

# ANNUAL REPORT

# 2018



**ANNUAL REPORT 2018**  
**SGF Capital Public Company Limited**

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## Report from the Board of Directors

To All Shareholders

SGF Capital Public Company Limited started a retail hire purchase business after the Company resumed trading in the MAI market in February 2017. Throughout the past period, the Company has continuously expanded retail hire purchase loans along with solving and going after troubled debts of factoring loans and original loans that customers experienced the economic conditions and regularly became non-performing loans (NPL) in order to get money back into the Company as soon as possible.

In the past year, the Company could release retail hire purchase loans under the name “Check-in Quick Cash” totaled 973.3 million baht, an increase of 145.3% from 2017 which was 396.7 million baht. Such growth met the set target. At the end of 2018, the Company had a total of 1,144.40 million baht in retail hire purchase receivables and the income from the retail hire purchase business was 179.0 million baht, growing 220.8%. Meanwhile, with a policy that focused on debt collection and NPL control to be within the measure, the Company was able to control non-performing loans with retail loans that were more than 3-installment overdue equaled to 2.8% of total hire purchase loans. In addition, in 2018 the Company also went after NPL loans and factoring loans that were long overdue after the Supreme Court ordered the Company to win the cases resulting in a cash in the amount of 378 million baht recorded as income from debt payment from debtors which the Company has already set aside allowance for doubtful accounts in the total amount of 230.3 million baht.

In terms of operations in the past year, the Company developed new technological systems for lending and debt collection to help increase work efficiency without focusing on increasing the number of branches. Therefore, the Company has 41 operating branches, but still focuses on the sales advisor system, which is distributed in all regions of the country to help find customers for the Company. The Company has introduced more than 1,000 sales advisors.

In terms of performance, the Company had a total debtor portfolio of 1,780.00 million baht at year-end of 2018 consisting of original loans at 629.00 million baht, down 15.90% from 747.94 million baht, pursuant to policies that focused on increased retail loan business. There were outstanding retail loans of 1,144.40 million baht. In terms of revenue, the Company had income of 483.78 million baht in 2018, growing 214.57% from 153.79 million baht in 2017. Selling and administrative expenses were 195.6 million baht, an increase of 114.9 million baht or 70.0% from 2017 because in 2018 the number of employees increased from 286 employees in 2017 to 332 employees and there were many extra expenses, both in terms of specific business tax for debt collection and litigation expenses of existing loans.

For the business goal of the year 2019, the Company will focus on expanding the business to retail loans, including car and motorcycle hire purchase and including the extension of credit to the pledged loans (personal loans under supervision with a car registration as collateral). This group of customers has a high return and has a collateral so it can reduce the risk of bad debts that can occur. The Company will mainly use the network of sales advisors and branches of the Company that were invested to build in 2018.

On behalf of the Board of Directors of SGF Capital Public Company Limited, we would like to thank you our shareholders, customers and partners for your continuing support. The Board of Directors and management team are committed to managing the business with good corporate governance and ethics, giving importance to the rights of all stakeholders of the Company and the society and the environment for the Company sustainability growth, which will benefit to all group of stakeholders in the future.



Mr. Wisait Panutat  
Chairman of the Board



Mr. Vivat Vithoontien  
Chief Executive Officer



## Financial Highlights

		2559 2016	2560 2017	2561 2018
รายได้จากสินเชื่อเช่าซื้อรายย่อย	Hire purchase Income	-	39.77	158.40
รายได้จากสินเชื่อเงินให้กู้ยืม	Pre-finance Income	95.97	86.53	48.07
รายได้จากการซื้อสิทธิเรียกร้อง	Factoring Income	3.52	2.30	237.40
รายได้จากสินเชื่อเงินให้กู้ยืมจากการซื้อ ลูกหนี้	Purchase of receivable Income	-	12.29	7.17
รายได้รวม	Total Income	115.71	153.79	483.78
กำไรขั้นต้น	Gross Profit	105.04	145.84	458.96
กำไร(ขาดทุน)สุทธิ	Net Profit (Loss)	92.41	32.60	186.62
<b>ฐานะการเงิน ณ 31 ธันวาคม (ล้านบาท)</b>	<b>Financial Status as at 31 December (Million Baht)</b>			
ลูกหนี้สินเชื่อเช่าซื้อรายย่อย (สุทธิ)	Hire purchase Receivables (net)	-	370.50	1,144.41
ลูกหนี้สินเชื่อเงินให้กู้ยืม (สุทธิ)	Pre-finance Receivables (net)	839.10	735.41	629.00
ลูกหนี้จากการซื้อสิทธิเรียกร้อง (สุทธิ)	Factoring Receivables (net)	45.23	154.87	3.16
ลูกหนี้สินเชื่อรวม	Total Receivables (net)	892.15	1,274.68	1,780.00
สินทรัพย์หมุนเวียน	Current Assets	1,302.99	619.60	705.67
สินทรัพย์รวม	Total Assets	1,553.06	1,614.72	2,136.08
หนี้สินหมุนเวียน	Currents Liabilities	42.49	65.66	141.81
หนี้สินรวม	Total Liabilities	48.84	77.80	412.81
ส่วนของผู้ถือหุ้น	Shareholders' Equity	1,504.22	1,536.93	1,723.27
<b>เทียบเป็นรายหุ้น (บาท)</b>	<b>Per Share (Baht)</b>			
กำไรสุทธิต่อหุ้น	Net Profit per share	0.0071	0.0025	0.1425
เงินปันผลต่อหุ้น	Dividend per share	-	-	-
มูลค่าหุ้นตามบัญชี	Book value per share	0.115	0.117	1.315
<b>อัตราส่วนทางการเงิน</b>	<b>Financial Ratio</b>			
อัตราส่วนระหว่างสินทรัพย์หมุนเวียนกับ หนี้สินหมุนเวียน	Current Ratio	30.67	9.44	4.98
อัตราส่วนหนี้สินต่อส่วนของผู้ถือหุ้น	Debt to Equity Ratio	0.03	0.05	0.24
อัตราส่วนกำไรสุทธิ	Net Profit Margin	87.14%	22.21%	40.05%
อัตราส่วนผลตอบแทนของส่วนผู้ถือหุ้น สามัญ	Return on Equity	6.98%	2.12%	10.83%
อัตราผลตอบแทนจากสินทรัพย์รวม	Return on Assets	6.16%	2.02%	8.74%

Investors can find additional information of the Company from “Form 56-1”  
in the [www.sec.or.th](http://www.sec.or.th)  
and the Company website [www.sgfcap.com](http://www.sgfcap.com)



## Company Profile

Name	SGF Capital Public Company Limited
Initial	SGF
Registration No	0107536001699
Type of business	Hire purchase, Personal Loan, Nano Finance, Loan and short term loan – Factoring
Head Office	121, 4 <sup>th</sup> Floors, WTH Holding Building, Vibhavadi-Rangsit Road, Samsen – Nai, Phyathai, Bangkok 10400 Telephone : 0-2232-1789 Fax : 0-2232-1790
Date of Establishment	7 August 1985
Registered in SET	10 February 1988
Registered Capital	1,637,500,005 baht
Issue and Paid-up Capital	1,637,500,005 baht
Par Value	1.25 baht per share
Website	www.sgfcap.com

### 1988

Registered in SET

### 1997

The Company increase The Letter of guarantee service to support customer for bidding by the governmental agency

### 1999

The Company increase service as following:

- The service for Pre-financial.
- L/C providing and Purchase service, L/C Opening service.
- The Service for the financial support guarantee

### 2000

The Company made debt restructuring agreement and the creditor agree to settled Loan of US\$ 11.55 million (Baht 452 million) by issuing preferred shares

### 2005

The Company has permitted to operate personal loan business from BOT

### 2015

The Company has permitted to operate Nano finance from BOT

## Type of Business Operation

### 1. Hire purchase

The Company has offered automobile and motorcycle hire purchase loans since late February 2017. This is a loan service offered to general customers who own vehicles or refinance from other financing institutions by entering into a hire purchase agreement and transferring the ownership of the vehicles to the Company while still being able to use the vehicles in order to take out a loan to use for their careers or daily life.

### 2. Loan Credit

Loan Credit is divided into 2 types:

- a.) Pre-financing, a short term loan approximately 3 months. This loan is given to a customer for starting his work according to the service contract or sale-purchase contract which has been signed. The contract must be transferred to the company and the customer receives the short-term pre-financing to start and complete his work within the schedule.
- b.) Loan, a long term loan 1-3 years. This loan is given to a customer to improve or develop there business and gradually repayment as agreement. The Company will set the credit amount depends on each work project and the value of collateral.

### 3. Factoring

Factoring is a financial service that allows a business to sell its outstanding receivables and receive immediate cash funding to manipulate its cash flow. The factoring companies receive the invoice and collect the full amount from the commercial invoice such as invoice, statement, receipt, etc.

The accepted commercial documents are work order, delivery order, inspection slip, statement, invoice, cheque and promissory note where the purchasing proportion of each document shall depend on the level of its compulsory performance.

### 4. Personal Loan

The Company granted a license to operate, personal loans under supervision of the Bank of Thailand, from the Ministry of Finance on 21 October 2005. The company will define the credit line according to the Company's policies, set the application rate and fee in accordance with the regulations of the Bank of Thailand.

### 5. Nano Finance Credit

The Company granted a license to operate, nano finance under supervision of the Bank of Thailand, from the Ministry of Finance on 26 December 2015. The company started this service from December 2016 to provide credit lines for working capital to small business entrepreneurs. The duration of loan is approximately 1-4 years. The company will define the credit line and application rate in accordance with the regulations of the Bank of Thailand.

## Industrial and Competition Circumstances

### Retail Credit (Individual)

For car and motorcycle hire purchase loans, which the Company mainly focuses on the registration book pledge, they are loans for customers who want to increase liquidity and are unable to access the loan from the bank. There are still many of this group of customers. Therefore, the competition is not so intense. It still can distribute the market share. Examples of registration book pledged loan businesses are MTC, SAWAD, Ngern Tid Lor, AMANAH, etc.

### Thailand Economic Outlook for 2019

It is expected that the Thai economy in the year 2019 will grow by 3.5 - 4.5 percent, supported by

- 1) household spending that is likely to expand well and continue to support the expansion of the economy according to the improvement of people's income base and employment,
- 2) continuous improvement of private investment according to an increase in the utilization rate of production capacity, increase in the value of applying for investment promotion, and the progress of key investment projects,
- 3) acceleration of public investment according to the increase of the investment frame under the annual budget and carry-over including the acceleration of disbursement from public infrastructure investment projects,
- 4) increase in the driving force from the tourism sector according to the adjustment to normal number and revenue from Chinese and European tourists,
- 5) changes in trade, manufacturing and international investment direction, which will help reduce the impact of the global economic slowdown. Nevertheless, it is expected that the export value of goods will grow by 4.1 percent, private consumption and total investment will grow by 4.2 percent and 5.1 percent, respectively, the average general inflation rate will be in the range of 0.5 - 1.5 percent and the current account is in a surplus of 6.2 percent of GDP.

At present, the world car market is changing to an era of more environmentally friendly cars at every moment, including Thailand. As one of the world's largest automobile production bases, Thailand has adapted to meet the said need and has become one of the leading countries of eco-friendly car market in the region. Since the launch of the eco-car in 2010, Thailand has gradually stepped into the era of electric vehicle market development. In 2018, the Thai eco-friendly car market had outstanding growth and is expected to become more important in 2019 and the domestic car market should return to normal levels even more. Amid high household debt as well as increasing caution of credit quality of leasing companies, in 2019 the overall car sales in the country is likely to shrink by 2 to 5 percent from 2018, accounted for sales of 980,000 to 1,010,000 cars. However, electric vehicles are likely to continue to grow well due to positive factors including the investment of carmakers and state policies that support, resulting in the total sales of electric vehicles to grow by 76 to 83 percent from 2018.



New car registration statistics by the Department of Land Transport from 2013 – 2018

Type	2018	2017	2016	2015	2014	2013	Total
Passenger Car (Sedan, Pickup)	987,324	919,820	811,518	796,089	904,969	1,299,508	5,719,228
Motorcycle	1,942,494	2,001,130	1,914,131	1,815,000	1,819,371	2,121,977	11,614,103
Total	2,929,818	2,725,649	2,920,950	2,611,089	2,724,340	3,421,485	17,333,331

In the year 2019, the Company has a policy to provide each type of loan as follows:

- **Hire purchase of cars and motorcycles:** Provide title pawn to small customers. Customer uses a debt-free car or motorcycle or a car that is still under payment with a financial institution as collateral. The loan will be provided according to the Company's terms which will not exceed the Company's central appraised price and will be lower than the price of the second-hand car market to protect against the risk of depreciation of collateral value. Moreover, the company is in the process of requesting a license to operate a personal loan business under the supervision of the type of credit that has a car registration as collateral which will enable the Company to expand the market to accommodate more customers.
- **Personal Loan:** Provide a loan to employees in companies that has been approved a support of personal loans. Loans are determined by the income, ability to pay, credit score, and credit history from the credit bureau under the rules of the Bank of Thailand.
- **Nano Finance:** Provide an easily accessible and suitable amount of loan for business operation both for the production of goods and services to small entrepreneurs who need a loan systematically through a financial institution licensed by the Bank of Thailand. (The Company began offering Nano Finance services in December 2016.)

#### **Corporate Credit (Juristic Person)**

For the year 2019, despite these positive factors of economic growth from public investment, the prospect of SME lending still remains a risk. Therefore, for SME loans, the Company has focused on supporting credits to existing customers to increase liquidity in doing business for customers to improve and develop competitiveness with land and buildings as collateral to reduce the risk of distressed debt problems.

For factoring loans, the Company remains focused on serving only customers in the small and medium-sized enterprises (SMEs) who are a party of purchasing/procurement agreement with government agencies and state-owned enterprises that are able to transfer the right to receive money without focusing on expanding such loans.

## Risk Factors

The company is aware that risk management is the important part for making business of the company so that the company considers to determine the method of risk management in each aspect for effectively control. Moreover, the company has also analyzed the key risk factors which may have an effect on making business and brought them to improve process of risk management in each aspect continuously.

Risk management has many key processes including identification of the most important risk factor that might have an effect on making business, risk assessment, procedure of risk monitoring and control the risk to be in an appropriate level under policy specified by the company, and risk report to all concerned people in order to manage and/or deal with risk in time

The most important risk factors that may have an effect on making business as follows:

- **Credit Risk**
- **Market Risk**
- **Interest rate Risk**
- **Loan Covenant Risk**
- **Government Implementation Risk**
- **Foreclosed Property Devaluation Risk**

The Company has specified method of risk management in each aspect as follows:

### 1. Credit Risk

Credit Risk is the risk that arises from the inability of customer to perform their obligations under contractual agreements in relation to the company's lending- for example, the customer's failure to repay principle or interest as agreed with the company, including some factors which may affect the ability of customers to fully repay loans, etc.

In risk management, the Company has determined effective measures to strictly supervise and monitor debtors in all processes, varying in credit consideration, collateral valuation, debt collection, and legal prosecution, to ensure greater efficiency of leasing management. After successful restructuring, the Debt Management Department, responsible for credit verification and debt collection, can generate more effective performances since it is approved to be independent of the Marketing Department, as part of the strategy to foster a more careful assessment of customers' credit and reliability prior to obtaining loan approval. Despite a decrease in new loans, the Company is able to secure an increasing amount of quality credits. Additionally, the Company has set up the allowance for doubtful accounts on a regular basis to reduce possible financial risks.

### 2. Market Risk

For the part of loan business, the competition rate of financial institution is still continuously higher and higher, both commercial bank and non-bank. The market leader is still the group of commercial bank which has advantage over the others, both in the matter of large volume of customer base who uses the other line of financial service so it is quite easy to offer the continuous line of service and very low bank's financial cost. However, the company uses professionally operation by developing and delivering a better quality and service. Granting service facility that is corresponding and meeting customer's need which building satisfaction in using service continuously.

Nowadays, new and used motorcycle; and vehicle loans have fierce competition both remaining and new comer entrepreneur. Nevertheless, the competition in registration loans isn't fierce and has quite high level of customers' demand, the company can increase competition ability and market share in this business by expanding the branch office to cover overall regions in Thailand, understanding target group of customer, quick servicing, sudden responding customers' need, and providing service to diverse target customers who demanding the money and can't approach to commercial bank's services.

### 3. Interest rate Risk

Interest rates are considered significant factors that directly affect incomes and expenses. The Company's main income comes from interests obtained from the loan market. Fixed interest rates are specified in hire purchase agreements since the date that hire purchase agreements are made. Meanwhile, as the Company's major sources of loans are obtained from financial institutions, the Company is inevitably forced to pay for its interests at the float rate referring to the financial market's current interest rates. Therefore, in case where there is any change in the interest rates, it will cause a direct impact on the Company's profit margin. The Company has developed its own policy to request for loans to be provided by financial institutions and investors without having to rely on any particular institution in order to diversify risks and costs of loans.

