

-TRANSALTION-

No. CGC 095/2023

10 November 2023

Subject: Notification on the resolution of the board of directors' meeting no. 7/2023 re: the plan for issuing and offering the newly issued ordinary shares by the initial public offering (IPO) and listing Chayo Capital Company Limited's shares, a subsidiary of the Company, on the Market for Alternative Investment (MAI).

To: The President
The Stock Exchange of Thailand

Enclosure: Information Memorandum regarding the asset disposition of Chayo Group Public Company Limited

The Board of Directors meeting of Chayo Group Public Company Limited ("**Company**"), No. 7/2023, held on 10 November 2023, has resolved to approve the plan for issuing and offering newly issued ordinary shares of Chayo Capital Company Limited ("**CCAP**"), which is a subsidiary of the Company (the Company holds shares in the proportion of 71.25 percent of the total shares) by initial public offering (IPO) and listing the CCAP's shares as a security on the Market for Alternative Investment (MAI) ("**MAI**") ("**Spin-Off Plan**").

Under this Spin-Off plan, CCAP intends to offer newly issued ordinary shares to initial public offering (IPO) and other investors, totaling of not exceeding 25 percent of CCAP's paid-up registered capital after the initial public offering (IPO) and approval of the authorization of the Board of Directors of the Company, Board of Directors of CCAP, or the Chief Executive Officer of CCAP, or a person assigned by the Board of Directors of the Company, or a person assigned by the Board of Directors of CCAP, or the Chief Executive Officer of CCAP to determine the criteria, conditions, and other details regarding the Spin-Off Plan. They are also authorized to consider and sign related documents, including the appointment of any person to act on behalf of the Company's authorized representative in various related actions, including casting votes at CCAP's shareholders' meeting, submitting requests, documents, or contacting various government agencies or related parties, as necessary to complete the Spin-Off Plan.

In addition, the Company has established guidelines and a business plan that clearly separate secured and unsecured lending businesses. The Company and its subsidiaries, which are not part of the CCAP group, will conduct investment business and non-performing asset management business, debt collection and debt service acceleration, joint venture business only, and/or any other businesses that do not compete with CCAP. In order to increase the ability and the financial potential of the Company group. Therefore, it is deemed appropriate to designate CCAP as the Flagship Company of the Company group in the lending business. This includes but not limited to the following:

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- (1) Lending business, both with and without collateral; and
- (2) Advance payroll business

In this regard, the offering of the IPO Shares under the Spin-off Plan will result in the dilution of the Company's shareholding proportion in CCAP, which is considered to be the disposition of assets by a listed company pursuant to the Notification of the Capital market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets, dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of the Listed Company Concerning the Acquisition or Disposition of Assets, 2004, dated 29 October 2004 (as amended) ("**Notifications on Assets Acquisition or Disposal**"). The transaction size, based on the Company's consolidated financial statements as of 30 September 2023 that was audited by the certified auditor by calculated from criteria under the Notifications on Assets Acquisition or Disposal, is 2.28 percent according to the Net Tangible Assets Criteria (the calculation method results in the highest value transaction) and, during the past 6 months, the Company has not conducted any transaction as prescribed in the Notifications on Assets Acquisition or Disposal, and such transaction is lower than 15 percent. Therefore, such transaction is not within the scope which the Company is not obliged to comply with the Notifications on Acquisition or Disposition of Assets. However, such transaction is the significant transaction of the Company and its shareholders, in order to comply with the principles of good corporate governance, the Company therefore deems it appropriate to disclose information about the transaction to the Stock Exchange of Thailand ("**SET**").

After the offering of newly issued ordinary shares under the Spin-Off Plan, the Company will hold approximately 53.44 percent of CCAP's paid-up registered capital following the capital increase, and CCAP will remain a subsidiary of the Company. The details of the Spin-off plan are outlined in the Information Memorandum on the offering of newly issued ordinary shares in the initial public offering (IPO) and the listing of the shares of CCAP on the MAI enclosed herewith.

