shares	%
1. MICRO	2,040,000	51.00	4,000,000	6,040,000	75.50
2. Mr. Taveephol Charoenkittikunpaisarn	465,000	11.62	-	465,000	5.81
3. Mr. Thammasak Auchyawat	360,000	9.00	-	360,000	4.50
4. Mr. Phawat Juengsabpaisarn	200,000	5.00	-	200,000	2.50
5. Mr. Ekaphan Kuptawat	200,000	5.00	-	200,000	2.50
6. Mr. Ravee Arayawattanavej	200,000	5.00	-	200,000	2.50

43 Other shareholders	535,000	14.38	-	535,000	6.69
Total	4,000,000	100.00		8,000,000	100.0

Remark: The actual percentage of shareholding post-transaction may differ from the table above, depending on the number of shares to be subscribed by each shareholder.

After completion of capital increase transaction in MPLUS, regardless of whether the Company subscribes for the newly issued shares according to its right or in excess of its right, MPLUS will remain a subsidiary of the Company. The Company will still be obligated to consolidate operating performance of MPLUS as part of the Company's performance in its financial statements.

4.2 Information Summary of MPLUS

(1) General Information

Company name : Micro Plus Leasing Company Limited ("MPLUS")

Date of registration : 23 March 2022

Address : 863/3 Petchkasem Road, Sanaamchan, Muang District, Nakorn Phathom 73000

Registered capital : THB 400,000,000

Paid-up capital : THB 400,000,000
divided into 4,000,000 ordinary shares at a par value of THB 100 per share.

Nature of business : Motorcycle hire purchase

Directors : 1) Mr. Thammasak Auchyawat
2) Mr. Taveephol Charoenkittikunpaisarn (*Managing Director*)
3) Mr. Wisarn Boornasuntikoon
4) Mr. Jedsada Auchyawat
5) Mr. Kandanai Chonsuwat

Remark: directors no. 1) 3) 4) and 5) are representative directors from MICRO

MICRO's shareholding pre-Transaction : 51.00%

MICRO's shareholding post-Transaction : Not exceeding 75.50% depending on no. of shares to be subscribed for by each shareholder.

(2) Revenue Structure

MPLUS was incorporated in March 2022 and began to provide Motorcycle Hire-Purchase service in June 2022. In 2022, MPLUS earned income from Motorcycle Hire-Purchase services as follows:

<i>THB million</i>	Mar – Dec 2022
Interest income	35.2
Fee income	3.6
Other income	0.3
Total Revenue	39.1

(3) Nature of Business

MPLUS operates a motorcycle hire-purchase business for both new and used motorcycles. Its main customers are mainly in northern and northeastern region. MPLUS hire purchase business is not under the supervision of the Bank of Thailand, but under the announcement of the Office of the Consumer Protection Board (OCPB) Re: *Car and Motorcycle Hire Purchase Business shall be regarded as Controlled Contract*, which determines the form of a hire-purchase contract, interest charge, penalties and fees. On 12 October 2022, OCPB has set the interest rate ceiling for motorcycle hire purchase loans at an Effective Interest Rate (EIR) not exceeding 23% per annum. The interest rate could be adjusted in accordance with the economic conditions of the country every 3 years. The announcement will become effective for hire-purchase contracts starting from 10 January 2023 onwards.

As of 31 December 2022, MPLUS has a total of 8 branches with 102 staffs. MPLUS has a policy to provide hire purchase loans with emphasis on quick approval and ability to notify the approval result within 30 minutes after receiving a complete set of supporting documents for the loan application. Customers who agree to enter into a hire-purchase contract will be required to transfer ownership of the motorcycles to MPLUS in order to minimize credit risk, whereby, the customers will be able to use the motorcycles throughout the term of hire purchase contract. The ownership of motorcycle will be transferred to the customer once the customer has fully paid for the installment per contract.

MPLUS has started providing lending service to customers in June 2022. During June – December 2022, MPLUS has new loan totaling THB 550.0 million. As 31 December 2022, MPLUS has the outstanding balance of hire purchase loan receivables - net of allowance for doubtful accounts, amounting to THB 453.3 million.