### 4. Loan Covenant Risk

In requesting for loans from commercial banks and financial institutions, the Company has been expected to comply with a particular loan covenant. The Company is required to maintain the D/E ratio not exceeding 2.5:1. According to the financial statement as of 2018, the Company is still able to maintain such ratio at a low rate of 0.24 only.

### 5. Government Implementation Risk

The hire purchase business still remains highly competitive nowadays. The government has hence determined to control the business by establishing the Office of the Consumer Protection Board (OCPB) to control and supervise companies engaged in the hire purchase business, while protecting customers from being exploited by unethical business providers. Therefore, the Company has developed new policies to upgrade its hire purchase business in accordance with stricter guidelines determined by the government, while keeping an eye on the updated information related to the business to ensure greater development of operations and management in line with the government's requirements.

### 6. Foreclosed Property Devaluation Risk

Regarding the hire purchase business for automobiles and motorcycles, property confiscation is inevitable. Although property confiscation can cause risks on foreclosed properties, this is considered reasonable compensation for damages that may be caused by customers' debt insolvency as the Company can resell those confiscated automobiles and motorcycles to compensate damages caused by debt defaults. The Company has often experienced losses from property confiscation as a result of the imbalance between the value of the confiscated property and the value of the remaining balance.



## Corporate Governance

### Corporate Governance Policy

Boards of directors have placed importance on follow the principle of good corporate governance by realizing role and responsibility of boards of directors in supporting to create good corporate governance in order to increase competitive capacity of business as well as confidence for stockholder, investor, and all concerned people by efficient and above-board management. In 2018, the Board of directors has the policy detail in each group as follows:-

#### Shareholders' right

The Company takes into account all group of shareholder's rights, particularly minority shareholders, foreign shareholders, and institutional shareholders, without limitation to the rights provided by laws only, as well as promoting and supporting all groups of shareholders to participate in the shareholders' meeting.

The Board of Directors shall promote shareholders to exercise their rights, and the shareholders shall have the right to decide on significant changes. In this regard, the Company encourages such exercise of their rights by way of sufficient access to the Company's information, participation in the shareholders' meeting to vote for appointment of directors, determination of remuneration for directors, appointment of auditor and determination of audit fee, including voting on any important matters of the Company, etc.

Proceeding prior to Meeting : The Board of Directors allows shareholders to exercise the right to ask questions in advance, the criteria of which has been posted on the Company's website. In convening the shareholders' meeting, the Company shall arrange for the meeting date which shall not fall on any long holidays; and the appropriate meeting time which shall not be too early in the morning; including the meeting venue which shall be convenient for commuting and with sufficient parking area, together with route map of the meeting venue.

In 2018, the Company held an Annual General Meeting of Shareholder, and 2 Extraordinary General Meeting of Shareholder, the notice of the meeting, together with details and reason of each item of the agenda, was prepared both in Thai and English versions, for the benefit of the foreign shareholders, and posted on its website in advance one month prior to the meeting date, as well as submitting notice of the meeting to Thailand Securities Depository Company Limited, as share registrar of the Company, for delivery to shareholders in advance 14 days prior to the meeting date so as to allow shareholders to have time to consider details of each agenda item. When any shareholders are unable to attend that meeting themselves, the letter of attorney will be delivered by registered postal service and published in newspaper no less than 3 days prior to such meeting corresponding to regulations of the Company or regulated by laws. In addition, the Company also arranged duty stamps, free of charge, for shareholders wishing to appoint proxy to attend the meeting.

Proceeding during the Meeting : On the meeting day, the Company provided staff and adequate technology to facilitate in advance of the meeting more than 1 hour. The Board, Executives board, secretary and auditors will present in the meeting and answer any doubts to shareholders. Prior to the meeting, the chairman assigns the secretary to demonstrate number of shareholders participating by themselves and whom given the authorizations as well as rights according to exercise how to enquire or comment and procedures to vote, disclose the results of voting to the meeting.

The meeting proceeds in accordance with the order of the agenda as specified in the notice of the meeting available on the Company's website for shareholders one month in advance, and shareholders are allowed to directly express their opinions and make inquiries before voting in each agenda. Voting right for each agenda, the Company will collect ballots from shareholders only those who vote against and abstain, and calculate by deduction from all eligible votes. The Company use outsource company program as a tool to count votes for accuracy and speed, so the results can be announced immediately after the consideration of each agenda. In 2018, the Company held 3 shareholders' meeting which all directors are present at the meeting.

**Proceeding after the Meeting :** The Company disseminates the resolutions of shareholders' meeting on each agenda item on its website within the business day following the meeting date in order for the shareholder's to promptly acknowledge and inspect the voting results. In regards to the minutes of the shareholders' meeting, the Company has clearly recorded information relating to the list of directors attending the meeting, material clarifications, questions and answers or opinions in brief, the meeting resolutions, whereby votes were divided into agree, disagree or abstain, which shall be available on the Company's website within 14 days from the shareholders' meeting date rather than having the shareholders wait until the next meeting.

The Company sends the annual reports with copy of balance sheet and income statement; which are audited by the auditors and approved by shareholders, plus copy of minutes of the meetings to the registrar of public company limited.

In 2018, the Company still not offered the shareholders opportunity to propose the meeting agenda in advance before the meeting.

### **Equitable Treatment towards Shareholders**

The Company has policy to ensure treatment towards all shareholders on an equal, whether they are major shareholders, minor shareholders or institute investors to create the true fairness, as follows:

- The shareholders' meeting proceeds in accordance with the order of the agenda as specified in the notice of the meeting without any material changing or adding any agenda immediately so that the shareholders' have opportunity to study information in support of consideration of each agenda.
- Facilitate to the shareholders who cannot attend the meeting to appoint any person or independent director or CEO of the Company to attend and vote on his/her behalf. The Company will deliver Proxy Form B which is general model and specific model for shareholders to assign their own votes, Proxy Form A and C for foreign shareholders who have custodian in Thailand published on Company's website.
- The Chairman of the meeting governs and proposes opportunities to shareholders' comment and enquiry sufficiently and appropriately prior to each resolution.
- Correctly and completely prepares and records the minutes of the meeting and disseminates the same to all shareholders via the Company's website within 14 days after the end of the meeting, for the shareholders absent from the meeting or for any persons interested in the Company's information to acknowledge details and information of the meeting.
- The Company has established measures to prevent inside information usage for seeking interest of directors and executives by informing all persons of their roles and duties to report their own securities holding, and on securities holding by their respective spouses or minor children who hold securities of the Company; and to report every change in such securities holding from purchase, sale, transfer or acceptance of transfer of securities, to the Securities and Exchange Commission in accordance with Section 59 of the Securities and Exchange Act B.E. 2535 (1992) within 3 days from the date of purchase, sale, transfer or acceptance of transfer of securities.

In 2018, the Company still not offered the shareholders opportunity to propose director's name in advance

### **Roles of the Stakeholders**

The company had realized to the supports of the stakeholders which promoted competitive potentiality and profit to the company, so the Company realizes the significance of rights of every group of all stakeholders, whether inside, such as, staff and executives of the Company, or outside, such as, customers, competitors, lender and other relevant authorities by set role of stakeholders in the governance policy. (Details as appeared in company's website). The Company has continued to take care of stakeholders in accordance with the policies, as follows:

1. Customer relations policy

The Company is engrossed in providing good quality and reliable service by emphasizing on satisfy customer's need. There is continuous framework of improving service to be able to provide to customer immediately in order that customer can obtain good quality service at fair price. The aim is to achieve customer successful.

2. Business partner policy

As the Company has policy of up to par product and service acquisition so that comes to provide an equitable and fair purchase and procurement that not taking advantage of business partner and is conforming to the process explicitly.

3. Creditor policy

The Company has policy of dealing with every creditor fairly by realizing of the optimum benefit of company and based upon fair gain. Problem solving negotiation is based on business relationship.

4. Competitor policy

The Company has policy that shall treat business competitor fairly by not elicit trade secret of competitor by means of deceptive method and acts under the convention of good competition.

5. Employee policy

The Company realizes that employee is the primary source of business driver and also the factor of success to achieve company's goal so that specify policy that give a fair treatment to employee with care and fair to continually promote and constantly support in self-develop and training in diversified program; determine fair and appropriate compensations by employee knowledge and comply with the business of the Company, provide health check-up annually, group insurance, provident fund etc.

6. Stockholder policy

As the Company is subject to build added value to stockholder in long term so that has policy to work honestly and also makes decision sincerely, carefully, cautiously, and fairly to the stockholder, both major and minor ones, for the optimum benefit of stockholder on the whole as well as access necessary, correct and appropriate information in timely manner.

7. Social and environment policy

The Company intends to take part in development of company together with development of society and environment to a sustainable progress by promoting employee's conscious mind and contribute to society and environment by promoting campaign of energy saving and nature conservation efficiently; apply ethics and moral; transparently, fairly and equally operate business; do not take advantages over community society, environment and do not make any on the contrary, illegal.

**Notifying the Information and Complaints**

The Company has provided measures and reporting channels to the complaint, opinion and to report the offense of stakeholders from all sectors. This can be through various channel as follows:

Postal service	: Company Secretary / Internal Audit / Audit Committee SGF Capital Public Company Limited 121 4 <sup>th</sup> Floor, WTH Holding Building, Vibhavadi-Rangsit Rd. Samsen-nai, Phayathai, Bangkok 10400
Telephone	: 02-232-1789 ext. 1745 internal audit or 1771 company secretary
Fax	: 02-232-1790
Email	: internal_audit@sgfcap.com or apinya.b@sgfcap.com

Employees are able to notify complaints or propose opinions to Executives or Internal audit directly. The Company to ensure fairness and protect the whistleblower act. The confidentiality of those involved in the investigation of acts of corruption.



## **Information Disclosure and Transparency**

The Board of Directors establishes the policy that the Company shall undertake activities with transparency and open for inspection with sufficient financial and non-financial information disclosure to all relevant parties as well as monitoring to ensure disclosure of correct, complete, timely, reliable and thorough information, and all parties shall be able to easily access such information on an equal basis to ensure compliance with the good corporate governance principles. The Company will disclose information to the shareholders and the public via Stock Exchange of Thailand data dissemination channels and the company's website [www.sgfcap.com](http://www.sgfcap.com). The Company strictly adheres to the enactment of laws, rules, and regulations determined by the Securities and Exchange Commission (SEC), the Stock Exchange of Thailand (SET), and relevant agencies, while regularly monitoring the addition, amendment, and revision of such laws, rules, and regulations to ensure the accuracy and efficiency of application, leading to shareholders' greater confidence and trust towards the Company's transparent business operations and management.

The Company publishes information in line with the set criteria such as Annual Disclosure Form (Form 56-1), Annual Report (Form 56-2), reports corporate governance compliance results through Form 56-1 and Form 56-2, and the Board of directors' responsibilities for financial transactions displayed together with the auditor's report in the Form 56-2.

The first four directors and executives counted from the Chief Executive Officer are under obligation to submit a report to disclose the connected transaction to prevent the conflicts of interest in line with the Securities and Exchange Act of 2008, to ensure that the Board has sufficient information for consideration and approval by transparent and compliance with relevant regulations.

### **Investor Relations Activities**

Opportunity day by SET with the objectives to clarify the information about the business and operations of the Company to securities analysts, investors, the media and interested persons joining the activity. The SET organizes this opportunity day after the announcement of quarterly financial statements; then the Company start to join this activity in quarter 3 year 2017 as well as reveals such information to shareholders and investors for a video retrospective from website of SET.

Activities to publish information through different channels by the Company about its introductions, performances and interviews to shareholders, investors, all stakeholders and interested persons to continually receive correct information i.e. newspapers, magazine, TV broadcast etc.

## **Directors' Responsibilities**

The Board realizes the importance of role and responsibility of the board in determines corporate governance policy as well as monitor and follow-up the compliance of management on approved policies and plans and accountability for the board of director and shareholders. The Board of Directors comprise of directors who have diversity skills, knowledge, experience and agility sufficient as well as performed the duties with care, dedication and responsibilities. The Board must have leadership, vision, and freedom of decision-making in order to maximize the company's benefits and the overall shareholders.

The structure of the Board of Directors consists of 8 qualified members, comprising 3 executive directors, and 4 independent directors, which represent 50% of all directors. The Chairman of the Board of Directors is not the Chief Executive Director, so as to separate between the policy making and supervisory duty and the regular managerial duty.

The Company determines qualifications of "independent directors" as the minimum requirements of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

### **Terms of director**

According to the Public Company Act B.E.2535, term of director member is 3 years. However, the retired members are eligible to be re-elected for another term.

### **Board of Directors' Meeting**

The Company's director plans the meeting every month in the third week of the month by set its meeting schedule in advance all the year as well as arranges the special meeting as necessary. At each meeting, both acknowledge and consideration agenda are clearly set, the document is well-prepared and delivered to the directors 3-5 days prior to the meeting so that the director can study the information before the meeting. In the meeting, everybody can freely discuss. The Board of Directors will be invited the executives to attend the meeting to provide further details as directly related, and acknowledge the policies directly so they can be effectively implemented.

In considering existing issues, the Chairman of the Board of Directors, also considered the Chairman of the Board of Directors' Meeting, will always allow members of the Board of Directors to express their opinions and suggestions freely and independently. For each meeting, a majority vote will be used to finalize each proposed issue. Each member possesses one vote, where any member engaged in a particular issue will refrain from discussing on the issue or not exercise the right to cast a vote for such issue. In case where the voting results appear to be equal, the Chairman of the Board of Directors' Meeting is required to cast a final vote to finalize a proposed issue.

In addition, the Board of Directors always realizes the significance of managing related party transactions as well as conflicts of interest, expected to be carried out in a cautious and unbiased manner. All details of related party transactions and conflicts of interest are also disclosed completely. The Company's secretary is required to record all meeting minutes and opinions provided by members of the Board of Directors in a written form in order to promptly propose such minutes of the meeting to the Board of Directors for further approval to be ready for the next meeting. Finally, the Chairman of the Board of Directors' Meeting will be required to sign for accuracy certification. After the approval from the meeting, the documents will be stored in the shelf on HR department, head office. In addition, the Company secretary has the duty to keep the director important document, such as directors' registration, stakeholder report; directs and supervises in compliance with the law, regulations and laws. In 2018, there were 16 Company's director meetings, 4 Audit Committee meetings, 3 Executive Committee meeting and 1 Nomination and remuneration committee meeting, 1 Risk management Committee meeting.

### **Positions in other companies**

The Board of Directors has no policy to limit the number of companies in which each director may hold directorship since, after considering the matter; it deems that all directors devote their time to regularly attend meetings. However, no director was take the position in the listed company director exceed 5 companies. The Board of Directors has no policy to limit the term of directorship since directors who insight into the Company's business can provide useful suggestions to the Company and shareholders.

### **Orientation and development of the Directors**

The Company recognizes the importance of having orientation for new Directors. The Company secretary is assigned to prepare documents and information necessary and useful for their performance of duties (e.g. Company regulations) as well as other information pertaining to Company business. The objective is to provide new Directors with knowledge and understanding of the business and Company operation in various areas.

### **Corporate Governance Policy**

The Company has established a corporate governance policy, Business ethics policy to be the guideline of directors, management and employees to implement the practices, by published on the Company website and encourage employees to follow such policies regularly.

Directors and executives of the company must to be a good practice to follow CG policy. Management is responsible for the dissemination of knowledge, understanding and encourages all employees to abide by the policy of corporate governance and continuously create as part of the corporate culture in practice.

In addition, the Company also gives importance to the roles and duties of the Board of Directors by encouraging directors and senior executives to attend the seminar in a course that useful for their duties performance. Meet with the Board of directors to exchange opinions, including encouraging directors to attend the Directors' program from the Thai Institute of Directors to bring knowledge and experience to develop the organization in further.

## Sub-committee

- ◆ **The Board of Directors** as of 31 December 2018 consists of 8 directors:

	<u>Position</u>	<u>Date appointed</u>
1. Mr. Wisait Panutat	Chairman of the Board	27 May 2010
2. Mr. Vivat Vithoontien	Chief Executive Officer	14 February 2017
3. Mr. Pinit Wuthipand	Independent Director	19 January 2011
4. Mrs. Supanut Pongserm	Independent Director	27 May 2010
5. Mr. Piphat Inphongphant	Independent Director	19 January 2011
6. Mrs. Rachaneekorn Chintakanon	Director	3 August 2015
7. Mr. Yanyong Siripun	Director	9 May 2016
8. Mr. Jitkasem Sangsingkeo	Director	14 August 2018
9. Mr. Vijit Supinit	Chairman of the Board	14 February 2017- 11 February 2018
10. Mr. Chavalit Saleepol	Chairman of the Executive Board	19 January 2018 31 July 2018

Remarks ! Mr. Wisait Panutat was assigned to be Chairman of the Board since 14 August 2018.

Miss Apinya Borivachanon has been appointed as the secretary of board of directors. She was responsible for duties as prescribed by the Securities and Exchange Act (Book No. 4), B.E. 2551, and coordination to be in compliance with the resolution of board of directors according to the corporate governance policy.

### Powers and Duties of the Company's Board of Directors

The Board of Directors is responsible for shareholders in relation with the Company's business operation and supervision of the management to be in accordance with the policy, guidelines and objectives with the maximum benefit to the shareholders and within the frame of good ethics and morality and to take the interest of all interested parties into account.