Sincerely yours,

(Mr. Kitti Tungsrivong)
Deputy Chief Executive Officer

Information Memorandum regarding the asset disposition of Chayo Group Public Company Limited

The Board of Directors' meeting of Chayo Group Company Limited (the "**Company**") No. 7/2023, held on 10 November 2023, has resolved to approve the plan for issuing and offering newly issued ordinary shares of Chayo Capital Company Limited ("**CCAP**"), which is a subsidiary of the Company (the Company holds shares in the proportion of 71.25 percent of the total shares) by initial public offering (IPO) and listing the CCAP's shares as a security on the Market for Alternative Investment (MAI) ("**MAI**") ("**Spin-Off Plan**"). Under this Spin-Off plan, CCAP intends to offer newly issued ordinary shares to initial public offering (IPO) and other investors, totaling of not exceeding 25 percent of CCAP's paid-up registered capital after the initial public offering (IPO) and approval of the authorization of the Board of Directors of the Company, Board of Directors of CCAP, or the Chief Executive Officer of CCAP, or a person assigned by the Board of Directors of the Company, or a person assigned by the Board of Directors of CCAP, or the Chief Executive Officer of CCAP to determine the criteria, conditions, and other details regarding the Spin-Off Plan. They are also authorized to consider and sign related documents, including the appointment of any person to act on behalf of the Company's authorized representative in various related actions, including casting votes at CCAP's shareholders' meeting, submitting requests, documents, or contacting various government agencies or related parties, as necessary to complete the Spin-Off Plan.

In addition, the Company has established guidelines and a business plan that clearly separate secured and unsecured lending businesses. The Company and its subsidiaries, which are not part of the CCAP group, will conduct investment business and non-performing asset management business, debt collection and debt service acceleration, and joint venture business only. In order to increase the ability and the financial potential of the Company group. Therefore, it is deemed appropriate to designate CCAP as the Flagship Company of the Company group in the lending business. This includes but not limited to the following:

- (1) Lending business, both with and without collateral; and
- (2) Advance payroll business

In this regard, the offering of the IPO Shares under the Spin-off Plan will result in the dilution of the Company's shareholding proportion in CCAP, which is considered to be the disposition of assets by a listed company pursuant to the Notification of the Capital market Supervisory Board No. Tor.Jor. 20/2551 Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposition of Assets, dated 31 August 2008 (as amended) and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of the Listed Company Concerning the Acquisition or Disposition of Assets, 2004, dated 29 October 2004 (as amended) ("**Notifications on Assets Acquisition or Disposal**"). The transaction size, based on the Company's consolidated financial statements as of 30 September 2023 that was audited by the certified auditor by calculated from criteria under the Notifications on Assets Acquisition or Disposal, is 2.28 percent according to the Net Tangible Assets Criteria (the calculation method results in the highest value transaction) and, during the past 6 months, the Company has not conducted any transaction as prescribed in the Notifications on Assets Acquisition or Disposal, and such transaction is lower than 15 percent. Therefore, such transaction is not

within the scope, which the Company is not obliged to comply with the Notifications on Acquisition or Disposition of Assets. However, such transaction is the significant transaction of the Company and its shareholders, in order to comply with the principles of good corporate governance, the Company therefore deems it appropriate to disclose information about the transaction to the SET.

In addition, the Board of Directors of the Company, the Board of Directors of CCAP or the Chief Executive Officer of CCAP, or any person designated by the Board of Directors of the Company, the Board of Directors of CCAP or the Chief Executive Officer of CCAP shall consider and determine the details, conditions, and specific portions regarding the shares offering according to the Spin-Off Plan, as well as consider the flexibility of the shares offering according to the Spin-Off Plan and the capital increase plan as appropriate.