(4) Summary of MPLUS Financial Position and Performance

Financial Position as of 31 December 2022

THB million	2022
	(Audited)
Cash and cash equivalent	48.2
Hire purchase loan receivables-net	453.3
Deferred commission expense	40.8
Revenue department receivables	30.5
Other assets	23.7
Total Assets	596.5
Short-term and long-term loan from financial institutions	-
Long-term loan from others	200.0
Trade and other payables	19.5
Other liabilities	5.5
Total Liabilities	225.0
Paid-up capital	400.0
Retained earnings (Deficit)	(28.5)
Total Shareholders Equity	371.5

Financial Performance for the period from 23 March 2022 – 31 December 2022

THB million	Mar - Dec 2022
	(Audited)
Interest income	35.2
Fee income	3.6
Other income	0.3
Total Revenue	39.1
Selling and administrative expenses	36.5
Expected credit loss & Loss on impairment and disposals of assets foreclosed	36.3
Earnings (Loss) before Finance Cost and Income Tax	(33.7)
Finance cost	(1.9)
Income tax	7.1
Net Profits (Loss)	(28.5)

Source: MPLUS financial statements which had been prepared in accordance with Thai Financial Reporting Standards (TFRS) and had been audited by EY Office Limited, the SEC's accredited auditor.

5. Consideration and Basis Used in Determining Value of Consideration

5.1 Consideration

MPLUS will issue and offer 4,000,000 new ordinary shares to its existing shareholders in proportion to their respective shareholdings, at the price of THB 100 per share (equivalent to its par value). The Company will subscribe for 2,040,000 new shares in MPLUS in proportion to its shareholding (equivalent to 51.00% of new shares). If any shareholders of MPLUS are unable to fully subscribe according to their rights and/or waives the right to subscribe for the newly issued shares, the Company intends to subscribe for all remaining shares of MPLUS.

For the purpose of calculating the total value of consideration of the Transaction, it will be based on the case where all other shareholders of MPLUS (including Mr. Thammasak) waive their rights to subscribe for the newly issued ordinary shares of MPLUS. The Company is the only shareholder who subscribes for MPLUS newly issued ordinary shares, which will allow the Company to acquire a maximum of 4,000,000 shares of MPLUS, at a price of THB 100 per share, totaling THB 400 million.

5.2 Basis Used in Determining Value of Consideration

MPLUS determines the price of newly issued ordinary shares at THB 100 per share, equivalent to its par value, which is an offering of shares to all existing shareholders in proportion to their respective shareholdings (Rights Offering).

Whilst, the amount of capital increase of THB 400 million is determined from capital requirement of MPLUS according to its plan to expand its hire-purchase business over the next 3 years. It is expected that MPLUS will require additional funding of approximately THB 1,200 million to support the expansion of its motorcycle hire-purchase business. MPLUS plans to seek funding from capital increase of THB 400 million, while the remaining funds of THB 800 million will come from long-term loans from the Company. (Please see more details of financial assistance to MPLUS in *Enclosure 2*)

6. Transaction Size

Acquisition/Disposal Notification

The Investment in MPLUS in which the Company will invest in the newly-issued ordinary shares of MPLUS is considered an asset acquisition transaction pursuant to the Acquisition/Disposal Notification, with the Transaction size calculated based on the Company's financial statements as of 31 December 2022, which are the latest financial statements audited by a certified public accountant prior to the date on which the Board of Directors resolved to approve the Company to enter into the Transaction. The details are as follows:

Summary of Financial Information Used in Calculation of Transaction Size

(THB million)	MICRO 31 Dec 2022	MPLUS 31 Dec 2022
Total Assets	5,511.4	596.5
Intangible Assets	8.9	0.3
Deferred Tax Assets	73.7	7.1
Total Liabilities	3,363.9	225.0
Non-Controlling Interest	182.0	-
NTA ⁽¹⁾	1,882.9	364.1
Net Profits attributable to parent company	79.1	(28.5)

(1) NTA (Net Tangible Assets) is calculated from total assets deducted by intangible assets, deferred tax assets, total liabilities and non-controlling interests.