The Board of Directors has the duties to act in compliance with laws, objectives and articles of Association of the Company and the meeting of shareholders' resolutions with honesty and care for the shareholders' interests, at the present and in the long term, including the acting in compliance with the criteria and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand.

In supervising all the Company's business, the Board of Directors has determined the following matters to be the authority and responsibility of the Board of Directors who shall consider for the approval.

- The Company's policies, business strategies, business plans and annual budget.
- Appointment and termination of directors and the secretary of the Board of Directors.
- Appointment and determination of authority of the Sub-committee.
- Execution of any report pertaining to transaction with related persons that small or medium sized which is not the normal business but does not require a resolution of shareholders' meeting.

- ◆ **Executive Committee** as of 31 December 2018 consists of

1. Mr. Wisait Panutat	Chairman of the Executive Committee
2. Mrs. Rachaneekorn Chintakanon	Director
3. Mr. Vivat Vithoontien	Director
Ms. Apinya Borivachanon	The Company Secretary be the secretary of the meeting



### **Powers and Duties of the Executive Committee**

1. Having duties to carry out the management of Company business in compliance with the Company business objectives provided that in accordance with any policy, regulations or orders prescribed by the Company Board of Directors.
2. Having a plan, policies and strategic direction to do business and set the management structure in line with economics and competition, propose to the Board of approval.
3. Having the power to approve and/or assent on any Company normal business operations and general business management.
4. Credit approval, debt adjustment, bad debt write-off as assign by the Board.
5. Considering and screening the Company annual policy, target, work plan, budget and any other recommendations to be proposed to the Company Board of Directors for approval or assent provided as prescribed in the regulations and orders of the Company Board of Directors.
6. Oversee the operation of the Company to comply with the policy, strategy, business plan and budget as approved by the Board.
7. Report of operating result in the matters and within the following times to the Board of Directors:-
  - 7.1 Report of operating result of the company on quarterly basis.
  - 7.2 Auditor's report related to the Financial Statements of the company including annual budget and review budget.
  - 7.3 Other reports as deemed appropriate by the Board.
8. Performing any other tasks as assigned by the Company Board of Directors.

### **◆ Nomination and Remuneration Committee** as of 31 December 2018 consists of

- |                                  |   |
|----------------------------------|---|
| 1. Mr. Wisait Panutat            | Chairman of the Board                                 |
| 2. Mr. Vivat Vithoontien         | Director  |
| 3. Mrs. Rachaneekorn Chintakanon | Director  |
| 4. Mr. Yanyong Siripun           | Director  |
| Ms. Apinya Borivachanon          | The Company Secretary be the secretary of the meeting |

### **Powers and Duties of the Nomination and Remuneration Committee**

1. To recommend the remuneration payment method paid to the Board of Directors in various areas appointed by the Board of Directors.
2. To review the directors' remuneration based on duties and responsibilities, financial status of company, remuneration rate paid by similar types of businesses and propose to the shareholders for approval.
3. To consider and propose policy relating to the remuneration and benefit in order to keep and motivate employees who possess required qualifications.
4. To review adjustment of wage and bonus annually and propose to the Board of Management and Board of Directors.
5. To help the Board of Management and Board of Directors assess the operating result and ability of managing director based on the short-term and long-term objectives and business plans.
6. To recruit qualified persons to be directors of company and report to the Board of Directors to propose to the Shareholders' Meeting, or report to the Board of Directors for consideration and appointment.
7. To recruit qualified persons to be managing director and report to the Board of Directors for consideration and appointment.
8. To conduct any activities assigned by the Company Board of Directors.

◆ **Audit Committee** as of 31 December 2018 consists of all independent directors

- |                            |  |
|----------------------------|--|
| 1. Mr. Pinit Wuthipand     | Chairman of Audit Committee / Independent Director |
| 2. Mrs. Supanut Pongserm   | Audit Committee Member / Independent Director      |
| 3. Mr. Piphat Inphongphant | Audit Committee Member / Independent Director      |
| Ms. Pairing Aeadjan        | Internal Audit be secretary of the meeting         |

**Audit Committee member who have financial statement review knowledge**

Mr.Pinit Wuthipand is the director who has the knowledge and experiences to review the financial statement. All of the Audit Committee Members are not the employee of the company.

**Powers and Duties of Audit Committee**

1. To ensure that the financial statements of the Company have adequate accuracy.
2. To ensure that the internal control and internal audit systems of the Company are appropriate and effective and to consider the independence of the internal audit department including the approval of any appointment, allocation, or dismissal of the head of internal audit department or any other department relating to the internal audit responsibilities.
3. To ensure that the Company complies with the laws on the Securities and Exchange, the regulations of the Stock Exchange and other laws in connection with the businesses of the Company.
4. To consider, select and propose for election of any independent person to act as the Company's auditor and propose the remuneration for such person and meet privately with the auditor without any member of the management team present.
5. To ensure that in conducting all the connected transactions or transactions that may lead to conflict of interests, the Company complies with all the laws and regulations of the Stock Exchange and ensure that such transactions are reasonable and give the most benefits to the Company.
6. To prepare a report of the Audit Committee to be included in the annual Report of the Company. Such Report shall be signed by the Chairman of the Audit Committee and shall consist of at least the following information:
  - (a) Comments on the accurateness, completeness and credibility of the financial statements of the Company.
  - (b) Comments on the adequacy of the internal control system of the Company.
  - (c) Comments on the compliance to the laws on Securities and Exchange, regulations of the Stock Exchange or any other laws in connection with the businesses of the Company
  - (d) Comments on the suitability of the auditor.
  - (e) Comments on the transactions that may lead to conflict of interests
  - (f) The number of meetings held by the Audit Committee and the attendance of each member of the Audit Committee.
  - (g) Comments on other concerns that have arisen as the Audit Committee perform its duties as defined in the Committee's charter.
  - (h) Any other matters that the shareholders and general investors should be informed within the scope of duties and responsibilities assigned by the Board of Directors of the Company.
7. To perform any tasks assigned by the Board of Directors with the approval from the Audit Committee.
8. While undertaking their duties, if the Audit Committee found out or have doubts over any of the following transactions or actions, which would have an adverse affect to the financial status and the operational outcome of the Company, the Audit Committee shall report to the Board of Directors of the Company so the Board could resolve the matter within the time frame deemed appropriate by the Audit Committee.
  - (a) Any transaction that may lead to conflict of interests.
  - (b) Any fraud, unusual matter or critical failure in the internal control system.
  - (c) Any violation of Securities and Exchange laws, Regulations of the Stock Exchange or any laws in connection with the businesses of the Company.

◆ **Risk Management Committee** as of 31 December 2018 consists of

- |                                  |   |
|----------------------------------|---|
| 1. Mrs. Petcharat Thongtang*     | Advisor Chairman of the Risk Management Committee     |
| 2. Mr. Pinit Wuthipand           | Director  |
| 3. Mrs. Rachaneekorn Chintakanon | Director  |
| Ms. Apinya Borivachanon          | The Company Secretary be the secretary of the meeting |

Remark ! \* She is not director, being an external person invited to be the Chairman of the Risk Management Committee.

**Powers and Duties of the Risk Management Committee**

1. Determine policies to be proposed to the Board of Directors, consider the overall aspect of risk management, covering all types of risk, for example, credit risk, marketing risk, liquidity risk, operational risk, and other potential risks that may directly affect the Company's reputation.
2. Develop effective strategies in line with risk management policies that can be pursued, assessed, and monitored, ensuring that risks can be maintained at an acceptable level.
3. Provide effective monitoring and support in reviewing risk management policies and guidelines on a yearly basis to ensure that the risk management policies and guidelines are in compliance with current business situations.
4. Report on potential risks and their aspects experienced by the Company. Develop guidelines for effective risk management, including its progress and consequences to regularly be acknowledged by the Board of Directors.
5. Provide effective communication and exchange of information on risk management and internal control for the Audit Committee at least once a year.
6. Be authorized to get all risk management processes implemented under the scope, authority, and responsibility towards the Company's access to information related to the Risk Management Committee's compliance with charters.
7. Offer productive suggestions and effective supports to the Board of Directors, the Operations Department, and the Risk Management Committee aiming to generate greater development for organizational risk management as well as foster substantial progress for organizational risk management on a consistent basis.
8. Performing any other tasks as assigned by the Company Board of Directors.

◆ **Chief Executive Officer**

**Powers and Duties of Managing Director**

Chief Executive Officer has power and duty to supervise, execute, operate and perform on behalf of the company in accordance with purpose and regulations of the company as well as with principles, resolutions, policy, strategy and budget submitted by the Board of Directors within legal lines and power restriction defined by the Board of Directors of the company who transfers the power of attorney to Directors to perform on behalf of the company as well as delegation power to executives and/or employees, and/or other persons as appropriate, except the following case on which Directors have to be granted the approval from the Board of Executive Directors or the Board of Directors of the company (case by case) to perform:

1. The investment of any project development exclusive from the annual policy of the company.
2. The procurement, purchase or land or real property transfer for the use of the company operation, including any requirement on permission or procedure with concerned government sectors in order to achieve the aforesaid tasks.
3. The guaranty by rights or land or real property ownership which are assets of the company, for individual and/or individual group and/or juristic person and/or government sector and/or public organization for the use of the company operation.
4. The different types of account opening, the overdraft loan application and other service application



- with commercial banks including the account opening or cancellation of the aforesaid service.
5. The approval on organization structure, salary structure, operation plans and annual budget.

However, such appointment does not include the authority to approve the transactions that such Managing Director and/or their attorney have the conflict of interests (as the announcement of the Office of the Securities and Exchange Commission) with the Company or its subsidiary, except the approval in accordance with policy and within the Board of Directors approve criteria.

## ***Nominating of Directors and Executives***

### **◆ Independent Directors**

Nomination of Independent Directors, the Nomination and Remuneration Committee will recruit the persons with complete the qualifications according to the qualifications of the independent directors specifies by the Company which is in accordance with the regulations of the SEC and the Stock Exchange of Thailand, without any exceptions and conditions, to be submitted to the Board of Directors for approval.

As of 31 December 2018, the Company has 8 directors, consists of 3 executive directors and 4 independent directors. Independent Director is 50% of the Board of Directors, consists of;

- |                            |                      |
|----------------------------|----------------------|
| 1. Mr. Pinit Wuthipand     | Independent Director |
| 2. Mrs. Supanut Pongserm   | Independent Director |
| 3. Mr. Piphat Inphongphant | Independent Director |
| 4. Mr. Yanyong Siripun     | Independent Director |

The 4 independent directors of the Company do not have any qualifications or conditions that contrary to the requirements of the office of SEC and SET, and they have no business relations with the Company in the past fiscal year.

Qualifications of Independent Directors: The Company has defined the definition of independent directors of the Company equal to the regulation of the SEC and the Stock Exchange of Thailand, without any exceptions and conditions, as following:

1. To hold the company shares not exceeding 1% of number of total shares entitled to vote in the company, affiliated companies, joint companies or person who may have conflict (are considered as related person pursuant to Article 258 according to the Security Law)
2. Not being or used to be the director who takes part in the management of the company, or an employee, staff member or advisor who receives a regular salary or is a controlling person of the company, holding company, subsidiary company, associated company, subsidiary company of the same level or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.
3. Not being a person who is related by blood or by law as a parent, spouse, sibling and child including a child's spouse, to any management member, major shareholder, controlling person or the person whom has been proposed to become the management member or controlling person of the company or subsidiary company.
4. Not having or used to have business relationship with the company, holding company, subsidiary company, associated company or corporate with possible conflict in a way which may prevent independent judgment, as well as not being or used to be the major shareholder, non-independent director or management member of the entity having business relationship with the company, holding company, subsidiary company, associated company or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.

The business relationship stated in the first paragraph shall include normal commercial transactions for business operation, rent or rent out of real estate, transactions concerning the property or service, giving or receiving financial support, receiving or giving loan, standing security, giving property as collateral security or other similar actions, which make the applicant or party in the contract pay debt obligation to the other party from 3% of net tangible asset of the applicant or from twenty million baht, whichever is lower. In this respect, the calculation of such debt obligation shall be in compliance with the method to calculate the value of related transactions as prescribed by the notification of the Commission of Stock

Exchange of Thailand relating to the data presentation and operation of registered company for related transactions, mutatis mutandis. However, in consideration of such debt obligation, it shall include debt obligation incurred one year prior to the date of business relationship with the same person.

5. Not being or used to be the auditor of the company, holding company, subsidiary company, associated company or corporate with possible conflict and not being the major shareholder, non- non-independent director or management member or managing partner of the audit firm with staff being the auditor of the company, holding company, subsidiary company, associated company or corporate with possible conflict, except having been out of the above position for at least two years prior to the appointment.
6. Not being or used to be the service provider in any professions including legal advisor or financial advisor receiving the service fee exceeding Baht 2 million per year from the company, holding company, subsidiary company, associated company or corporate with possible conflict. Nevertheless, in the case of the professional service provider being a corporate, the consideration shall extend to the major shareholder, non-independent director, management member or managing partner of such professional service provider, except having been out of the above position for at least two years prior to the appointment.
7. Not being the director who has been appointed as the representative of the company, major shareholder or shareholder whom is related to the major shareholder of the company.
8. Having no other characteristic which may prevent from giving independent opinions concerning with the business operation of the company.

#### ◆ *Nominating Directors and Executives*

For appointment of director, The Nomination and Compensation Committee is responsible for consider to select and screen the person with qualification appropriate to articles of association and is the one who nominates the qualified person to obtain professional and diversified committee by considering from structure, size, and component of committee whereas the number nominated should be equal to the number of committee that sees out its term or vacant for the other reason and propose against Boards of Directors asking for permission, then shall present name of such committee to shareholder's meeting and select committee in a sense of criterion further.

The election a director has rules and methods as following:

- a) Each shareholder has 1 vote per share, the number of his/her votes corresponds therefore to the number of shares held by him/her.
- b) Each shareholder can exercise his/her right according to the number of his/her votes as specified in (a) electing one or many directors, but cannot give his/her votes to any person particularly.
- c) The persons gaining the highest votes shall be respectively elected directors in the proper number for such election. In case the number of the persons gaining less but equal votes exceeds the appropriate level for such election, the Chairman of the meeting shall make a final decision.

If the position of director is vacant by the other reason in addition to see out its term, committee shall select the qualified person and no legally prohibited quality in replacing to the previous one in the next committee meeting except only that leftover term of committee shall be less than 2 months. The new person takes place with former committee shall take a position of committee only equal to the leftover terms of the former committee. The resolution of committee in such matter should be comprised of votes at least 3 of 4 of the remaining number of committee.

### ***The supervision of operations of subsidiaries and associates***

At present, the Company has 5 subsidiaries with 99.99% shares, which is SGF Asset Management Co.,Ltd., SGF Service Management Co.,Ltd., SGF Capital (Chonburi) Co.,Ltd., SGF Capital (Nakorn Ratchasima) Co.,Ltd., and SGF Capital (Chiangmai) Co.,Ltd. With no associates company.

In order to comply with the principles of supervision that makes it possible to control and manage the operations of subsidiaries, maintain benefit from investment, the Company has sent the person to represent to the Company to be a director in the subsidiary company. However, all 5 companies have not opened to operate.

## ***The supervision of the internal information application***

The Board of Directors of the Company has determined effective measures to prevent improper uses of internal information, which may possibly be engaged by the Board of Director, senior executives, and employees as well as their spouses and underage children. Senior executives are required to report on changes in securities holding to the Securities and Exchange Commission (SEC) with reference to Section 59 of the Securities and Exchange Act, B.E. 2535 (1992). Over the past years, the Board of Directors and senior executives had strictly pursued the requirement without trading of shares during the prohibition period.

The Company has set standards for preventing the use of internal information for personal gain by limiting the number of people authorized to obtain the internal information. This can prevent outsiders' unauthorized access to such information, while appropriately determining the authorization for employees of certain levels to access to the information. At the same time, all employees have been encouraged to fully acknowledge and strictly pursue such requirement, particularly related to violation against the Computer Fraud and Abuse Act. This requirement has prompted new employees to sign for acknowledgement and acceptance in the employment contract aiming for compliance efforts.

The Company has clearly specified effective guidelines for preventing conflicts of interest in the Company's business ethics guide expected to be pursued by everyone in the organization, in which senior executives will be responsible for supervising and monitoring compliance efforts towards the requirements of corporate governance and code of conduct on a regular basis.

## ***Auditor' Fee***

Auditor's Fee can separate as following:

1. Audit Fee
  - The Company audit fee in accounting year 2018 is amount of 0 baht.
  - An auditing office where an auditor belongs to person or affiliated company and auditing office where an auditor belongs to, in the accounting year 2018 is 3.40 million baht, and will have to pay in the future due to an agreement that has not been completed in the past fiscal year amount 0 baht.
2. Non-audit Fee
  - None -



## Internal Control and Risk Management

At the Board of Directors Meeting No.4/2019 held on 18 March 2019, all three members of the Audit Committee / Independent Directors attended the meeting and commented on adequacy and suitability of the internal control system by referring to "Adequacy Assessment Form of the Internal Control System" of the Securities and Exchange Commission.