1. Transaction Date

The Spin-Off Plan will take place after CCAP has obtained the approval from the Office of the Securities and Exchange Commission (the “SEC”) for offering of newly issued ordinary shares in the initial public offering (IPO) and the approval for the listing of its ordinary shares of CCAP as a listed security from the SET and conditions specified in Clause 10 are completed. In this regard, the Company expected that the Spin-Off Plan will be completed by 2024.

2. Relevant Parties

The offeror : CCAP, a subsidiary of the Company in which the Company hold 71.25 percent of fully paid up shares in CCAP.

The offerees : Initially, it is expected that the shares will be offered to the general public and other types of investors as the Board of Directors of CCAP or a person designated by the Board of Directors of CCAP deems appropriate under the relevant laws.

3. General description, type and size of transaction

The Board of Directors’ meeting of the Company No. 7/2023, held on 10 November 2023 has resolved to approve the plan for issuing and offering newly issued ordinary shares of CCAP by the initial public offering (IPO) and listing of shares of CCAP on the MAI. In this regard, CCAP expected to submit the request for an approval to offer newly issued ordinary shares by initial public offering (IPO) to the SEC within 2024, and when acquired an approval from the relevant authorities, it will list the shares in the MAI. CCAP expects to offer newly issued ordinary shares to the general public and other types of investors, totaling not exceeding 25 percent of the total paid-up registered capital of CCAP after the initial public offering (IPO).

In this regard, the offering of newly issued ordinary shares to the general public and other types of investors will result in the Company’s shareholding proportion in CCAP decreasing from 71.25 percent to

53.44 percent of the paid-up registered capital after the initial public offering of the newly issued ordinary shares (IPO), whereby CCAP continues to maintain its status as a subsidiary of the Company. Such transaction is considered as an asset disposal according to Notifications on Assets Acquisition or Disposal, which calculate the value of the transaction size based on the consolidated financial statements ended 30 September 2023 that has been reviewed by the certified auditor of the Company and the financial statements ended 30 September 2023 of CCAP, it is found that the maximum transaction size is 2.28 percent which calculated by Net Tangible Assets Criteria. When considering the calculation according to the Net Tangible Assets Criteria which is the maximum transaction size obtained from all calculation criteria according to the calculation details as follows:

1. Net Tangible Assets (NTA)⁽¹⁾ = Proportion of shares disposed x NTA of CCAP / NTA of the Company
= (17.81% x THB 411,793,768) / THB 3,220,740,126
= 2.28%
2. Net Profit⁽²⁾ from the operation = Proportion of shares disposed x Net Profit of CCAP / Net Profit of the Company
= (17.81% x THB 38,814,430) / THB 357,435,273
= 1.93 %
3. Total Value of Consideration = Total Value of Consideration received ⁽³⁾ / Total Value of the Company's Assets
= Proportion of shares disposed x Book Value / Total Value of the Company's Assets
= (17.81% x THB 416,484,284) / THB 8,644,317,316
= 0.86%
4. The share value which issued to pay for assets = Not applicable as the Company does not issue its securities in exchange of the assets acquired

Remark

- (1) *Net Tangible Assets means total assets – total liabilities – intangible assets such as deferred expenses, computer software, or goodwill - Non-controlling interests (if any) based on the Statement of Financial Position of the consolidated financial statements ended 30 September 2023 of the Company as reviewed by the auditor and the financial statements ended 30 September 2023 of CCAP as reviewed by the auditor.*

- (2) *Net profit is based on the Net Profit for the period of 12 months from the consolidated financial statements (Net profit in October 2022 to September 2023) of the Company as reviewed by the auditor and the net profit for the past 12 months under the financial statements (Net Profit from October 2022 to September 2023) of CCAP as reviewed by the auditor.*
- (3) *Total Value of Consideration is depended on IPO Price of CCAP which has not yet been determined, therefore, it is calculated by proportion of shares disposed and Book Value of CCAP (at Par Value of THB 10 /Share) based on the financial statement ended 30 September 2023 of CCAP as reviewed by the auditor and the consolidated financial statements ended 30 September 2023 of the Company as reviewed by the auditor.*

From the above calculation methods, the criteria provided with the highest value is Net Tangible Assets criteria with the value of the transaction of lower than 15 percent. Therefore, the transaction is not required to be complied with the Notifications on Acquisition or Disposition of Assets. However, such transaction is the significant transaction of the Company and its shareholders, in order to comply with the principles of good corporate governance, the Company therefore deems it appropriate to disclose information about the transaction to the SET.