Calculation Basis

Criteria	Formula	Transaction Size
1. Net Tangible Assets (NTA)	$\frac{(\text{NTA of investment} \times \% \text{ Acquired})}{\text{NTA of the Company}}$	4.74%
2. Net Profits	$\frac{(\text{Net profits of investment} \times \% \text{ Acquired})}{\text{Net profits of the Company}}$	- ⁽¹⁾
3. Total Value of Consideration	$\frac{\text{Total value of consideration}}{\text{Total assets of the Company}}$	7.26%
4. Security Issuance	$\frac{\text{No. of shares issued as consideration}}{\text{No. of paid-up shares of the Company}}$	- ⁽²⁾

(1) Not applicable because MPLUS had net loss from operation

(2) Not applicable because the Company has not issued new shares as consideration for the Transaction.

The Investment in MPLUS has the maximum transaction size of 7.26% based on Total Value of Consideration basis by taking the total value of consideration of THB 400 million representing the maximum value of consideration which will occur in the case where the Company is the only shareholder who subscribes for the newly-issued ordinary shares of MPLUS, compared with the Company's total assets as of 31 December 2022 (the Company has not entered into any other acquisition transactions during the past 6 months before the date of this Transaction). The size of the Transaction is 7.26%, which is lower than 15%. The Transaction is, therefore, under approval of the Company's Board of Directors and not considered as a material acquisition of assets pursuant to Acquisition/Disposal Notification.

7. Expected Benefits to the Company

The Transaction will allow MPLUS to receive total proceed from capital increase of THB 400 million, when combined with long-term loans provided by the Company of THB 800 million (according to the resolution of the Board of Directors which approved the Company to provide financial assistance to MPLUS as detailed in *Enclosure 2*) will allow MPLUS to receive total funding of THB 1,200 million to be used as a source of funds for the expansion of motorcycle hire purchase business, which is a business with growth potential and favored profitability. The Company, as a major shareholder of MPLUS, will benefit from MPLUS business growth. The investment in MLUS is, therefore, considered a key business strategy of the Company which will enhance the Company's opportunity to expand its loan business and create favorable returns to the Company and its shareholders in the future.

In addition, if MPLUS is able to expand its motorcycle hire-purchase business as planned, Micro Leasing group will acquire a wider retail customer base, which will subsequently create an opportunity for the Company to offer other financial products, such as personal loan and vehicle insurance, to those customers (Cross Selling Opportunity). The Transaction is, therefore, expected to generate incremental revenue, profits and value added to the Company and its shareholders in long-term.

(Shareholders can consider additional benefits to the Company in the Information Memorandum on Financial Assistance to MPLUS in Clause 5 of *Enclosure 2*)

Subsequent to the capital increase, MPLUS paid-up capital will increase from THB 400 million to THB 800 million. Whilst, MPLUS liabilities will increase by THB 800 million. As a result, MPLUS capital structure, by considering debt-to-equity (D/E) ratio, will increase from 0.61 times (as of 31 December 2022) to 1.33 times (calculated under the assumption that MPLUS receives the entire amount of loans from the Company immediately). The debt-to-equity ratio is still considered appropriate and not exceeding a threshold of bank covenants on Micro Leasing Group. The investment in MPLUS will, therefore, help strengthen MPLUS capital base, which will enable MPLUS to seek external funding for further business expansion in the future.

8. Source of Fund

The Transaction requires a maximum investment amount of up to THB 400 million. Part of which will come from the Company's deposits at financial institutions, which, as of 31 December 2022, the Company has cash and cash equivalents of THB 185 million. The remaining funds will come from the excess cash flow from the Company's operations after the expansion of second-handed truck hire purchase portfolio according to its business plan, which is expected to be sufficient to invest in MPLUS, even in the case of subscription in excess of its right.

9. **Transaction Conditions**

- None -

10. **Directors with Vested Interest and are Abstained from Voting in the Board of Directors Meeting**

Mr. Thammasak, who holds 9.00% of shares in MPLUS, did not attend the meeting on this agenda and did not have the voting right at the Board of Directors meeting.