The Company has always recognized the importance of internal control as it is considered a significant mechanism in building confidence and trust among executives as well as reducing business risks. Admittedly, effective internal control also helps the Company in properly allocating and utilizing resources according to its organizational objective. Developed under the requirements of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) standard, the Company's internal control is developed completely and appropriately for greater efficiency and productivity of both operations and management.

### 1. Control Environment

The Company has determined its organizational structure and authority for senior executives and employees, including work regulations, operational requirements and punishments for improper and illegal practices, and scopes of responsibilities at work, as part of the effort to prevent conflicts of interest and ensure the balance of power among the mentioned group of people.

The Board of Directors has requested the Audit Committee to be responsible for managing and supervising the Company's corporate governance, conflicts of interest, related party transactions, and anti-bribery and corruption to comply fully with relevant laws.

In addition, the Company has assessed the adequacy of internal control in line with the requirements of the Securities and Exchange Commission (SEC) on a yearly basis, while reporting existing results to the Audit Committee prior to proposing to the Board of Directors for further consideration.

### 2. Risk Assessment

The Company is fully aware of the importance of internal and external risk factors, which may directly affect the Company's business operations. Although risk assessment is conducted on a regular basis, potential risk factors and external threats are still anticipated to cause a direct impact to the Company's business operations. For specific types of risk, the Company has managed to rely on the expertise, experience, and professionalism of its senior executives who are entrusted with responsibilities to consider, evaluate, and monitor possible risks, while relevant parties are compulsorily required to generate further development of internal control and risk management for their own departments.

### 3. Control Activities

The Company has determined clear policies and guidelines for dealing with activities related to efficient utilization of properties for the highest benefit. Authority of each person and investment budgets are specified clearly in a written form. Meanwhile, responsibilities of work are required to be classified and reviewed on a regular basis to prevent corrupted actions. Also, employees have been urged to pay attention to the reporting of corruption cases through various communication channels determined by the Company.

Furthermore, the Company has developed its business continuity plan to be prepared for emergency cases and unexpected circumstances, in which the plan has been reviewed and practiced on a regular basis.

### 4. Information and Communication

The Company has promoted the development of information technology in a consistent manner to ensure the accuracy and update of information. In the same way, the information must be secure and confidential at all stages, varying in collection, processing, storage, and monitoring, aiming to be prepared for the expansion of the business. The information must also be utilized to support strategic decisions made by senior executives.

Also, the Company has developed several effective communication channels expected to be used by senior executives and employees. The use of electronic mails and intranet systems helps facilitate internal communication, where people inside and outside the organization are allowed to keep the company informed about corruption cases via the communication channels determined by the Company.

### 5. Monitoring Activities

The Board of Directors has provided a complete coverage of internal control, consisting of finance and accounting, operations, compliance of laws and regulations, property monitoring, and more. The Company also focuses on the monitoring of performances with comparison of revenues generated by different businesses expected to be practiced on a monthly basis. The Audit Department, remaining under the supervision and management of the Audit Committee, is responsible for verifying and reviewing all implementation processes to ensure effective assessment of internal control and risk management. Auditors are also required to keep the Company's Board of Directors acknowledged on the correction of inefficient implementations on a quarterly basis, as part of the attempt to keep developing efficient and appropriate internal control based on the principles of good corporate governance to achieve targeted goals.

The Company regularly provides the monitoring compliance with the internal control system by the responsible parties, and the internal audit unit who monitors the operation and reports the result independently to the Audit Committee. In 2018, the Audit Company has 4 meetings.

The Board considered and agreed that The Company has sufficient and appropriate internal control system. The Company's Board of Directors was satisfied with the existing internal control system. The results of the audit, as appears from the evidence that can be examined, did not appear to have a practice that was illegal or against the rules in any ways. Mistaken practices are not significant. The internal audit unit has informed the management department and the relevant authorities and already solved the issues.

## Shareholders Structure

As of 31 December 2018, the company has a registered capital of 1,637,500,005 baht with 1,637,500,005 baht paid up capital, divided into

1. a common shares per value Baht 1.25 totaling 1,637,500,000 baht with paid up capital 1,310,000,000 share.
2. a preferred shares per value Baht 1.25 totaling 4 shares (in the form of unaccumulated dividend right at the rate 3 percent per annum, the Company shall firstly pay dividend only when the Company earn profits after provisioning for legal reserves and other required reserves and there is no accumulated loss)

	Name of shareholders (as of 15 November 2018)	Number of shares (Par 1.25 baht)	Percent
1	Mr. Kampol Tatiyakawee	80,000,000	6.11%
2	Mr. Chavalit Satetametekul	80,000,000	6.11%
3	Mr. Vivat Vithoontien	62,363,300	4.76%
4	Mr. Pisuit Dechakaisaya	60,020,000	4.58%
5	Ms. Kanokwan Lekvijit	59,932,400	4.57%
6	Mr. Art Thongtang	36,945,300	2.82%
7	Mr. It-ti Thongtang	36,945,300	2.82%
8	Ms. Viorn Thongtang	36,945,300	2.82%
9	Mr. Atikun Thongtang	36,945,300	2.82%
10	Mr. Pongsak Suthisripok	29,638,000	2.26%
	<b>Total</b>	<b>519,734,900</b>	<b>39.67%</b>

- ***The dividend payment policy***

The Company has the policy to pay its dividend to the shareholders not more than 50 percent after corporate income tax and appropriation to legal reserve. However, the Board of directors may consider to adjust the dividend payment pending on liquidity requirement, cash flow requirement for expansion and investment and other requirement in the future.

## Board of Directors



**(Mr. Pinit Wuthipand)**  
Chairman of Audit Committee



**( Mr. Wisait Panutat )**  
Chairman of the Board



**(Mr. Vivat Vithoontien )**  
Chief executive officer



**(Mr. Piphat Inphongphant)**  
Audit Committee Member



**(Mrs. Supanut Pongserm)**  
Audit Committee Member



**(Mrs. Rachaneekorn Chintakanon )**  
Director



**(Mr. Yanyong Siripun )**  
Director



**(Mr. Jitkasem Sangsingkeo )**  
Director



## Management Structure

**The Board of Directors** as of 31 December 2018 consists of

1. Mr. Wisait Panutat Chairman of the Board Executive Director  
(To be Chairman of the Board since 14 August 2018, Term of office from 28 April 2016 until the 2019 Annual General Meeting of Shareholders)
2. Mr. Vivat Vithoontien Chief Executive Officer Executive Director  
(To be director since 14 February 2017 replaces Ms. Norranuch Paikaew, Term of office is until the 2019 Annual General Meeting of Shareholders )
3. Mr. Pinit Wuthipand Director Independent Director  
(Term of office from 28 April 2017 until the 2020 Annual General Meeting of Shareholders)
4. Mrs. Supanut Pongserm Director Independent Director  
(Term of office from 28 April 2017 until the 2020 Annual General Meeting of Shareholders)
5. Mr. Piphat Inphongphant Director Independent Director  
(Term of office from 30 April 2018 until the 2021 Annual General Meeting of Shareholders)
6. Mrs. Rachaneekorn Chintakanon Director Executive Director  
(Term of office from 28 April 2017 until the 2020 Annual General Meeting of Shareholders)
7. Mr. Yanyong Siripun Director Independent Director  
(Term of office from 9 May 2016 until the 2019 Annual General Meeting of Shareholders)
8. Mr. Jitkasem Sangsingkeo Director Director  
(To be appointed since 14 August 2018 replaces Mr.Chavalit Saleepol, Term of office is until the 2019 Annual General Meeting of Shareholders)
9. Mr. Vijit Supinit Chairman of the Board Independent Director  
(To be director since 14 February 2017 replaces Mr. Pongsak Piboonsak, Passed away on 11 February 2018)
10. Mr. Chavalit Saleepol Chairman of Executive Committee Executive Director  
(Resigned 31 July 2018)

### Authorized Directors

As of 31 December 2018, Directors authorized to sign in binding the company consist of Mr. Wisait Panutat, Mrs. Rachaneekorn Chintakanon and Mr.Vivat Vithoontien. Any two out of these three Directors shall commonly sign and affix the company common seal.

### Board of Directors' Meetings

According to the Company's regulations requires that the Board meeting must consist of directors not less than a half of all. In the past year, all meeting constitute a quorum every time. The Board of Directors' meeting is held not less than 4 times a year in accordance with the Public Limited Companies Act.

All the Board meeting of the Company, directors will receive meeting documents in advance which they have the opportunity to study various information before the meeting. The documents will presented in a clear format and content, senior management, non-director, which related to the matter, will be invited to attend the meeting to provide more detailed information. In order to prevent the conflict of interest and to ensure transparency for all parties, director who has an interest in any matter will be no voting in that matter.

In 2018, ended 31 December 2018, The Company had 23 total meeting, detail as follows:

Director's Name	Position	Attend / Total Meeting (Times)				
		Board of Director	Executive Committee	Audit Committee	Risk Management Committee	Nomination & Remuneration Committee
1. Mr. Wisait Panutat	Chairman of the Board	16 / 16	1 / 1	-	-	1 / 1
2. Mr. Vivat Vithoontien	Chief Executive Officer	16 / 16	1 / 1	-	-	-
3. Mr. Pinit Wuthipand	Chairman of Audit Committee / Independent Director	15 / 16	-	4 / 4	1 / 1	-
4. Mrs. Supanut Pongserm	Audit Committee member / Independent Director	16 / 16	-	4 / 4	-	-
5. Mr. Piphat Inphongphant	Audit Committee member / Independent Director	13 / 16	-	4 / 4	-	-
6. Mrs. Rachaneekorn Chintakanon	Director	16 / 16	1 / 1	-	1 / 1	1 / 1
7. Mr. Yanyong Siripun	Independent Director	15 / 16	-	-	-	-
8. Mr. Jitkasem Sangsingkeo (appointed 14 Aug 2018)	Director	4 / 4	-	-	-	-
9. Mr. Vijiit Supinit (pass away 11 Feb 2018)	Chairman of the Board	-	-	-	-	-
10. Mr. Chavalit Saleepol (resigned 31 Jul 2018)	Chairman of the Executive Board	7 / 10	1 / 1	-	-	1 / 1

For all meetings, minutes will be taken and kept, after approved by the directors, for future reference by the directors and relevant parties.

**Executive** as of 31 December 2018 consists of

No.	Name of executive		Position
1	Mr. Vivat	Vithoontien	Chief Executive Officer
2	Mr. Krerkkiat (Resigned 31 Jan 2018)	Kukiattinun	Managing Director (business) - Head of credit policy and consideration - Head of marketing
3	Mr. Kannanat	Boonsunanondha	Managing Director (credit operation)
4	Ms. Apinya	Borivachanon	Senior Vice President, Supporting (Finance Dept., HR Dept. and Admin Dept.)
5	Mr. Pornsak	Kiranasopon	Senior Vice President, Debt management Dept.
6	Mrs. Rossukhon	Yamkasikorn	Senior Vice President, Accounting Department

## Company Secretary

The Board of Directors appointed Miss Apinya Borivachanon to be the company secretary. The duties and responsibilities of Corporate Secretary are provide recommendation to the directors regarding the requirements, rules and regulations of the Company, and monitor the compliance according to such requirements, rules and regulations. Hold the Shareholders' meetings and the Board of Directors' meeting according to the laws, the Company's articles of association, and best practices, and other responsibilities as identified on the Securities and Exchange Act (no.4) B.E.2551.

## Directors and Executive remuneration

### Remuneration of Directors

The Board of Directors shall designate a Nomination and Remuneration Committee to recommend guidelines for setting directors' remuneration. The levels of remuneration shall be comparable to those of companies in the same industry taking into consideration the duties and responsibilities of the directors concerned. Directors' remuneration is approved at a shareholders' meeting. The 2018 Annual General Meeting of shareholders has the resolution to fix the remuneration of director detail as following:

	Chairman	Director
Remuneration (Per month)	15,000	10,000
Meeting Allowance (Per time)		
- The Board of Directors	14,000	8,000
- Executive Committee	14,000	10,000
- Audit Committee	24,000	18,000
- Remuneration and Compensation Committee	12,000	10,000
- Risk Management Committee	12,000	10,000

All of directors will receive the remuneration per month as above, meeting allowance will pay only for attendance director. The Board of directors will pay meeting allowance not more than 1 time per month. Audit Committee will pay meeting allowance not more than 4 times per year. The Remuneration and Compensation Committee will pay meeting allowance not more than 1 time per year. The Executive Committee will pay meeting allowance not more than 4 times per year and the Risk Management Committee will pay meeting allowance not more than 4 times per year.

The directors' remuneration in 2018 is as following:

Name	2017				2018			
	Remuneration per month	Meeting Allowance	Director Bonus	Total (baht)	Remuneration per month	Meeting Allowance	Director Bonus	Total (baht)
1. Mr. Wisait Panutat	125,000	144,000	200,000	469,000	142,500	145,000	-	287,500
2. Mr. Vivat Vithontien	110,000	118,000	-	228,000	120,000	106,000	-	226,000
3. Mr. Pinit Wuthipand	120,000	160,000	200,000	480,000	120,000	194,000	-	314,000
4. Mrs. Supanut Pongserm	120,000	168,000	200,000	488,000	120,000	168,000	-	288,000
5. Mr. Piphat Inphongphant	120,000	152,000	200,000	472,000	120,000	152,000	-	272,000
6. Mrs. Rachaneekorn Chintakanon	120,000	128,000	200,000	448,000	120,000	126,000	-	246,000
7. Mr. Yanyong Siripun	120,000	96,000	133,333	349,333	120,000	88,000	-	208,000
8. Mr. Jitkasem Sangsingkeo	-	-	-	-	45,000	32,000	-	77,000



Name	2017				2018			
	Remuneration per month	Meeting Allowance	Director Bonus	Total (baht)	Remuneration per month	Meeting Allowance	Director Bonus	Total (baht)
9. Mr. Vijit Supinit <sup>1</sup>	165,000	112,000	-	277,000	15,000	-	-	15,000
10. Mr. Chavalit Saleepol <sup>2</sup>	120,000	102,000	200,000	422,000	70,000	64,000	-	134,000
11. Mr. Pongsak Piboonsak <sup>3</sup>	10,000	8,000	133,333	151,333	-	-	-	-
12. Ms. Noranuch Paikaew <sup>4</sup>	10,000	8,000	133,333	151,333	-	-	-	-

Remark ! 1. Mr. Vijit Supinit was pass away on 11 February 2018  
2. Mr. Chavalit Saleepol resigned on 31 July 2018  
3. Mr. Pongsak Piboonsak resigned on 9 February 2017  
4. Ms. Noranuch Paikaew resigned on 9 February 2017

### Remuneration of Company's executives

The remuneration of Company's executives as defined by the SEC in the form of salary, bonus, social security, provident fund and others benefit as following:

	2017	2018
Management (persons)	7	6 (one of them resigned on September 2018)
Total Salary and Bonus (Baht)	14,577,434.62	17,091,328.00
Provident fund	493,140.00	482,565.00
<b>Total remuneration</b>	<b>15,070,574.62</b>	<b>17,573,893.00</b>

### Personnel

As of 31 December 2017, and 2018 there were 279 and 332 employees working with the Company respectively (not include 7, and 6 executive officers defined by the SEC respectively).