4. General details of the disposed assets

4.1 The IPO shares of CCAP

Name of the Offeror	:	Chayo Capital Company Limited or CCAP
Type of Securities Offered	:	Newly-issued ordinary shares of CCAP (which have currently not yet been listed on the MAI)
Proportion of Newly-issued Ordinary Shares which issued and offered	:	The proportion is not exceeding 25 percent of CCAP's paid-up registered capital after the initial public offering (IPO).
Par Value	:	THB 10 per share (a par value might be changed)
Offering Price	:	The determination has not been made.

In this regard, the Board of Directors of the Company, the Board of Directors of CCAP or the Chief Executive of CCAP or any person designated by the Board of Directors of the Company, the Board of Directors of CCAP or the Chief Executive Officer of CCAP shall determine the offering price which will be occurred after the SEC approve the offering of newly issued ordinary shares by initial public offering (IPO).

Offering Period : The determination has not been made.

In this regard, the Board of Directors of the Company, the Board of Directors of CCAP or the Chief Executive of CCAP or any person designated by the Board of Directors of the Company, the Board of Directors of CCAP or the Chief Executive Officer of CCAP shall determine the offering period which occurs after receiving approval from the SEC for the initial public offering (IPO), and the prospectus is now effective and the SET has been approved CCAP's ordinary shares as listed securities. In addition, CCAP expects to submit an application for permission to offer newly issued ordinary shares by initial public offering (IPO) to the SEC within 2024.

Remark : The above details are subject to change at the sole discretion of the Board of Directors of the Company, the Board of Directors of CCAP or the Chief Executive of CCAP or any person designated by the Board of Directors of the Company, the Board of Directors of CCAP or the Chief Executive Officer of CCAP deems appropriate. The Company shall further inform material details and progress regarding the initial public offering (IPO) of CCAP to the Company's shareholders.

4.2 Details of CCAP

Name of the Enterprise : Chayo Capital Company Limited

Address : 44/545 Phaholyothin Road, Anusawari Sub-district, Bangkok District, Bangkok, 10220

Type of Business : Lending business which has both types of with and without collateral (Nano Finance, maximum interest rate not exceeding 36 percent per year, and personal loan business under supervision that is not a financial institution, maximum interest rate not exceeding 28 percent per year under supervision of the Bank of Thailand.

Capital Structure : Before the offering of newly issued ordinary shares to the general public, CCAP has the registered capital and paid-up registered capital of THB 375,000,000, divided into 37,500,000 ordinary shares, with a par value of THB 10 per share (a par value might be

changed). The Company's shareholding proportion in CCAP accounted for 71.25 percent of fully paid up shares of CCAP.

After the offering of newly issued ordinary shares to the general public. The registered capital and paid-up registered capital of CCAP will be not exceeding THB 500,000,000, divided into 500,000,000 shares with a par value of THB 1 (a par value might be changed). The Company's shareholding proportion in CCAP accounted for 53.44 percent of fully paid up shares of CCAP.

Board of Directors of CCAP : As at the date hereof, there are 8 directors.

Name	Position
1. Mr. Suksan Yasasin	Director / Chairman
2. Mrs. Pim Pattamasing Na Ayuthaya	Director
3. Mr. Kitti Tungswong	Director
4. Mr. Nottapol Thipchatchawanwong	Director / Chief Executive Officer
5. Mr. Samarnpong Klianglamyung	Director
6. Mr. Prasert Pinpathomrat	Independent Director / Chairman of the Audit Committee
7. Mrs. Parichart Somboon	Independent Director / Audit Committee
8. Mr. Pramote Yimlamai	Independent Director / Audit Committee

List of Shareholders of CCAP : As at the date hereof, the registered capital and paid-up capital is THB 375,000,000 which divided into 37,500,000 ordinary shares, with a par value of THB 10 per share, with the details of the shareholder as follows.