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

The Board of Directors' Meeting No. 3/2023 held on March 2023 has prudently considered the Transaction and opined that the investment in MPLUS is reasonable and in the best interest of the Company and its shareholders. The investment in MPLUS newly issued ordinary shares will allow the Company to maintain its ownership in MPLUS, which operates motorcycle hire-purchase business, which is a business with growth potential and favored profitability.

The investment in MPLUS in excess of its right will enable MPLUS to have sufficient fund to support the expansion of its hire purchase business. At present, MPLUS business requires substantial working capital. MPLUS can use the proceed from capital increase as working capital for lending business during the time that MPLUS is unable to obtain loan from financial institutions (because MPLUS has just established for only 1 year and still suffered operating loss). However, the Board of Directors considered the motorcycle hire-purchase business of MPLUS having growth potential and favored profitability. In addition, the management team of MPLUS possesses long experience in the business. Therefore, it is expected that the investment in MPLUS will help strengthen the overall performance of the group companies and will be able to create favorable returns to the Company and its shareholders in long term.

Additionally, the Board of Directors has considered the opinion of Financial Advisor on the feasibility study of the investment in MPLUS with a total investment amount between THB 204 – 400 million, which is assessed based on new loan projected by MPLUS management. The investment's equity rate of return (equity IRR) is estimated at 20.2% per annum, which exceeds the Company's cost of equity of 10.9%. The net present value of free cash flow to equity shareholders is in a range between THB 710 – 1,051 million with payback period of approximately 8 – 9 years. Such returns are the rates of returns that may arise from operating motorcycle hire-purchase business, not accounted for the value added that could be arisen from potential synergies with other companies in the group, such as incremental income from cross-selling of personal loan product by Micro Fin Co., Ltd. and vehicle insurance product by Micro Insure Broker Co., Ltd. to MPLUS retail client base, which is expected to substantially increase after successful expansion of MPLUS business by utilizing the proceed received from such capital increase.

The Board of Directors, therefore, has a reasonable basis to believe that, If MPLUS receives the proceed from capital increase in the amount that meets its requirements and is able to operate the business as planed under the defined set of assumptions, the investment in MPLUS is considered to benefit the overall business of the group companies and is expected to generate favorable returns to the Company and its shareholders in long-term.

12. **Opinion of the Audit Committee and/or Director(s) that differs from the Opinion of the Board of Directors**

- None –

13. **Other Information – Financial Assistance to MPLUS**

In addition to the investment in MPLUS by way of subscribing for MPLUS newly issued ordinary shares, the Board of Directors Meeting no. 3/2023 held on 3 March 2023 also resolved to approve the Company to provide financial assistance to MPLUS by lending the revolving loan of not exceeding THB 800 million at the interest rate of 6.85% per annum with the maximum loan period of 5 years, in order to provide MPLUS source of fund for its business expansion during the time that MPLUS is seeking financing from financial institutions. After, the Transaction is completed and the Company enter into the Financial Assistance with MPlus, The Company still has obligation for its owner business both in short and long term and continue to be the leading company of Micro Leasing Group.

(Please find more details of Financial Assistance to MPLUS in *Enclosure 2*)



Information Memorandum on Financial Assistance to
Micro Plus Leasing Company Limited

Information Memorandum on Financial Assistance to Micro Plus Leasing

The Board of Directors Meeting of Micro Leasing Public Company Limited (the “Company” or “MICRO”) no. 3/2023 held on 3 March 2023 resolved to approve the Company to provide financial assistance to Micro Plus Leasing Company Limited (“MPLUS”), a 51.00% owned subsidiary of the Company. The Company will provide lending to MPLUS in form of revolving loan of up to THB 800 million, in order to provide MPLUS funding for the expansion of its motorcycle hire purchase business. Loan term is initially set up at 4 years with an extension right for another 1 year, equivalent to a maximum loan period of 5 years. The interest rate is determined at 6.85% per annum (collectively referred to as the “Transaction”).