Department	Employees (Persons)	
	31 Dec 2017	31 Dec 2018
1. Wholesale Credit	2	2
2. Retail Credit / Personal Loan	4	9
3. Appraisal	5	5
4. Branch Office	5	4
5. Law	5	6
6. Operation	12	12
7. Debt Management	20	28
8. Accounting	6	7
9. Finance	5	5
10. Admin	4	8
11. Human Resource	1	1
12. I.T.	5	5
13. Internal Audit	2	1
14. Branch employees	203	228
<b>Total</b>	<b>279</b>	<b>321</b>

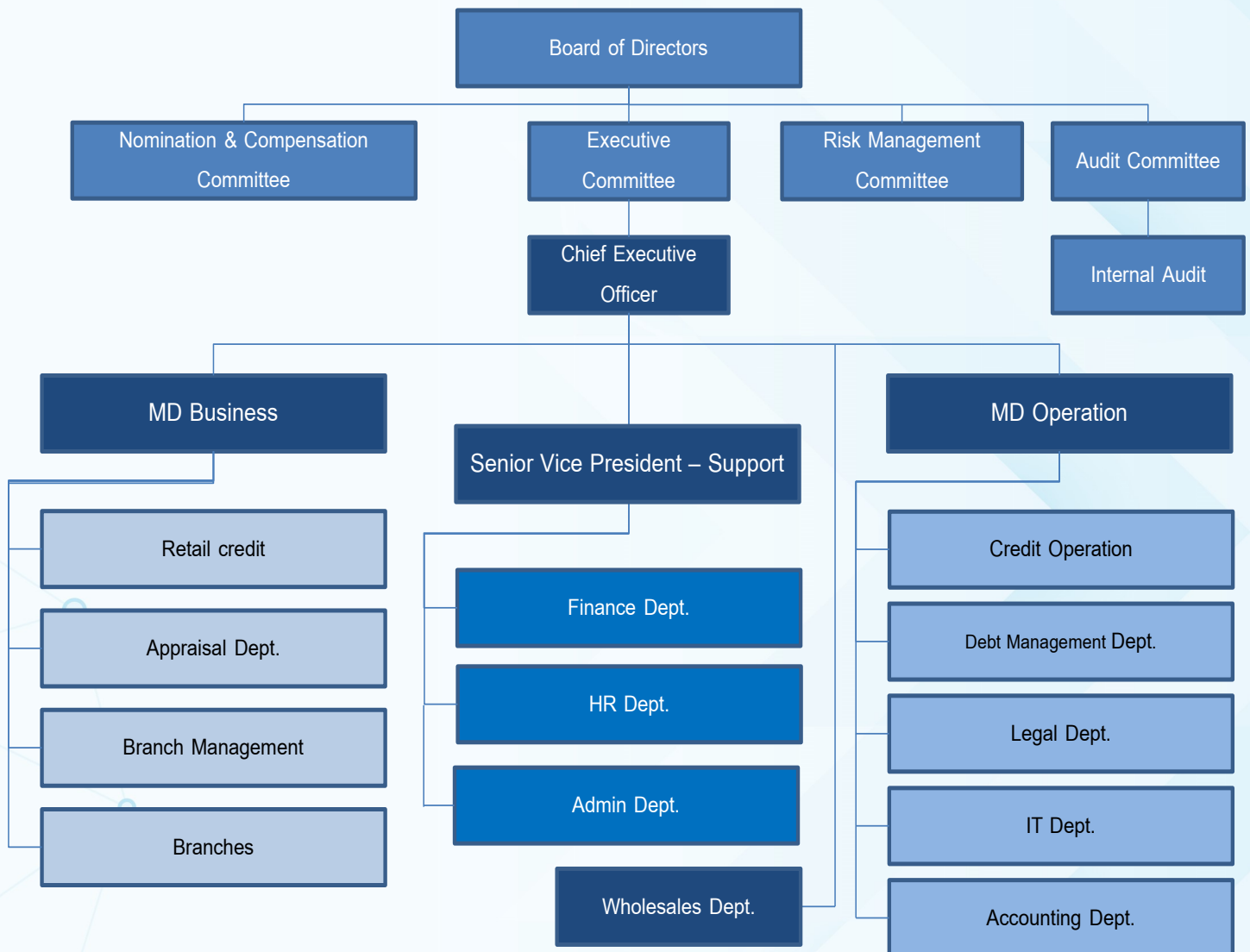
The Company paid remuneration for employees, such as salaries, overtime, bonus, social security and provident fund etc. Detail are as following:

	2017	2018
Salaries, overtime, bonus and others benefit.	57,282,032.98 baht	95,880,094.02 baht

### *Remuneration of Company's executives*

1. The Company has sufficiently provided training programs, obtained from internal specialists and professionals from other renowned organizations, for its employees aiming for knowledge and ability maximization. Training programs, which emphasize mainly on activities of the field staff, will be organized by considering employees' qualifications, experiences, and working positions. The field staff is very important and meaningful to the Company, particularly since it is capable of generating lucrative incomes and massive sales volumes for the Company.
2. The Company has successfully introduced its performance appraisal to assess performances of all employees adhering to the performance management assessment standard that guarantees fairness and impartiality for employees at all levels.
3. The Company treats its employees fairly and correctly as required by laws, while being able to pay compensations of several forms, varying in monthly salary, bonus, overtime payment, commission, and sales promotion remuneration. All employees will also be offered various types of social welfare and supportive payment as a consequence of their untiring dedication and efforts towards responsible tasks.
4. The Company has also provided its employees with other work-related benefits, including social security, provident fund, life insurance, accident insurance, uniform, and annual health check-up program, aiming for a better quality of life of all employees.

## Organization Chart





## Board of Directors and Executive Officers

### Mr. Wisait Panutat

Position	: Chairman of the Board
Age	: 76 years
Appointed Date	: 12 December 2003
Education	: Master of Management, Sasin, Chulalongkorn University Mini M.B.A, Thammasat University B.A. in Political Science, Thammasat University Certificate : DAP, DCP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2018 – Present Chairman of the Board, SGF Capital Plc. 2018 – Present Chairman of the Board, Bliss-tel Plc. 2016 – Present Chairman of Audit Committee, Masda Cholburi Co.,Ltd. 2014 – Present Chairman of Audit Committee, Independent Director, Stone One Plc. 2017 – 2018 Director, Bliss-tel Plc. 2017 – 2018 Vice Chairman of the Board, SGF Capital Plc. 1999 – 2017 Audit Committee member, Independent Director, Sin Mun Kong Insurance Plc. 2010 – 2017 Chairman of the Board, Siam General Factoring Plc. 2003 – 2011 Nomination and Remuneration Committee member / Independent Director, Prasit Pattana Plc., Phyathai Hospital Group.

### Mr. Vivat Vithoontien

Position	: Chief Executive Officer
Age	: 58 years
Appointed Date	: 14 February 2017
Education	: Ph.D. International Economics, New York University, U.S.A MA. Economics, New York University, USA BA. Economics, New York University, USA. Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: 62,363,300 shares
Experiences	: 2017 – Present Chief Executive Officer, SGF Capital Plc. 2014 – 2015 Director, ACAP Corporate Service Co.,Ltd. 2014 – 2015 Director, ACAP Consulting Co.,Ltd. 2014 – 2015 Director, Global Service Center Co.,Ltd. 2014 – 2015 Director, Professional Collection Co.,Ltd. 2014 – 2015 Director, ACAP (Asia) AMC Co.,Ltd. 2007 – 2015 Director, Capital OK Co.,Ltd. 2000 – 2015 Chairman of the Board, CEO, ACAP Advisory Plc. 2007 – 2013 Director, ACAP (Malaysia) Sdn. Bhd.

## Mr. Pinit Wuthipand

Position	: Chairman of Audit Committee / Independent Director
Age	: 71 years
Appointed Date	: 24 March 2004
Education	: B.A. in Account, Thammasat University Certified Public Accountant Certificate : DAP, DCP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2013 – Present Chairman of Audit Committee / Independent director, News Network Corporation Plc. 2011 – Present Chairman of Audit Committee / Independent director, SGF Capital Plc. 2003 – 2018 Internal Audit, Rungsit University. 2010 – 2011 Chairman of Audit Committee / Independent director, Paolo Medic Co.,Ltd. 2009 – 2011 Chairman of Audit Committee / Independent director, Health Network Co.,Ltd. 2004 – 2011 Audit Committee member / Independent director, Siam General Factoring Plc. 2009 – 2010 Examine and Evaluation Subcommittee, Software Industry Promotion Agency

## Mr. Piphat Inphongphant

Position	: Audit Committee Member / Independent Director
Age	: 59 years
Appointed Date	: 6 September 2010
Education	: Barrister-at-law, The Thai Barrister in 1981 LLB. in 1980. Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2011 – Present Audit Committee Member, SGF Capital Plc. 2005 – 2011 Director, Didomon Group Plc. 2005 – 2011 Director, Thai Doctor Center Plc. 2010 – 2011 Director, Siam General Factoring Plc.

## Mrs. Supanut Pongserm

Position	: Audit Committee Member / Independent Director
Age	: 58 years
Appointed Date	: 24 March 2004
Education	: Barrister-at-law, The Thai Barrister LLB., Thammasat University Certificate : DAP, DCP, CSP, FND from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2004 – Present Director, Office of the CEO and legal Department, Prasit Pattana Plc., Phyathai Hospital Group. 2004 – Present Audit Committee Member, SGF Capital Plc. 2007 – 2009 Director, Sriracha-nakorn Hospital Co.,Ltd.. 2005 – 2007 Director, Paolo Medic Co.,Ltd.. 2003 – 2004 Director, Big Development Planner Co.,Ltd.

## Mrs. Rachaneekorn Chintakanon

Position	: Director
Age	: 48 years
Appointed Date	: 3 August 2015
Education	: Master's degree in Business Administration (MBA) with a major in Finance San Francisco State University, CA, U.S.A Bachelor of Education with Specialization in Business (2nd Class Honors), Chulalongkorn University Certificate : DAP from Thai Institute of Directors (IOD)
% of shareholding	: 29,165,000 shares
Experiences	: 2015 – Present Director, SGF Capital Plc. 2014 – 2015 Independent Director /Audit Committee Member, RPCG Plc. 2011 – 2013 Director, Solution Corner (1998) Plc. 2002 – 2003 Senior Assistant Vice President for Investment and Business Development Department, Asset Plus Securities Public Co.,Ltd.. 2001 – 2002 Senior Assistant Vice President and MD Assistant Business Development Department, Bualuang Securities Co.,Ltd.



## Mr. Yanyong Siripun

Position	: Director / Independent Director
Age	: 73 years
Appointed Date	: 28 April 2016
Education	: Master of Law (LLM), Kieo University, Tokyo, Japan. Bachelor of Laws, Thammasat University Diploma of English Language and Administration Management of Canberra University, Australia.
% of shareholding	: - None -
Experiences	: 2016 – Present Director / Independent Director, SGF Capital Plc. 2011 – 2012 Director, Paolo Medic Co., Ltd.

## Mr. Jitkasem Sangsingkeo

Position	: Director
Age	: 69 years
Appointed Date	: 14 August 2018
Education	: Master of Commerce (Hons), University of Canterbury, Christchurch, New Zealand Bachelor of Science (Hons), University of Canterbury, Christchurch, New Zealand Certificate : DAP, DCP, AACCP, RCC, RCP, RNG, ACEP from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2018 – Present Director, SGF Capital Plc. 2018 – Present Chairman of Audit Committee / Independent Director, Bliss-tel Plc. 2014 – Present Senior Advisor Thai Resources and Environmental Management Institute (TREMI) 2009 – 2017 Chairman of Audit Committee / Independent Director, Symphony Communication Plc. 2010– 2011 Advisor to the Audit Committee CAT Telecom Plc.

## Mr. Kannanat Boonsunanondha

Position	: Managing Director – Credit Operation
Age	: 49 years
Education	: Master of Science in Administration, Boston, Massachusetts, U.S.A. B.A. in Business Administration, International Business and Management, the University of the Thai Chamber of Commerce, Bangkok
% of shareholding	: - None -
Experiences	: 2017 – Present Managing Director – Credit Operation, SGF Capital Plc. 2015 – 2016 Managing Director, Capital OK Co., Ltd. and Global Service Center Co., Ltd. 2003 – 2015 Head of Personal Loan and Motorcycle Loan, Marketing & Sale Department, Capital OK Co., Ltd. and Global Service Center Co., Ltd.

## Ms. Apinya Borivachanon

Position	: Senior Vice President, Finance Dept., HR Dept, Admin Dept. / Company Secretary
Age	: 49 years
Education	: B.B.A. Commerce (Hon.), Chulalongkorn University Certificate : DAP, CSP, EMT from Thai Institute of Directors (IOD)
% of shareholding	: - None -
Experiences	: 2017 – Present Senior Vice President, Finance Dept., HR Dept. and Admin Dept., SGF Capital Plc. 2008 – Present Company Secretary, SGF Capital Plc. 2008 – 2017 Senior Manager, M.I.S Dept, Admin Dept., Siam General Factoring Plc. 2004 – 2010 Director, Siam General Factoring Plc. 1997 – 2008 Manager, M.I.S. Department, Siam General Factoring Plc. 2000 – 2008 Acting Manager, Administration Department, Siam General Factoring Plc.

## Mr. Pornsak Kiranasopon

Position	: Senior Vice President, Debt Management Department.
Age	: 59 years
Education	: Bachelor Degree of Law, Ramkhamhaeng University
% of shareholding	: - None -
Experiences	: 2017 – Present Senior Vice President, Debt Management Dept., SGF Capital Plc 2014 – 2017 Manager, Special Liabilities management 1 Dept., Thitikorn Plc. 2013 – 2014 Manager, Operation 1 Dept., Thitikorn Plc. 2010 – 2013 Manager, Region Special Liabilities management Dept., Thitikorn Plc. 2008 – 2010 Manager, Central Special Liabilities management Dept., Thitikorn Plc.

## Mrs. Rossukhon Yamkasikorn

Position	: Senior Vice President, Accounting Dept.
Age	: 46 years
Education	: Master's Degree in MBA Finance and Banking, Ramkhamhaeng University
% of shareholding	: - None -
Experiences	: 2018 – Present Senior Vice President, Accounting Dept., SGF Capital Plc. 2016 – 2018 Vice President, Accounting Dept., SGF Capital Plc. 2004 – 2016 Assistant Vice President , Accounting Dept., Capital OK Co.,Ltd 2002 – 2004 Manager, Accounting Dept., SAM Consulting Group Co., Ltd. 1993 – 2002 Senior Accounting, Accounting Dept., Teleinfo media Co.,Ltd.

## Management Discussion and Analysis

### Y2018 Executive Summary: Statement of Comprehensive Income

- **Total revenue of 483.8 million baht**, a 214.6% growth (YoY) from 153.8 million baht (2017). Change in revenue arises from
  1. Growth of interest receives & fee from retail finance business: interest receive 165.6 million baht (+218.0%) & fee 13.5 million baht, totaling 179.0 million baht (+220.8% YoY).
  2. A change of total revenue from existing business, total revenue of 286.7 million baht (+215.8% YoY). Mainly from NPL debt repayment of 230.3 million baht.
- Retail Finance new loan booking in 2018 is 973.3 million baht, increased from 2017 which is 396.7 million baht, a growth of 145.3%, new loan booking in Q4/2018 is 241.4 million baht, decreased from Q3/2018 since the company intend to grow its loan port sustainably by controlling its quality and NPL.
- Total Revenue is as following:

	Y2017	Y2018	change	change %
<b>Existing product</b>				
Factoring	2,297.8	237,398.4	235,100.6	10231.3%
Personal loan	1,960.6	1,232.3	(728.4)	-37.1%
Loan (SME)	86,529.6	48,072.1	(38,457.5)	-44.4%
<b>Total</b>	<b>90,788.1</b>	<b>286,702.8</b>	<b>195,914.7</b>	<b>215.8%</b>
<b>New product (Retail financing)</b>				
Receivable purchased	12,289.2	7,167.1	(5,122.2)	-41.7%
Hire Purchase	39,767.9	158,397.7	118,629.8	298.3%
<b>Total</b>	<b>52,057.1</b>	<b>165,564.7</b>	<b>113,507.6</b>	<b>218.0%</b>
Credit Interest	142,845.2	452,487.6	309,642.4	216.8%
Fee Receive (mostly from retail business)	3,744.2	13,471.8	9,727.6	259.8%
Other interest income	185.3	220.1	34.9	18.8%
Other income	7,020.8	17,823.1	10,802.2	153.9%

- SG&A 195.6 million baht, a 70.0% growth from 114.9 million baht (2017). The growth is contributed to increasing employees from 286 to 332 personnel. This year is still post some special/onetime cost such as 3.3% specific business tax from 181 million baht court case debt repayment and other costs of 4.1 million baht. However, SG&A in Q4/2018 is 44.2 million baht, a 13.7% decrease from 51.2 million baht (Q3/2018).
- Directors and management remuneration amounting to 19.6 million baht, increase 0.60 million baht or 3.4% from 2017 which amounted to 19.0 million baht.
- Bad debts and doubtful account in 2018 booked 49.3 million baht, more than 2017 which has a reversal in Bad debts and doubtful account 32.5 million baht, details as follow:
  - In 2017, the company records the reversal of allowance for its Supreme Court case winning amounted of 147.66 million baht, which was fully paid in 2018.
  - In 2018, the Company records the allowance for a doubtful account for retail finance business 43.2 million baht, the Company decided to tighten its reserve in preparation for new accounting policies (IFRS9) which will use in the near future and records the allowance for others debt 6.1 million baht.
- Finance cost 7.00 million baht, increased 653.4% from 2017 which equal 0.93 million baht because the Company apply loan and debenture to expand credit.



- The Company booked income tax 18.9 million baht, increased 1.2 million baht from 2017.
- The Company had net profit before deferred tax is 205.5 million baht, increased 309.2% from 2017 which amounted to 50.2 million baht due to special NPL debt repayment. The Company had net profit 186.6 million baht, increased 472.4% from 2017 which amounted to 32.6 million baht.