Shareholders	Number of Shares	Percent
1. Chayo Group Public Company Limited	26,718,750	71.25
2. Mr. Rittirong Boonmechote	7,500,000	20.00
3. Mr. Viwat Kromadit	750,000	2.00
4. Mr. Thianphan Bunsongsikul	750,000	2.00

5. Mr. Suksan Yasasin	750,000	2.00
6. Mr. Kitti Tungsrivong	375,000	1.00
7. Mr. Nottapol Thipchatchawanwong	375,000	1.00
8. Mrs. Pim Pattamasing Na Ayuthaya	105,000	0.28
9. Mr. Boonchai Prakhongkhwanchai	56,250	0.15
10. Miss Thatsani Phersri	52,500	0.14
11. Miss Waraphon Intanu	18,750	0.05
12. Miss Narumol Toprapat	18,750	0.05
13. Miss Supaporn Phatphaibun	15,000	0.04
14. Miss Wasuthida Wongkham	15,000	0.04
Total	37,500,000	100.00

Summary of CCAP's financial status and operating result

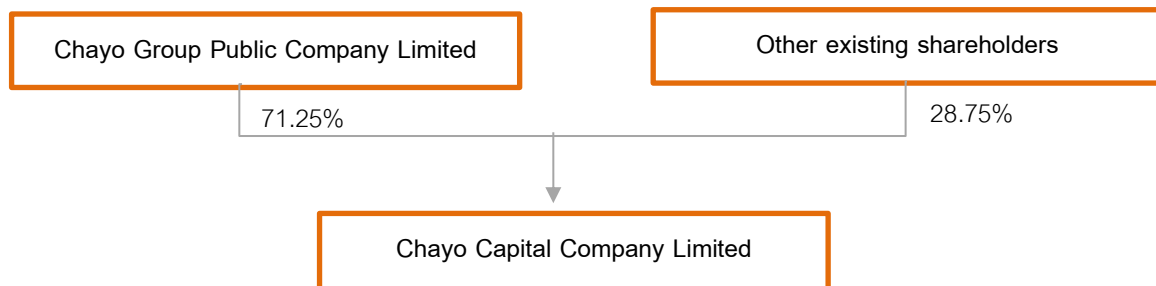
Statement of Financial Position	Audited Statement			Reviewed Statement
	31 December 2020	31 December 2021	31 December 2022	the nine-months period ended 30 September 2023
	THB Million	THB Million	THB Million	THB Million
Total asset	98.1	384.5	656.3	997.5
Total liabilities	49.4	130.1	363.9	581.0
Issued and fully paid up capital	50.0	250.0	250.0	375.0
Total shareholders' equity	48.7	254.4	292.4	416.5

Statement of Comprehensive Income	Audited Statement			Reviewed Statement
	31 December 2020	31 December 2021	31 December 2022	the nine-months period ended 30 September 2023
	THB Million	THB Million	THB Million	THB Million
Revenue from interest from providing loan	2.8	13.6	77.0	75.7
Other revenue	0.1	0.1	0.6	1.3
Total revenue	2.9	13.7	77.6	77.0