The Transaction to provide financial assistance to MPLUS is not considered a connected transaction pursuant to the Notification of the Capital Market Supervisory Board No. Tor Chor. 21/2551 Re: Rules on Connected Transactions, dated 31 August 2008 and the Notification of the Stock Exchange of Thailand Re: Disclosure and Actions of Listed Companies in Connected Transactions, B.E. 2546 (2003), dated 19 November 2003 and its amendment thereof (collectively referred to as the “Connected Transaction Notification”). The Transaction is, therefore, under the approval of the Board of Directors. The Company is neither required to disclose information regarding the Transaction to the SET, nor seek approval from the Shareholders Meeting.

Nevertheless, in order to provide information to the shareholders, the Company would like to disclose key terms of the Transaction as follows:

1. Date of the Transaction

The Company will begin to provide lending to MPLUS under the revolving credit line of THB 800 million from March 2023 onwards, which is expected to be gradually withdrawn by MPLUS according to its capital requirement in each period, but will not exceed the specified credit line of THB 800 million.

2. Party Involved and Relationship with the Company

Lender : Micro Leasing Public Company Limited (MICRO)

Borrower : Micro Plus Leasing Company Limited (MPLUS)

MPLUS shareholders as of 24 February 2023 are as follows:

MPLUS	No. of Shares ⁽¹⁾	Percentage
1. MICRO ⁽²⁾	2,040,000	51.00%
2. Mr. Thaveephol Charoenkittikhunpaisal	465,000	11.62%
3. Mr. Thammasak Auchyawat	360,000	9.00%
4. Mr. Pawat Chuengsappaisan	200,000	5.00%

MPLUS	No. of Shares ⁽¹⁾	Percentage
5. Mr. Ekaphan Kuptawat	200,000	5.00%
6. Mr. Ravee Arayawatanavech	200,000	5.00%
43 other Shareholders ⁽³⁾	535,000	13.38%
Total	4,000,000	100.00%

Remark:

(1) Include shareholdings by his/her related person i.e. spouse and minor children

(1) As of 29 April 2022 (the latest book closing date), MICRO's top 5 shareholders include: Mr. Thammasak Auchyawat holding 23.41%, Mr. Kitsada Auchyawat holding 13.77%, Mr. Jedsada Auchyawat holding 13.17%, Mr. Tanyakon Autchayawat holding 5.57%, and Mr. Keittipong Toemkunanon holding 3.20% of total issued and paid-up shares, respectively.

(2) Other shareholders of MPLUS hold between 10,000 – 40,000 shares, representing 0.25 – 1.00% of total issued and paid-up shares.

Relationship with the Company

MPLUS is a 51.00% owned subsidiary of the Company. The Company and MPLUS have a common shareholder, namely Mr. Thammasak Auchyawat (“**Mr. Thammasak**”) holding 24.97% of shares in the Company. Mr. Thammasak also holds 9.00% of shares in MPLUS which does not exceed 10.00% of MPLUS total issued and paid-up shares. The Company and MPLUS also have 3 common directors, namely Mr. Thammasak, Mr. Wisarn Boornasuntikoon and Mr. Jedsada Auchyawat, who hold positions in MPLUS as representative directors from MICRO. MPLUS is not considered the Company's connected person pursuant to the Connected Transaction Notification.

3. General Characteristic of the Transaction

The Company will provide lending to MPLUS under the revolving credit line of THB 800 million to be used as working capital for the expansion of its motorcycle hire-purchase business. Loan term is initially set up at 4 years and can be renewed for another 1 year, equivalent to a maximum loan period of 5 years. Interest rate is determined at 6.85% per annum payable on monthly basis.

4. Consideration and Basis Used in Determining Value of Consideration

4.1 Consideration

The Transaction to provide lending to MPLUS has a maximum value of consideration of THB 1,074 million, calculated from loan amount of up to THB 800 million, interest rate of 6.85% per annum, under the maximum loan tenor of 5 years.

4.2 Basis Used in Determining Value of Consideration

Basis used in determining total value of consideration for loan transaction to MPLUS, which has an interest rate of 6.85% per annum, is determined based on weighted average borrowing cost of the Company, which consists of interest cost on short-term loan, long-term loan from financial institutions, and long-term debentures, plus certain premium.