#### 2018 Executive Summary: Statement of Financial Position

	Q1/2561	%Asset	Q2/2561	%Asset	Q3/2561	%Asset	Q4/2561	%Asset
Cash/Short term investment	421.4	25.2%	282.3	15.9%	51.2	2.8%	223.3	10.5%
Receiveable	1,150.7	68.7%	1,390.1	78.1%	1,638.9	91.0%	1,780.0	83.3%
Loan (SME)	668.7	39.9%	662.1	37.2%	651.6	36.2%	629.0	29.4%
Hire Purchase (Retail)	467.8	27.9%	713.6	40.1%	975.9	54.2%	1,144.4	53.6%
Purchase of receiveable (F	4.4	0.3%	4.3	0.2%	2.2	0.1%	0.3	0.0%
Factoring	4.7	0.3%	5.8	0.3%	4.7	0.3%	3.2	0.1%
Personal loan	5.0	0.3%	4.3	0.2%	4.5	0.2%	3.2	0.1%
PP&E	42.5	2.5%	43.3	2.4%	40.9	2.3%	39.3	1.8%
Deferred Tax asset	30.9	1.8%	35.0	2.0%	35.5	2.0%	29.1	1.4%
Others	28.9	1.7%	29.5	1.7%	35.0	1.9%	64.4	3.0%
<b>Total Assets</b>	<b>1,674.5</b>		<b>1,780.2</b>		<b>1,801.5</b>		<b>2,136.1</b>	
<b>Total Liabilities</b>	<b>92.4</b>	<b>5.5%</b>	<b>97.3</b>	<b>5.5%</b>	<b>100.5</b>	<b>5.6%</b>	<b>412.8</b>	<b>19.3%</b>
<b>Total shareholder equity</b>	<b>1,583.1</b>	<b>94.5%</b>	<b>1,682.8</b>	<b>94.5%</b>	<b>1,701.0</b>	<b>94.4%</b>	<b>1,723.3</b>	<b>80.7%</b>

- Hire Purchase (retail) amount 1,144.4 million baht, a 17.3% growth from 168.5 million (2017) due to the retail business expansion, branch expansion and increased in agents.
- Loan (SME) amounted to 629.0 million slightly decrease 22.6 million baht from 2017, due to repayment.
- Cash and short term investment increased from 172.1 million baht (Q3/2018) to 223.3 million baht resulted from loan and B/E debt for retail finance business expansion.
- Total Liabilities 412.8 million baht (D/E ratio 0.240), mostly debt prepared for expanding retail finance business. Equity is 1,723.3 million baht increase by 22.2 million baht resulted from Q4/2018 operation.

#### Retail Business

- The Company started formally 41 branches and has more than 1,000 agents. The Company has an information technology system that makes it easier for customers to access the company's service. Customers can check their debt payment and outstanding by themselves. Employees work through electronic media which makes work fast and more efficiency. The Company hired experience and caliber professional as well as implement an IT system to support credit and debt collection.
- The Company had increased employees from 286 persons in 2017 to 332 persons at the ended of the year 2018 of which 252 employees operated at our branches around Thailand and more than 1,000 agents (agent is not included in our payroll). The Company has the policy to delay the opening of new branches and additional staff to control costs but focus on increasing efficiency in sales and debt tracking in order to control debt quality to the least NPL.
- Loan quality: The company focus on maintaining loan quality to have the lowest level of NPL, at the end of 2018 the company has loan pass due over 3 months equal to 2.9% of the portfolio (retail hire purchase only), decreased from 3.9% in Q3/2561.

Aging	Million baht	%
Current of less than 1 month over due	976.50	83.5%
1 to 3 month overdue	159.77	13.7%
3 to 6 month overdue	22.34	1.9%
6 to 12 month overdue	7.94	0.7%
More than 12 month overdue	2.25	0.2%
	1,168.80	

### Financial Ratio

Financial Ratio	Unit	Yearly		
		31 Dec 2016	31 Dec 2017	31 Dec 2018
<b>Liquidity Ratio</b>				
Liquidity Ratio	Times	30.67	9.44	4.98
<b>Profitability Ratio</b>				
Gross Profit Margin	%	99.06%	99.37%	98.50%
Net Profit Margin	%	87.14%	22.21%	40.05%
Return on equity	%	6.98%	2.12%	10.83%
Return on Asset	%	6.16%	2.02%	8.74%
<b>Financial Policy Analysis Ratio</b>				
Debt to Equity Ratio	Times	0.03	0.05	0.24
Net Debt to Equity Ratio	Times	0.02	0.01	0.20
Interest Coverage Ratio	Times	65.41	55.02	30.34
<b>Asset Quality Ratio</b>				
Allowance for doubtful account to total loan Ratio	%	44.64%	33.58%	21.80%
Bad debt to total loan Ratio	%	0.34%	1.69%	2.17%

The financial Statement ended 31 December 2018, the company has the gross profit margin and net profit margin as 98.50% and 40.05% orderly, which is less than 2017. The gross profit margin is high because the Company issued debenture in quarter 4 makes it low interest expenses. The liquidity ratio is 4.98 times decrease from 2017 which equal 9.44 times, because in 2018, current liabilities increases from loan. Debt to equity ratio in 2018 is 0.24 times increase from 2017 which equal 0.05 times.

Unit : Million Baht

Activities	2015	2016	2017	2018
Cash and cash equivalents at beginning of year	43.98	57.37	23.86	28.36
Net cash provided by (used in) operating activities	(256.18)	(293.98)	(330.41)	(331.81)
Net cash provided by (used in) investing activities	(850.40)	267.11	340.35	34.66
Net cash provided by (used in) financing activities	1,119.97	(6.65)	(5.43)	331.57
Cash and cash equivalents at end of year	57.37	23.86	28.36	62.80

In 2018, there is a cash flow spent in operation activities 331.81 million baht due to credit expansion, and there is a cash flow from financing activities because the Company has issued the debenture for funding.

### Share Capital

At 31 December 2018, the Company total equity is 1,723.27 million baht, increased 186.34 million baht from net profit. The company had retaining earning 76.63million baht and legal reserve 9.32 million baht, increased from 2016 which has retain deficit 415.68 million baht.

## Related Parties and Connected Transaction

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is held 18.08% of shares by Thongtang family who is the majority shareholder.

The followings are relationships of the Company and related parties.

Name of entities	Country of incorporation/ nationality	Business	Nature of relationships
SGF Asset Management Company Limited	Thailand	Purchase or transfer of loan receivables	Subsidiary
SGF Service Management Company Limited	Thailand	Providing financial advice service	Subsidiary
SGF Capital (Nakhon Ratchasima) Company Limited	Thailand	Providing short-term loan in Nakhon Ratchasima	Subsidiary
SGF Capital (Chiangmai) Company Limited	Thailand	Providing short-term loan in Chiangmai	Subsidiary
SGF Capital (Chonburi) Company Limited	Thailand	Providing short-term loan in Chonburi	Subsidiary
WTH Holdings Company Limited	Thailand	Providing services related to building and place	Same shareholder
Wichaithongtang Law Office Company Limited	Thailand	Providing legal counsel	Same shareholder



The following transactions were carried out with related parties:

**Outstanding balances**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>31 December 2018 Baht</b>	<b>31 December 2017 Baht</b>	<b>31 December 2018 Baht</b>	<b>31 December 2017 Baht</b>
<u><b>Subsidiaries</b></u>				
SGF Asset Management Company Limited				
<u><b>Assets</b></u>				
Advance payment for company establishment	-	-	140,197	140,197
Advance payment others	-	-	128,801	-
<u><b>Liabilities</b></u>				
Accrued interest expenses	-	-	84,657	-
SGF Service Management Company Limited				
<u><b>Assets</b></u>				
Advance payment for company establishment	-	-	6,400	6,400
Advance payment others	-	-	15,100	-
<u><b>Liabilities</b></u>				
Accrued interest expenses	-	-	3,485	-
SGF Capital (Nakhon Ratchasima) Company Limited				
<u><b>Assets</b></u>				
Advance payment for company establishment	-	-	28,830	28,830
Advance payment others	-	-	20,719	-
<u><b>Liabilities</b></u>				
Accrued interest expenses	-	-	17,425	-
SGF Capital (Chiangmai) Company Limited				
<u><b>Assets</b></u>				
Advance payment for company establishment	-	-	29,005	29,005
Advance payment others	-	-	21,158	-
<u><b>Liabilities</b></u>				
Accrued interest expenses	-	-	17,918	-
SGF Capital (Chonburi) Company Limited				
<u><b>Assets</b></u>				
Advance payment for company establishment	-	-	29,005	29,005
Advance payment others	-	-	20,719	-
<u><b>Liabilities</b></u>				
Accrued interest expenses	-	-	18,082	-

## Borrowings from subsidiaries

	Consolidated financial statements		Separate financial statements	
	31 December 2018 Baht	31 December 2017 Baht	31 December 2018 Baht	31 December 2017 Baht
<u>Borrowing from :</u>				
SGF Asset Management Company Limited	-	-	25,000,000	-
SGF Service Management Company Limited	-	-	1,000,000	-
SGF Capital (Nakhon Ratchasima) Company Limited	-	-	5,000,000	-
SGF Capital (Chiangmai) Company Limited	-	-	5,000,000	-
SGF Capital (Chonburi) Company Limited	-	-	5,000,000	-
Total	-	-	41,000,000	-

The loans from subsidiaries were provided interest rate 1.2% annually, and there were repayment at call.

## Expenses to related parties

	Consolidated financial statements		Separate financial statements	
For the year ended 31 December	2018 Baht	2017 Baht	2018 Baht	2017 Baht
Interest expenses to :				
SGF Asset Management Company Limited	-	-	84,657	-
SGF Service Management Company Limited	-	-	3,485	-
SGF Capital (Nakhon Ratchasima) Company Limited	-	-	17,425	-
SGF Capital (Chiangmai) Company Limited	-	-	17,918	-
SGF Capital (Chonburi) Company Limited	-	-	18,082	-

For the year ended 31 December	Pricing policies	Consolidated and Separate financial statements	
		2018 Baht	2017 Baht
Same shareholder companies Wichaithongtang law office Co., Ltd. Legal advisor fees	Agreed price, as discussed on the agreement	600,000	600,000
WTH Holding Limited Building rental and expenses	Agreed price, as discussed on the agreement	1,701,000	1,440,000
Service expenses	Agreed price, as discussed on the agreement	1,184,400	1,080,000

### Necessities and reasons of transactions

For transactions between the company and related companies, we apply the criteria of credit line, interest rate and important conditions accordance with the credit standards approval which are also applied to other customers in general by presenting a process to determine the size of credit line, the related person had to declare the fact to the meeting and did not involved in consideration of such matter.

The audit committee was of the opinion regarding the above transaction that it was a normal credit approval, like for other customers. The legal advisor expenses are less than the others company legal advisor, therefore, the audit committee had no observations in this matter.

### Future transaction measures

We developed the criteria for related transactions in the future. The related transactions shall require the approval from the credit committee, board of management or board of directors, as the case may be, and the audit committee shall express the opinion on such related transactions. (as per the details of policy of related transactions on the company's website : [www.sgfcap.com](http://www.sgfcap.com))

## Audit Committee's Report

The Audit Committee of SGF Capital Public Company Limited has been appointed from Board of Directors. The Audit Committee has comprised 3 independent directors as follow:

Audit Committee Member	Position
Mr. Pinit Wuthipand	Chairman of Audit Committee
Mrs. Supanut Pongserm	Audit Committee Member
Mr. Piphat Inphongphant	Audit Committee Member

Ms. Pairing Aeadjan Section Chief, Internal Audit Department be secretary of the meeting, and notes meeting report.

The Audit Committee has performed the duties which delegated by the Board of Directors in accordance with Securities and Exchange Act, announcement of the Stock Exchange of Thailand which specified in the charter of the company's committee.

In 2018, the Audit Committee held the meeting; 4 times totally, with management team, internal control team, and auditor on the agenda. There is the summary meeting report which proposed to Board of Directors for acknowledgement in every time of meeting. One of the meetings was held exclusively for auditor, without management team. We can summarize substantial affair during the past year as follow:

### 1. Financial Reports

The Audit Committee has reviewed preparation of quarterly financial statements and the company's annual financial statements, the company's consolidated financial statement, and the company's subsidiary with auditor, management team, and internal control team. Auditor gives unqualified opinion to the company's financial report because of adequate information disclosure, timeliness, advantage for user of the company's financial report. Auditor also provides the suggestion, and the helpful opinion for accurate; and reliable of the company's financial statement, and ensures that financial information is in accordance with the law and accounting standards.

### 2. Internal Control System and Internal Audit

The Audit Committee has reviewed adequacy of the internal control system and the risk management of the company and the company's subsidiary by considering operations, property care, prevention of mistakes, damages or corruption, including compliance with laws and regulations, and review of reports of internal audit and the auditor, as well as results of critical issue improvement to assess appropriateness, effectiveness of the internal control system and the risk management of the company, the management department's compliance with policy and the authorized power defined.

### 3. Compliance

The Audit Committee has reviewed the company's operations in accordance with the Securities and Exchange Act, regulations of the Stock Exchange of Thailand, and the law related to the business of the company; and acknowledged changes of the rules affecting the business of the company.

### 4. Risk Management

The Audit Committee has recognized the importance of risk management as it is considered an essential factor of business operations. Admittedly, changes of external factors, for example, economic slowdown, political uncertainty, and social chaos, can cause a direct impact to the Company. Hence, it is significant for the Company to develop effective policies to minimize risks and pave the way for sustainable growth.

### 5. Connected Transactions or Potential Conflict of Interest

In 2018, the Audit Committee had reviewed the connected transactions of the company. Normal business transactions or conditional transactions of the company have been formally approved by the Board of Directors. For other transactions, the Audit Committee has considered that the transactions were necessary



and reasonably; and provided the maximum benefit to the company. The company has disclosed the information as prescribed in the note to financial statements.

#### 6. Selection of Auditors and Remuneration

The Audit Committee has selected and considered remuneration of the auditor company in 2017, PricewaterhouseCoopers ABAS Co., Ltd., based on of the auditor's qualifications, knowledge, ability, experience, and independence as requiring by the SET, including each proposed audit fee.

Therefore, PricewaterhouseCoopers ABAS Co., Ltd. should be appointed as the company's auditor. It has been approved by the Board of Directors and by the shareholders meeting to appoint PricewaterhouseCoopers ABAS Co., Ltd. as the company's auditor at the Annual General Meeting of Shareholders of 2018 and determined the annual audit fee of 3,400,000.00 baht (three million and four hundred thousand baht only) in 2018.

List of auditors are as following:

Auditor Name	CPA No.	The person who audited the Company's financial statement
Mr. Boonlert Kamolchanokkul	5339	signature
Mr. Paiboon Tunkul	4298	-
Ms.Sakuna Yamsakul	4906	-

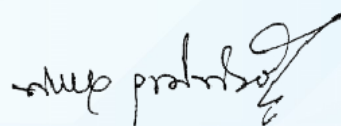
#### 7. Corporate Governance

The Audit Committee has reviewed and evaluated corporate governance so that the company manages in accordance with the Principles of Good Corporate Governance of Listed Companies on the Stock Exchange of Thailand to build confidence and reliability to the stakeholders.

#### 8. Self Assessment

The Audit Committee has self-assessed by comparing with good practices. Based on the results of the assessment in 2018, the Audit Committee performed its duties as specification in the Audit Committee Charter and performances consistent with the good practices of the Stock Exchange of Thailand. This has contributed to strengthen good corporate governance effectively.

The Audit Committee has performed its duty assigned from Board of Directors by using knowledge, ability, and carefulness for highest benefit of the company and all group of stakeholders. The Audit Committee expressed their opinion that in accounting period which ending at 31 December 2018, the company had fairness in preparing financial statement, abide by accounting standards, and disclose adequate information.



Mr. Pinit Wutipphan  
Chairman of Audit Committee

## Independent Auditor's Report

To the shareholders and the Board of Directors of SGF Capital Public Company Limited

### My opinion

In my opinion, the consolidated financial statements of SGF Capital Public Company Limited (the Company) and its subsidiaries (the Group) and the separate financial statements of the Company present fairly, in all material respects, the consolidated and separate financial position of the Group and of the Company as at 31 December 2018, and its consolidated and separate financial performance, and its consolidated and separate cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

### What I have audited

The consolidated financial statements and the separate financial statements comprise:

- the consolidated and separate statements of financial position as at 31 December 2018;
- the consolidated and separate statements of comprehensive income for the year then ended;
- the consolidated and separate statements of changes in equity for the year then ended;
- the consolidated and separate statements of cash flows for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

### Basis for opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated and separate financial statements section of my report. I am independent of the Group and the Company in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Key audit matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and separate financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Key audit matter	How my audit addressed the key audit matter
<b><i>Allowance for factoring receivables, loans, personal loan receivables, and hire purchase receivables</i></b>	
<p>Referring to Note 11 to the financial statements for factoring receivables, Note 12 to the financial statements for hire purchase receivables, Note 13 to the financial statements for personal loans receivables, and Note 14 to the financial statements for loans.</p>	<p>I understood the principle management used in considering the allowance for doubtful accounts for factoring receivables, loans, personal loan receivables, and hire purchase receivables. I assessed the appropriateness of the principle against the business environment and against other companies in the same industry.</p>
<p><b>1. Factoring receivables and loans</b> respectively contributed 0.15% and 29.45% to the Group's total assets. This consisted of borrowers with high loan values. The Group set a full allowance for doubtful accounts after offsetting any collateral value when receivables became overdue longer than the Group's policy period, or when the Group determined borrowers couldn't repay their loans.</p>	<p>I assessed the appropriateness of collateral by doing the following:</p> <ul style="list-style-type: none"> <li>• For the collateral values of factoring receivables and loans, I assessed the appropriateness of the method that the independent valuers used. I assessed the reliability of the independent valuers, and sample tested to check the correctness of the collateral data against the supporting documents.</li> <li>• For the collateral values of hire purchase receivables, I gained an understanding of the method management used to collect public data to represent the appraisal value of each car model. I also inspected samples of online offer prices to assess if the collateral values were reasonable.</li> </ul>
<p><b>2. Personal loan receivables</b> contributed 0.15% to the Group's total assets and consisted of retail customers with no collateral. The Group set a full allowance for doubtful accounts when the receivables became overdue longer than the Group's policy period, or when the Group determined borrowers couldn't repay their loans.</p>	
<p><b>3. Hire purchase receivables</b> contributed 53.58% of the Group's total assets and consisted of car hire purchase receivables. The Group set an allowance for doubtful accounts based on the outstanding receivables aging after netting off unearned interest income and the value of the cars using the allowance rate of the Group's accounting policy.</p>	
<p>I focussed on the allowance for doubtful accounts for factoring receivables, loans, personal loan receivables, and hire purchase receivables that are material to the financial statements and required management's judgement and assumptions to value collateral.</p>	<p>I sample tested the accuracy of individual receivables aging against supporting documents, such as loan agreements, invoices and receipts.</p> <p>I recalculated the allowance for doubtful factoring receivables, loans, personal loan receivables, and hire purchase receivables.</p> <p>From the above, I found no material error.</p>

## Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and separate financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and separate financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to the audit committee.