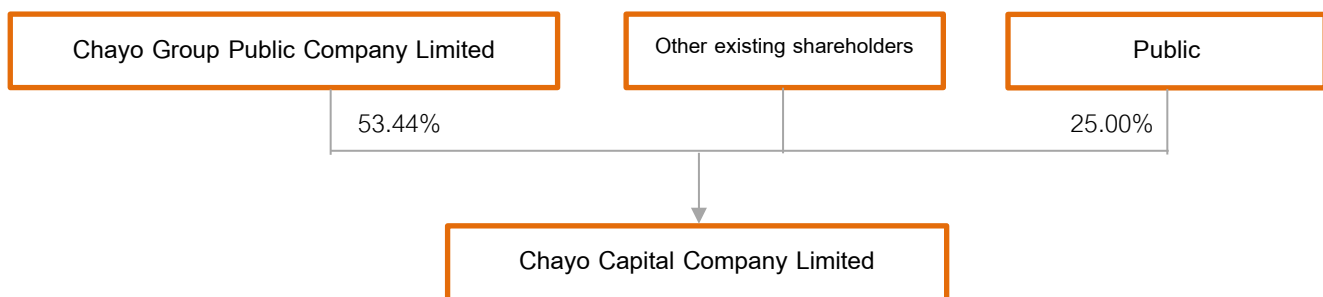
Statement of Comprehensive Income	Audited Statement			Reviewed Statement
	31 December 2020	31 December 2021	31 December 2022	the nine-months period ended 30 September 2023
	THB Million	THB Million	THB Million	THB Million
Cost of services	(0.9)	(1.6)	(3.6)	(2.2)
Expense of services	(1.3)	(1.8)	(5.7)	(15.8)
Expected credit loss	(0.6)	(2.1)	(2.3)	(5.0)
Total expenses	(2.7)	(5.5)	(11.6)	(23.0)
Profit before deduction of finance cost and income tax expenses	0.1	8.2	66.0	54.0
Financial cost	(0.2)	(1.3)	(18.4)	(19.0)
Income tax expenses	-	(1.2)	(9.5)	(7.1)
Net profit for the installment	(0.0)	5.6	38.0	27.9

Structure of CCAP before and after the execution of the Spin-Off Plan

Pre-IPO structure of CCAP



Post-IPO structure of CCAP



The details above details may subject to changes and amendment as the Board of Directors of CCAP or the Chief Executive Officer of CCAP, or any person designated by the Board of Directors of CCAP or the Chief Executive Officer of CCAP deems appropriate.

5. Total value of consideration

The total value of the consideration was prior calculated from the book value per share of CCAP as details in Clause 4. However, the offering price for the newly issued ordinary shares of CCAP in the IPO has not been determined. CCAP will determine such offering price after obtaining an approval from the SEC for offering of newly issued ordinary shares for the Initial Public Offering (IPO).

6. Value of disposed asset

The disposed assets are the newly issued ordinary shares of CCAP offering for the Initial Public Offering (IPO), whereby the consideration will be received in cash from the investors. However, currently the initial public offering price has not been determined.

7. Criteria which use to determine the value of consideration

As the offering price for the newly-issued ordinary shares of CCAP in the IPO has not been determined, therefore, the calculation is based on the book value per share from the financial statements ended 30 September 2023 which reviewed by the certified auditor. The value is equivalent to THB 11.10.

8. Benefits expected from the transaction

Benefits to the Company's shareholders

1. To provide investment alternatives to shareholders and investors in either the Company or CCAP according to the investment policy of each investor.
2. Upon that CCAP is the company registered on the MAI, the value of the shares in CCAP will reflect the fair value, based on the market price of CCAP, results in the increase of the Company's shares value indirectly which will be beneficial to the shareholders of the Company.

Benefits to the Company

1. To reduce the Company's burden on financial support, as CCAP will be able to mobilize funds by itself through offering of newly issued ordinary shares for the Initial Public Offering (IPO) and through other financial instruments after being a listed company on the MAI.

2. The Company will have a clearer separation on business structure, which will result in management, development, and further investment to be clearer and more flexible in the future.
3. The Company's share price might be more reflected on the fair value of investment funds in CCAP as there is the reference market price of CCAP's shares.
4. The Company has opportunity to receive more profit sharing from its investment in CCAP because CCAP's business may expand after the fundraising and CCAP's listing on the MAI.