Whilst, the THB 800-million revolving credit line was determined based on working capital requirement to support MPLUS business expansion plan, by considering in parallel the Company's excess liquidity over the next 3 years based on the financial projection prepared by the Company's management. The Transaction was considered in conjunction with the capital increase transaction in MPLUS, in which the Company will subscribe for the newly issued ordinary shares of MPLUS in excess of its rights for the proportion that was waived by other shareholders, representing an investment amount of up to THB 400 million ((please see more details of capital increase transaction in MPLUS in *Enclosure 1*).

5. Expected Benefits to the Company

The Company assesses the benefits from the Transaction to provide lending to MPLUS of up to THB 800 million, together with the transaction to invest in MPLUS by way of subscribing for the newly issued ordinary shares of MPLUS in excess of its right, which aggregately made-up total investment amount of not exceeding THB 1,200 million.

The transactions to invest and provide financial assistance to MPLUS will allow MPLUS to continue expanding its motorcycle hire purchase business. The Company will gain several benefits from the business growth of MPLUS which can be summarized as follows:

1. *Better utilize existing assets as source of funds for potential business expansion*

As of 31 December 2022, the Company has cash and cash equivalents of THB 185 million and expects to have additional cash flow from operations after the expansion of second-handed truck hire purchase portfolio according to its business plan each year, because the Company has recently adopted a more stringent debtors screening policy to maintain debtor's quality at appropriate level. The Company will, then, use its excess cash flow as source of funds to expand MPLUS motorcycle hire purchase business, which is considered a business with growth potential and favored profitability.

2. *Create an opportunity to turn MPLUS into profitability performance*

The transaction to invest and provide financial assistance to MPLUS will enable MPLUS to continually expand its loan business as planned. This will help support the improvement of MPLUS performance

to turn its performance into profits (MPLUS has been established for only 1 year. In 2022, MPLUS had net loss of THB 28.5 million). The Company, as a major shareholder of MPLUS, will subsequently benefit from the improved performance of MPLUS in the long term.

3. *Support and strengthen overall lending business of the group companies*

The transaction to invest and provide financial assistance to MPLUS will allow MPLUS to expand its motorcycle hire purchase business more efficiently following an increase in its financial flexibility. This will result in the overall business of the group companies to have a wider range of financial services and products, in addition to second-handed truck hire purchase service that the Company currently provides. The Company will then be able to meet the funding needs of a wider group of customers. The aforementioned transaction also helps diversify the Company's business risks and contributes to the overall expansion of the group's lending business. This is also in line with the Company's vision of being a leader in integrated lending business.

4. *Create value added from potential synergies within Micro Leasing Group*

The Transaction will lead to business synergies within the group companies in various fields, which can be summarized as follows:

Revenue Synergies

If MPLUS is able to expand its motorcycle hire purchase business as planned, it will widen the group's customer base from truck to retail customers. This will create an opportunity for the Company to offer other financial products of the group, such as personal loans and insurance to those customers, which will enhance the Company's ability to generate greater revenue.

Cost Synergies

The expansion of MPLUS lending business will enable Micro Leasing group to leverage its existing assets such as branches and personnel more efficiently. MPLUS can utilize 25 existing branches of MICRO which are located across the country to access its target customers, provide hire purchase lending, receive payments, debt collection, and seizing collateral, etc.

6. **Source of Fund**

The loan provided to MPLUS under the revolving credit line of THB 800 million will be gradually withdrawn in accordance with MPLUS financing needs in each period within maximum loan period of 5 years, not a lending of the whole amount at once. The source of funds that the Company will use as a loan to MPLUS will

come from the Company's excess liquidity. As of 31 December 2022, the Company had cash and cash equivalent of THB 185 million and is expected to have excess cash flow from operations after the expansion of second-handed truck hire purchase business according to its plan each year.