### **Responsibilities of the directors for the consolidated and separate financial statements**

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with TFRSs, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and the Company or to cease operations, or has no realistic alternative but to do so.

The audit committee assists the directors in discharging their responsibilities for overseeing the Group and the Company's financial reporting process.

### **Auditor's responsibilities for the audit of the consolidated and separate financial statements**

My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the audit committee with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, I determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers ABAS Ltd.



**Boonlert Kamolchanokkul**

Certified Public Accountant (Thailand) No. 5339

Bangkok

28 February 2019

SGF Capital Public Company Limited  
**Statements of Financial Position**  
**As at 31 December 2018**

		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Notes		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	62,795,804	28,363,913	62,332,482	28,322,058
Short term investments	10	160,550,788	215,657,195	160,550,788	174,583,655
Current portion of factoring receivables, net	11	-	2,520,337	-	2,520,337
Current portion of hire purchase receivables, net	12	199,408,531	62,577,048	199,408,531	62,577,048
Current portion of personal loans receivables, net	13	3,033,777	3,760,617	3,033,777	3,760,617
Current portion of loans, net	14	267,127,653	299,900,360	267,127,653	299,900,360
Other current assets, net		12,751,992	6,821,443	13,191,911	7,054,880
<b>Total Current assets</b>		<b>705,668,545</b>	<b>619,600,913</b>	<b>705,645,142</b>	<b>578,718,955</b>

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

The accompanying notes on pages 15 to 68 are an integral part of these consolidated and separate financial statements.

**SGF Capital Public Company Limited**  
**Statements of Financial Position (Cont'd)**  
**As at 31 December 2018**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Assets (Cont'd)					
Non-current assets					
Restricted cash	9	24,110,395	1,000,000	24,110,395	1,000,000
Factoring receivables, net	11	3,164,206	152,354,116	3,164,206	152,354,116
Finance lease receivables, net	15	-	-	-	-
Hire purchase receivables, net	12	945,002,259	307,923,339	945,002,259	307,923,339
Personal loans receivables, net	13	130,823	1,596,856	130,823	1,596,856
Loans, net	14	361,876,538	435,508,915	361,876,538	435,508,915
Investments in subsidiaries	16	-	-	40,997,700	40,997,700
Loan receivables from					
purchase of receivables, net	17	254,423	8,537,156	254,423	8,537,156
Investment property		118,500	1,705,899	118,500	1,705,899
Foreclosed assets, net	18	16,879,101	5,783,881	16,879,101	5,783,881
Property, plant and equipment, net	19	39,265,037	42,391,693	39,265,037	42,391,693
Intangible assets, net	20	6,393,816	4,864,032	6,393,816	4,864,032
Deferred tax asset	21	29,064,761	30,860,013	29,064,761	30,860,013
Other non-current assets		4,153,404	2,598,518	4,153,404	2,598,518
Total non-current assets		1,430,413,263	995,124,418	1,471,410,963	1,036,122,118
Total assets		2,136,081,808	1,614,725,331	2,177,056,105	1,614,841,073

The accompanying notes on pages 15 to 68 are an integral part of these consolidated and separate financial statements.

SGF Capital Public Company Limited  
**Statements of Financial Position (Cont'd)**  
**As at 31 December 2018**

		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
	Notes	Baht	Baht	Baht	Baht
Liabilities and equity					
Current liabilities					
Bank overdrafts	22	-	231	-	231
Short-term borrowings from others	22	74,748,148	9,452,383	74,748,148	9,452,383
Borrowings from subsidiaries	22	-	-	41,000,000	-
Current portion of finance lease liabilities due within one year, net		1,015,939	1,413,093	1,015,939	1,413,093
Deposit payables	23	16,853,918	21,742,772	16,853,918	21,742,772
Accrued interest expenses		4,380,082	4,260,564	4,521,649	4,260,564
Other current liabilities	24	44,814,166	28,793,684	44,702,296	28,736,384
Total current liabilities		141,812,253	65,662,727	182,841,950	65,605,427
Non-current liabilities					
Debentures	22	261,185,507	-	261,185,507	-
Finance lease liabilities, net		4,544,828	6,353,588	4,544,828	6,353,588
Employee benefit obligations	25	5,272,933	5,781,694	5,272,933	5,781,694
Total non-current liabilities		271,003,268	12,135,282	271,003,268	12,135,282
Total liabilities		412,815,521	77,798,009	453,845,218	77,740,709

The accompanying notes on pages 15 to 68 are an integral part of these consolidated and separate financial statements.



**SGF Capital Public Company Limited**  
**Statements of Financial Position (Cont'd)**  
**As at 31 December 2018**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
Liabilities and equity (Cont'd)					
Equity					
Share capital					
Authorised share capital					
Preference shares, 4 shares					
(2017: 40 shares)					
at par value of Baht 1.25 each					
(2017: Baht 0.50 per share)	26	5	20	5	20
Ordinary shares, 1,310,000,000 shares					
(2017: 13,100,000,000 shares)					
at par value Baht 1.25 each					
(2017: Baht 0.50 per share)	26	1,637,500,000	6,550,000,000	1,637,500,000	6,550,000,000
Issued and paid-up share capital					
Preference shares, 4 shares					
(2017: 40 shares)					
paid-up at Baht 1.25 each					
(2017: Baht 0.50 per share)	26	5	20	5	20
Ordinary shares, 1,310,000,000 shares					
(2017: 13,100,000,000 shares)					
paid-up at Baht 1.25 each					
(2017: Baht 0.50 per share)	26	1,637,500,000	6,550,000,000	1,637,500,000	6,550,000,000
Discount on paid-up capital of					
ordinary shares	26	-	(4,647,066,423)	-	(4,647,066,423)
Expired Warrants		-	49,572,422	-	49,572,422
Retained earnings (deficit)		76,628,672	(415,680,540)	76,573,272	(415,507,498)
Legal reserve	27	9,319,724	-	9,319,724	-
Other components of equity		(182,114)	101,843	(182,114)	101,843
Total equity		1,723,266,287	1,536,927,322	1,723,210,887	1,537,100,364
Total liabilities and equity		2,136,081,808	1,614,725,331	2,177,056,105	1,614,841,073

The accompanying notes on pages 15 to 68 are an integral part of these consolidated and separate financial statements.

**SGF Capital Public Company Limited**  
**Statements of Comprehensive Income**  
**For the year ended 31 December 2018**

	Notes	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Revenues</b>					
Interest income	28	452,487,615	143,030,461	452,486,160	142,988,183
Fees and services income		13,471,780	3,744,197	13,471,780	3,744,197
Other income	29	17,823,062	7,020,840	17,477,075	6,947,300
<b>Total revenues</b>		<b>483,782,457</b>	<b>153,795,498</b>	<b>483,435,015</b>	<b>153,679,680</b>
<b>Expenses</b>					
Administrative expenses	30	195,612,955	114,900,067	195,380,660	114,611,207
Reversal on bad debts and doubtful debts expenses		49,336,409	(32,507,795)	49,336,409	(32,507,795)
Directors remuneration		2,067,500	3,935,999	2,067,500	3,935,999
Management remuneration	30	17,573,893	15,070,575	17,573,893	15,070,575
Other expense		6,704,650	1,245,266	6,704,650	1,245,266
<b>Total expenses</b>		<b>271,295,407</b>	<b>102,644,112</b>	<b>271,063,112</b>	<b>102,355,252</b>
<b>Profit before finance cost and income tax expense</b>					
Finance costs		7,004,322	929,666	7,145,889	929,666
<b>Profit before income tax expense</b>		<b>205,482,728</b>	<b>50,221,720</b>	<b>205,226,014</b>	<b>50,394,762</b>
Income tax	31	18,859,806	17,619,449	18,831,534	17,619,449
<b>Profit for the year</b>		<b>186,622,922</b>	<b>32,602,271</b>	<b>186,394,480</b>	<b>32,775,313</b>

The accompanying notes on pages 15 to 68 are an integral part of these consolidated and separate financial statements.

**SGF Capital Public Company Limited**  
**Statements of Comprehensive Income (Cont'd)**  
**For the year ended 31 December 2018**

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
		Baht	Baht	Baht	Baht
<b>Other comprehensive income</b>					
<b>for the period, net of tax</b>					
Items that will not be reclassified to profit or loss					
Remeasurements of employee benefit obligations		(354,946)	127,304	(354,946)	127,304
Income tax on items that will not be reclassified to profit or loss		70,989	(25,461)	70,989	(25,461)
Total items that will not be reclassified to profit or loss		(283,957)	101,843	(283,957)	101,843
<b>Total comprehensive income for the year</b>		<b>186,338,965</b>	<b>32,704,114</b>	<b>186,110,523</b>	<b>32,877,156</b>
<b>Net profit attributable to:</b>					
Equity of the parent		186,622,922	32,602,271	186,394,480	32,775,313
Non-controlling interests		-	-	-	-
		<b>186,622,922</b>	<b>32,602,271</b>	<b>186,394,480</b>	<b>32,775,313</b>
<b>Total comprehensive income attributable to:</b>					
Equity of the parent		186,338,965	32,704,114	186,110,523	32,877,156
Non-controlling interests		-	-	-	-
		<b>186,338,965</b>	<b>32,704,114</b>	<b>186,110,523</b>	<b>32,877,156</b>
		<b>2018</b>	<b>Revised 2017</b>	<b>2018</b>	<b>Revised 2017</b>
<b>Earnings per share</b>					
Basic earnings per share (Baht)	32	0.1425	0.0249	0.1423	0.0250

The accompanying notes on pages 15 to 68 are an integral part of these consolidated and separate financial statements.

SGF Capital Public Company Limited  
Statements of Changes in Equity  
For the year ended 31 December 2018

Consolidated financial statements									
Attributable to owners of the parent									
Notes	Share capital Baht	Discount on paid-up capital of ordinary shares Baht	Expired warrants Baht	Retained earnings (Deficits)		Other components of equity Baht	Total owners of the parent Baht	Non- controlling interests Baht	Total equity Baht
				Appropriated - legal reserve Baht	Unappropriated Baht				
<b>Balances at 1 January 2018</b>	6,550,000,020	(4,647,066,423)	49,572,422	-	(415,680,540)	101,843	1,536,927,322	-	1,536,927,322
Changed in ordinary shares	26 (4,912,500,000)	4,647,066,423	-	-	265,433,577	-	-	-	-
Changed in preference shares	26 (15)	-	-	-	15	-	-	-	-
Total comprehensive income for the year	-	-	-	-	186,622,922	(283,957)	186,338,965	-	186,338,965
Transfer to retained earnings (deficits)	26 -	-	(49,572,422)	-	49,572,422	-	-	-	-
Transfer to Appropriated retained earnings - legal reserve	27 -	-	-	9,319,724	(9,319,724)	-	-	-	-
<b>Balances at 31 December 2018</b>	<u>1,637,500,005</u>	<u>-</u>	<u>-</u>	<u>9,319,724</u>	<u>76,628,672</u>	<u>(182,114)</u>	<u>1,723,266,287</u>	<u>-</u>	<u>1,723,266,287</u>

Consolidated financial statements									
Attributable to owners of the parent									
	Share capital Baht	Discount on paid-up capital of ordinary shares Baht	Expired warrants Baht	Retained earnings (Deficits)		Other components of equity Baht	Total owners of the parent Baht	Non- controlling interests Baht	Total equity Baht
				Appropriated - legal reserve Baht	Unappropriated Baht				
<b>Balances at 1 January 2017</b>	6,550,000,020	(4,647,066,423)	49,572,422	-	(448,282,811)	-	1,504,223,208	-	1,504,223,208
Total comprehensive expense for the year	-	-	-	-	32,602,271	101,843	32,704,114	-	32,704,114
<b>Balances at 31 December 2017</b>	<u>6,550,000,020</u>	<u>(4,647,066,423)</u>	<u>49,572,422</u>	<u>-</u>	<u>(415,680,540)</u>	<u>101,843</u>	<u>1,536,927,322</u>	<u>-</u>	<u>1,536,927,322</u>

The accompanying notes on pages 15 to 68 are an integral part of these consolidated and separate financial statements.



SGF Capital Public Company Limited  
Statements of Changes in Equity (Cont'd)  
For the year ended 31 December 2018

Separate financial statements							
Notes	Share capital Baht	Discount on paid-up capital of ordinary shares Baht	Expired warrants Baht	Retained earnings (Deficits)		Other components of equity Baht	Total equity Baht
				Appropriated - legal reserve Baht	Unappropriated Baht		
<b>Balances at 1 January 2018</b>	6,550,000,020	(4,647,066,423)	49,572,422	-	(415,507,498)	101,843	1,537,100,364
Changed in ordinary shares	26 (4,912,500,000)	4,647,066,423	-	-	265,433,577	-	-
Changed in preference shares	26 (15)	-	-	-	15	-	-
Total comprehensive income for the year	-	-	-	-	186,394,480	(283,957)	186,110,523
Transfer to retained earnings (deficits)	26 -	-	(49,572,422)	-	49,572,422	-	-
Transfer to Appropriated retained earnings - legal reserve	27 -	-	-	9,319,724	(9,319,724)	-	-
<b>Balances at 31 December 2018</b>	<u>1,637,500,005</u>	<u>-</u>	<u>-</u>	<u>9,319,724</u>	<u>76,573,272</u>	<u>(182,114)</u>	<u>1,723,210,887</u>

Separate financial statements							
Note	Share capital Baht	Discount on paid-up capital of ordinary shares Baht	Expired warrants Baht	Retained earnings (Deficits)		Other components of equity Baht	Total equity Baht
				Appropriated - legal reserve Baht	Unappropriated Baht		
<b>Balances at 1 January 2017</b>	6,550,000,020	(4,647,066,423)	49,572,422	-	(448,282,811)	-	1,504,223,208
Total comprehensive expense for the year	-	-	-	-	32,775,313	101,843	32,877,156
<b>Balances at 31 December 2017</b>	<u>6,550,000,020</u>	<u>(4,647,066,423)</u>	<u>49,572,422</u>	<u>-</u>	<u>(415,507,498)</u>	<u>101,843</u>	<u>1,537,100,364</u>

The accompanying notes on pages 15 to 68 are an integral part of these consolidated and separate financial statements.