Benefits to CCAP

1. The listing of CCAP shares on the MAI will enhance CCAP's fundraising channels, allowing it to access a variety of funding sources independently. This increased financial flexibility will enhance CCAP more flexible to access such sources and will enhance the competitiveness and business expansion, creating opportunities for both organic and inorganic growth.
2. A way to promote CCAP to be known which will create the credibility and increase business opportunities for the Company and CCAP.
3. CCAP will receive funds from the IPO to expand its business, including using as a working capital in its business, and debt repayment which will increase the competitive ability in the future.
4. Listing CCAP on the MAI will enhance CCAP's image and reputation as a listed company on the MAI, as well as increase the opportunity to seek personnel and/or strategic partners who have knowledge and experiences, which will create business opportunities for CCAP in the future.
5. After being a listed company on the MAI, the shares value of CCAP will reflect its underlying fundamentals and liquidity according to the market price.

9. Plan for the utilization of proceeds received from IPO

CCAP will utilize the proceeds from the initial public offering (IPO) to serve for business expansion in the future, including the working capital, and debt repayment, which will bolster the competitiveness in the future. Details of the plan for using the proceeds received from capital increase are subject to changes and amendment as the Board of Directors of CCAP or the Chief Executive of CCAP or any person designated by the Board of Directors of CCAP or the Chief Executive of CCAP deems appropriate.

10. Conditions for the entry into the transaction

- (1) The Board of directors' meeting and the shareholders' meeting of CCAP shall resolve to approve the conversion to the public company, the change of the par value, the increase of registered capital, the allocation of CCAP's newly issued ordinary shares for the Initial Public Offering (IPO), as well as listing ordinary shares of CCAP as listed securities on MAI.
- (2) CCAP shall register the capital increase, public company conversion, and relevant matters with the Department of Business Development, Ministry of Commerce.
- (3) CCAP shall obtain an approval from the SEC to offer its newly issued ordinary shares for initial public offering (IPO).
- (4) The SET shall approve the listing of CCAP's ordinary shares as listed securities on the MAI, on the condition that CCAP meets the free-float requirements.

11. Effect on the Company and the shareholders of the Company

- (1) Effect on the voting rights (Control Dilution) and profit sharing (EPS Dilution)

In the event that CCAP issue and offer the newly issued ordinary shares for the Initial Public Offering (IPO) according to the Spin-Off Plan, this will result in the decrease of the voting rights of the Company's shareholders in CCAP and the profit sharing per share in the amount of not exceeding 25 percent of the existing voting rights and the profit sharing, while the Company's shareholding proportion in CCAP will be decreased from 71.25 percent of CCAP's registered capital to 53.44 percent of CCAP's paid-up registered capital after the issuance of newly issued ordinary shares for the Initial Public Offering (IPO).

- (2) Effect on the market price of the Company's ordinary shares (Price Dilution)

As the offered shares are shares of CCAP, it is expected that there will not be direct price dilution effect to the market price of the Company's ordinary shares (Price Dilution). However, the decrease in the shareholding in CCAP will result in the decrease in the profit recognition proportion in CCAP.

12. Opinions of the Company's Board of Directors

The Board of Directors agreed to approve such transaction because the Spin-Off Plan will help strengthen the financial strength of the Company and CCAP. CCAP will be able to independently raise funds in the MAI to support its future business expansion of CCAP and its subsidiaries and reduce reliance on capital sources from the Company. This strategic move is anticipated to bring long-term benefits to the Company, CCAP, and the Company's shareholders, as mentioned above.

13. Opinion of the Audit Committee and/or the directors of the Company which are different from those Board of Directors in No. 12

- None -

The Company hereby certifies the truth and correctness of this Information Memorandum and has been prudently and diligently prepared to preserve the best interest of the shareholders. In addition, this Information Memorandum has been illustrated for the disclosure of information only and is not intended to be an invitation or an offer to acquire or subscribe for securities.

Sincerely yours,

(Mr. Kitti Tungsiwong)
Deputy Chief Executive Officer