Based on the Company's financial projection over the next 3 years (2023 - 2025), after providing lending to MPLUS of not exceeding THB 800 million and the subscription of newly issued ordinary shares of MPLUS in excess of its rights of up to THB 400 million, the Company will still have sufficient cash flow to expand its second-handed truck hire purchase business according to its plan. Nevertheless, during the period of providing financial assistance to MPLUS, the Company may seek funding from other sources, such as loan from financial institutions, to enhance its liquidity. As of 31 December 2022, the Company had unused credit facility with the financial institutions of THB 1,160 million.

In gradually providing lending to MPLUS in each period, the Company will exercise its prudent care in considering its financial liquidity status at a given time as well as its capital requirement to support its business expansion over the next 6 months. In addition, in the case where the lending to MPLUS may expose the Company to a risk to violate the conditions in loan agreement, the Company reserves the right to refuse providing such loan to MPLUS.

7. Transaction Conditions

The Transaction to provide lending to MPLUS has key conditions as follows:

- (1) Every 6 months or when the Company's borrowing costs have changed significantly, the Company retains the right to review and adjust the interest rate charged to be in line with the Company's changing borrowing costs; and
- (2) In the event that the granting of loan to MPLUS at any time will cause the Company a risk to breach the conditions in loan agreement with the financial institutions, the Company reserves the right to refuse providing such loan to MPLUS.
- (3) Mplus will pay interests of the loan every month and the Company has right to demand repayment of the loan principle at any time

8. Directors with Vested Interest and are Abstained from Voting in the Board of Directors Meeting

Mr. Thammasak, who holds 9.00% of shares in MPLUS, did not attend the meeting on the relevant agenda and did not have the voting right at the Board of Directors meeting.

9. Opinion of the Board of Directors

The Board of Directors' Meeting No. 3/2023 held on 3 March 2023 has carefully considered and opined that, the Transaction to provide financial assistance to MPLUS is appropriate and in the best interest of Company and its shareholders. The Transaction will allow MPLUS to continue expanding its motorcycle hire purchase business, which will contribute to the improved performance of MPLUS and the group companies as a whole. The Transaction also reduces a risk of relying on the second-handed truck hire purchase business, which is currently becoming more competitive.

The Board of Directors also considered the opinion of the Financial Advisor in assessing the appropriateness of the inter-company interest rate. Such interest rate was deemed to be appropriate and under reasonable conditions. The inter-company interest rate is not lower than weighted average borrowing costs of the company at present.

As for the loan conditions with MPLUS, the Company will have the right to review and adjust interest rate to be in line with its borrowing costs that may be changed at the end of each quarter. The Company also has the right to refuse granting of loans to MPLUS, if such loans will cause the Company a risk to violate the conditions in loan agreement with the financial institutions and has right to demand repayment of the loan principle at any time. All such transaction conditions are deemed appropriate and help protect the Company's benefits.

The Board of Directors, therefore, has a reasonable basis to believe that, providing financial assistance to MPLUS is beneficial to the overall business of the group companies and it is expected to generate favorable returns to the Company and its shareholders in long term.

10. Opinion of the Audit Committee and/or Director(s) that differs from the Opinion of the Board of Directors

- None –

11. Other Information – Investment in the Newly Issued Ordinary Shares of MPLUS

In addition to the transaction to provide financial assistance to MPLUS, the Board of Directors Meeting no. 2/2023 held on 24 February 2023 also resolved to approve the Company to invest in the newly issued ordinary shares of MPLUS in proportion to its right in the amount of 2,040,000 shares at the price of THB 100 per share, equivalent to an investment amount of THB 204 million, and approved the Company to further invest in MPLUS newly issued ordinary shares in excess of its rights of up to 1,960,000 shares if they were waived by other MPLUS shareholders at the price of THB 100 per share, equivalent to an additional investment amount of up to THB 196 million, where the total investment amount shall not exceed THB 400 million. The purpose of such investment is to provide MPLUS source of fund for its business expansion during the time that MPLUS is seeking financing from financial institutions and to strengthen its capital base

which will enable MPLUS to seek financing on its own in the future. After, the Transaction, The Company still has obligation for its owner business both in short and long term and continue to be the leading company of Micro Leasing Group.

(Please find more details of Investment in the Newly Issued Ordinary Shares of MPLUS in *Enclosure 1*)