**SGF Capital Public Company Limited**  
**Statements of Cash Flows**  
**For the year ended 31 December 2018**

	Notes	Consolidated financial statements		Separate financial statements	
		2018 Baht	2017 Baht	2018 Baht	2017 Baht
<b>Cash flows from operating activities</b>					
Profit before income tax		205,482,728	50,221,720	205,226,014	50,394,762
Adjustments to reconcile profit to net cash generated from (used in) operating activities					
Depreciation and amortisation	19, 20	8,140,434	4,405,041	8,140,434	4,405,041
Reversal bad debts and doubtful accounts		49,336,409	(32,507,795)	49,336,409	(32,507,795)
Allowance for impairment of foreclosed assets		2,984,076	862,531	2,984,076	862,531
Fair value gain on trading investments	10, 29	(2,490,802)	(4,837,791)	(2,144,815)	(4,764,251)
Loss on sales of properties for sale		3,884,187	382,735	3,884,187	382,735
Gains from disposals of investment property	29	(5,612,601)	-	(5,612,601)	-
Gain from disposals of property, plant and equipment		(291,809)	(1,851,726)	(291,809)	(1,851,726)
Gains on debt restructuring	22, 29	(9,333,575)	-	(9,333,575)	-
Employee benefit expenses		2,981,343	490,776	2,981,343	490,776
Interest income		(452,487,615)	(143,030,461)	(452,486,160)	(142,988,183)
Finance costs		7,004,322	929,666	7,145,889	929,666
Profit from operations before changes in operating assets and liabilities		(190,402,903)	(124,935,304)	(190,170,608)	(124,646,444)
Decrease/(Increase) in operating assets					
Factoring receivables		159,339,804	33,708,570	159,339,804	33,477,515
Hire purchase receivables		(814,152,362)	(417,496,012)	(814,152,362)	(417,496,012)
Personal loans receivables		1,729,772	1,515,329	1,729,772	1,515,329
Loans		96,077,147	1,673,205	96,077,147	1,673,205
Other current assets		(5,269,285)	(2,919,767)	(5,475,766)	(3,153,204)
Loan receivables from purchase of receivables		2,829,526	(8,537,672)	2,829,526	(8,537,672)
Foreclosed assets		(17,963,483)	(6,071,147)	(17,963,483)	(6,071,147)
Other non-current assets		(1,554,886)	(2,069,010)	(1,554,886)	(2,069,010)
Increase/(decrease) in operating liabilities					
Deposit payables		(4,888,854)	11,683,903	(4,888,854)	11,683,903
Other current liabilities		14,955,442	16,279,620	14,900,871	16,222,320
Employee benefit obligations		(3,845,050)	-	(3,845,050)	-
Cash flows used in operating activities		(763,145,132)	(497,168,285)	(763,173,889)	(497,401,217)
Interest received		450,711,253	183,201,496	450,709,798	183,390,273
Interest paid		(4,216,118)	(360,970)	(4,216,118)	(360,970)
Income tax paid		(15,158,402)	(16,084,829)	(15,130,130)	(16,084,829)
Net cash used in operating activities		(331,808,399)	(330,412,588)	(331,810,339)	(330,456,743)

The accompanying notes on pages 15 to 68 are an integral part of these consolidated and separate financial statements.

**SGF Capital Public Company Limited**  
**Statements of Cash Flows (Cont'd)**  
**For the year ended 31 December 2018**

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements</b>		<b>financial statements</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
<b>Cash flows from investing activities</b>				
Proceeds from disposals of short-term investments	57,597,209	369,000,000	16,177,682	410,000,000
Cash paid for investing in restricted cash	(23,110,395)	(999,850)	(23,110,395)	(999,850)
Proceeds from disposals of investment property	7,130,500	-	7,130,500	-
Cash paid for purchase of plant, property and equipment	(6,536,697)	(24,845,229)	(6,536,697)	(24,845,229)
Proceeds from disposals of property, plant and equipment	1,645,738	2,248,424	1,645,738	2,248,424
Cash paid for investments in subsidiaries	-	-	-	(40,997,700)
Cash paid for purchase of intangible assets	(2,061,417)	(5,049,503)	(2,061,417)	(5,049,503)
Net cash generated from (used in) investing activities	34,664,938	340,353,842	(6,754,589)	340,356,142
<b>Cash flows from financing activities</b>				
Cash paid for bank overdrafts	(231)	(2,358,963)	(231)	(2,358,963)
Cash received from borrowings from subsidiaries	-	-	41,000,000	-
Cash received from Short-term borrowings from other company	73,976,376	-	73,976,376	-
Cash received from debentures	259,805,121	-	259,805,121	-
Cash paid for finance lease	(2,205,914)	(3,074,157)	(2,205,914)	(3,074,157)
Net cash generated from (used in) financing activities	331,575,352	(5,433,120)	372,575,352	(5,433,120)
<b>Net increase in cash and cash equivalents</b>	34,431,891	4,508,134	34,010,424	4,466,279
Cash and cash equivalents at the beginning of the year	28,363,913	23,855,779	28,322,058	23,855,779
<b>Cash and cash equivalents at the end of the year</b>	<b>62,795,804</b>	<b>28,363,913</b>	<b>62,332,482</b>	<b>28,322,058</b>
<b>Non-cash items</b>				
Account payables from purchase of property, plant and equipment	2,403,058	3,103,681	2,403,058	3,103,681
Transfer of property, plant, and equipment to investment properties	-	1,705,899	-	1,705,899
Purchase property, plant and equipment by leasing contract	-	8,350,545	-	8,350,545

The accompanying notes on pages 15 to 68 are an integral part of these consolidated and separate financial statements.

## **1 General information**

SGF Capital Public Company is a public company and is incorporated and resident in Thailand. The address of the Company's registered office is as follows:

The Company's head office  
121 4<sup>th</sup> floor WTH Building, Vibhavadi Rangsit Road, Sam sen Nai, Payathai District, Bangkok 10400

For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principal business operation of the Group is providing short-term funds in the forms of factoring, loans, personal loans, leasing, and the management of non-performing assets purchased or transferred, including the collateral for those assets, either for management or for further disposal.

These consolidated and separate financial statements were authorised by the board of directors on 28 February 2019.

## **2 Accounting policies**

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below:

### **2.1 Basis of preparation**

The consolidated and separate financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai financial reporting standards issued under the Accounting Profession Act B.E.2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The consolidated and separate financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

An English version of the consolidated and separate financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

### **2.2 Revised accounting standards, revised financial reporting standards, and related interpretations**

2.2.1 Revised financial reporting standards are effective for annual periods beginning on or after 1 January 2018 which have significant changes and are relevant to the Group.



TAS 7 (revised 2017)	Statement of cash Flows
TAS 12 (revised 2017)	Income taxes
TFRS 12 (revised 2017)	Disclosure of interests in other entities

TAS 7 (revised 2017), the amendments require additional disclosure of changes in liabilities arising from financing activities. This includes changes arising from cash and non-cash.

TAS 12 (revised 2017), the amendments clarify the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. Specifically, the amendments confirm that:

- A temporary difference exists whenever the carrying amount of an asset is less than its tax base at the end of the reporting period.
- An entity can assume that it will recover an amount higher than the carrying amount of an asset to estimate its future taxable profit.
- Where the tax law restricts the source of taxable profits against which particular types of deferred tax assets can be recovered, the recoverability of the deferred tax assets can only be assessed in combination with other deferred tax assets of the same type.
- Tax deductions resulting from the reversal of deferred tax assets are excluded from the estimated future taxable profits.

TFRS 12 (revised 2017), the amendments clarify that the disclosure requirements of TFRS 12 apply to interests in entities that are classified as held for sale in the scope of TFRS 5 (revised 2017), except for the summarised financial information.

The Group's management assessed and considered that the above revised standards do not have a significant impact on the Group except for disclosure.

## 2.2.2 New and revised financial reporting standards and interpretation which have been issued but not yet effective.

2.2.2.1 The FAP has issued new standard, TFRS15 Revenue from contracts with customers. This standard will become effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted this standard.

TFRS 15 provide the requirements for the recognition of revenue. This standard will supersede the following standards:

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer - so the notion of control replaces the existing notion of risks and rewards.

An entity recognises revenue in accordance with that core principle by applying the following steps:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Key changes to current practice are:

- Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements
- Revenue may be recognised earlier than under current standards if the consideration varies for any reasons (such as for incentives, rebates, performance fees, royalties, success of an outcome etc) - minimum amounts must be recognised if they are not at significant risk of reversal
- The point at which revenue is able to be recognised may shift: some revenue which is currently recognised at a point in time at the end of a contract may have to be recognised over the contract term and vice versa
- There are new specific rules on licenses, warranties, non-refundable upfront fees and, consignment arrangements
- As with any new standard, there are also increased disclosures.

Entities will have a choice to apply this standard retrospectively in accordance with TAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, subject to the expedients or retrospectively with the cumulative effect recognised as an adjustment to the opening balance of retained earnings of the annual reporting period that includes the date of initial application with additional disclosures.

The Group's management is currently assessing the impact of initial adoption of this standard.

2.2.2.2 Revised financial reporting standards will become effect for annual periods beginning on or after 1 January 2019 and are relevant to the Group. The Group has not yet adopt these standards.

TAS 28 (revised 2018)	Investments in associates and joint ventures
TAS 40 (revised 2018)	Investment Property

TAS 28, the amendment clarifies that the election by venture capital organisations, mutual funds, unit trusts and similar entities to measure investments in associates or joint ventures at fair value through profit or loss should be made separately for each associate or joint venture at initial recognition.

TAS 40, the amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported

by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer.

2.2.2.3 The Group of financial instruments reporting standards which are effective for annual periods beginning on or after 1 January 2020 consist of the following standards. These standards could be early adopted before the effective date only for the period beginning on or after 1 January 2019.

TAS 32	Financial instruments: Presentation
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

The above new standards and interpretations will supersede the following standards:

TAS 101	Bad and Doubtful Debts
TAS 103	Disclosures in the Financial Statements of Bank and Similar Financial Institutions
TAS 104	Accounting for Troubled Debt Restructuring
TAS 105	Accounting for Investment in Debts and Equity securities
TAS 106	Accounting for Investment Companies
TAS 107	Financial Instruments: Disclosure and Presentation

TAS 32 Financial Instruments: Presentation, provides the requirements for the presentation financial instruments as liabilities or equity and for offsetting financial assets and financial liabilities. It applies to the classification of financial instruments, from the perspective of the issuer, into financial assets, financial liabilities and equity instruments; the classification of related interest, dividends, losses and gains; and the circumstances in which financial assets and financial liabilities should be offset.

TFRS 7 Financial Instruments: Disclosures, provides the requirements for the disclosure that are intended to enable users to evaluate the significance of financial instruments for an entity's financial position and performance, and to understand the nature and extent of risks arising from those financial instruments to which the entity is exposed during the period and at the end of the reporting period, and how the entity manages those risks.

TFRS 9 Financial Instruments, establishes principles for the classification, measurement and derecognition of financial assets and financial liabilities, impairment requirement and hedge accounting as follow:

- Classification and measurement:
  - The classification and measurement of debt instrument financial assets has three classification categories, which are amortised cost, fair value through profit or loss and fair value through other comprehensive income. Classification of debt assets will be driven by the entity's business model for managing the financial assets and contractual cash flows characteristics of the financial assets.

- Equity instrument financial assets shall be measured at fair value through profit or loss. An entity can make an irrevocable election to recognise the fair value change in other comprehensive income without subsequent recycling to profit or loss.
  - Financial liabilities are classified and measured at amortised cost. An entity can choose to measure a liability at fair value through profit or loss when the conditions are met
  - Derivatives are classified and measured at fair value through profit or loss.
- The impairment requirements relating to the accounting for an entity's expected credit losses on its financial assets measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The entity always accounts for expected credit losses which involves a three stage approach. The stage dictates how the entity measures impairment losses and applies the effective interest rate method. Except for trade receivables and contractual assets which apply in TFRS 15 and are no significant financial components and lease receivables, they are permitted to measure by simplified approach for credit impaired consideration.
- The objective of hedge accounting is to represent, in the financial statements, the effect of an entity's risk management activities that use financial instruments to manage exposures arising from particular risks that could affect profit or loss (or other comprehensive income, in the case of investments in equity instruments for which an entity has elected to present changes in fair value in other comprehensive income). This approach aims to convey the context of hedging instruments for which hedge accounting is applied in order to allow insight into their purpose and effect.

TFRIC 16 Hedges of a Net Investment in a Foreign Operation, clarifies the accounting treatment in respect of net investment hedging, provides guidance on identifying the foreign currency risks that qualify as a hedged risk. Clarifying that hedging instruments that are hedges of a net investment in a foreign operation may be held anywhere in the group not only by the parent. This includes the guidance on how an entity should determine the amount to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item.

TFRIC 19 Extinguishing financial liabilities with equity instruments, provides the requirements for accounting treatment when the entity issues equity instruments to a creditor to extinguish all or part of a financial liability. The equity instruments issued shall be measured at fair value. The entity shall remove a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished in accordance with TFRS 9. The difference between the carrying amount of the financial liability (or part of a financial liability) extinguished and the fair value of equity instruments issued shall be recognised in profit or loss.



The Group's management is currently assessing the impact of initial adoption of these standards.

## **2.3 Group accounting - investments in subsidiaries**

### **(1) Subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations except business combination under common control. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### **(2) Separate financial statement**

In the separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

## **2.4 Foreign currency translation**

### **(a) Functional and presentation currency**

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Baht, which is the Group's functional and the presentation currency.

**(b) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

**2.5 Cash and cash equivalents**

In the statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. In the statements of financial position, bank overdrafts are shown in current liabilities.

**2.6 Investments**

Investments other than investments in subsidiaries are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

- (1) Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
- (2) Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and included in non-current assets unless they are matured within 12 months which are included as current assets.
- (3) Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale and included in non-current assets, except management intends to hold less than 12 months from the end of reporting period or management needs to sell in order to increase its operating cashflow which included in current assets
- (4) Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The unrealised gains and losses of trading investments are recognised in profit or

loss. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

## **2.7 Factoring receivables, finance lease receivables, hire purchase receivables, personal loan receivables, and loans**

Factoring receivables, finance lease receivables, hire purchase receivables, personal loan receivables and loans would initially be recognised at an amount equal to the net investment in the contract. Subsequently, they are stated at net realisable value from the contract value net of unearned interest income and allowance for doubtful accounts.

Factoring receivables, finance lease receivables and loans, the Group sets up fully allowance for doubtful accounts from outstanding receivables, after netting unearned interest income and collateral value (if any) when the aging period of outstanding receivables are overdue more than 6 months or the Group recognise that there is no chance of debt collectability.

Personal loan receivables, the Group sets up fully allowance for doubtful accounts from outstanding receivables, after netting unearned interest income and collateral value (if any) when the aging period of outstanding receivables are overdue more than 3 months or the Group recognise that there is no chance of debt collectability.

Hire purchase receivables, the Group sets up fully allowance for doubtful accounts from outstanding receivables, after netting unearned interest income and collateral value (if any). The basis of allowance for doubtful is as follows:

<b>Aging months</b>	<b>Percentage of allowance for doubtful accounts (%)</b>
Current or overdue less than 30 days	1
Overdue between 31 days and 60 days	1
Overdue between 61 days and 90 days	2
Overdue between 91 days and 120 days	80
Overdue more than 121 days	100

Based on past experience, management made judgement to set additional allowance for doubtful accounts for uncollectible receivables.

## **2.8 Loan receivables from purchase of receivables**

The Group acquired secured assets from credit facility companies. The Group has no rights to claim the repayment from the seller when the debts cannot be collected.

The loan receivables from purchase of receivables are classified as non-current assets unless management has expressed the intention of holding the loans for less than 12 months from the statement of financial position date, in which case they are included in current assets, except management has intention to sell the loans for financing cash in the operation, in which case they are included in current assets.

The loan receivables from purchase of receivables are presented at their acquisition cost less amortised costs using the effective interest rate less allowance for impairment (if any).

The Group recognised loss on impairment of loan receivables from purchase of receivables are when it anticipates discounted cash flows to the present values of receivables are lower than carrying value.

## **2.9 Investment property**

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

After initial recognition, investment property is carried at cost less any accumulated depreciation and any accumulated impairment losses.

Land is not depreciated. Depreciation on other investment properties is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
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## **2.10 Property, plant and equipment**

All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.



The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Building improvement	10 years
Furniture, fixture and equipment	5 years
Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other (losses)/gains - net' in profit or loss.

## **2.11 Intangible assets**

### **Computer software**

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- It is technically feasible to complete the software product so that it will be available for use or sell;
- Management intends to complete the software product and use or sell it;
- There is an ability to use or sell the software product;
- It can be demonstrated how the software product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- The expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed 10 years.

## **2.12 Impairment of assets**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## **2.13 Leases**

### **Leases - where the Group is the lessee**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the lessee has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the liabilities balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

### **Leases - where the Group is the lessor**

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the term of the lease using the net investment method, which reflects a constant periodic rate of return. Initial direct costs are included in initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

#### **2.14 Troubled debt restructuring where the Group/company is the creditor**

The Group records assets or equities received in settlement of debts at the lower of the fair values of the assets or equities, less estimated selling expenses (if any), and the amount of investment in receivables (including accrued interest income).

Where the debt restructuring involves modification of the terms of receivables, the fair value of investment in receivables after restructuring is based on the net present value of the expected future cash flows, discounted by effective interest rate prevailing at the restructuring date.

Losses arising from restructuring, less recorded allowance for doubtful accounts, are recognised in profit or loss when incurred.

Legal fees and other direct costs incurred to effect the debt restructuring are expensed when incurred.

#### **2.15 Borrowings**

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

#### **2.16 Current and deferred income taxes**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries, associates and joint arrangements, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

#### **2.17 Employee benefits**

A defined benefit plan is a retirement plan that is not a defined contribution plan. Typically defined benefit plans define an amount of retirement benefit that an employee will receive on retirement, usually depends on one or more factors such as age, years of service and compensation.

The liability recognised in the statement of financial position in respect of defined benefit retirement plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds] that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related retirement liability.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. They are included in other components of equity of changes in equity.

Past-service costs are recognised immediately in profit or loss.

#### **2.18 Provisions**

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time



value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

## **2.19 Share capital**

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **2.20 Revenue recognition**

The Group recognises revenues and expenses on an accrual basis.

### **a) Interest income from factoring, personal loan, loan, finance lease and hire purchase.**

The Group records unearned interest income from factoring, personal loan, loan, finance lease and hire purchase, and recognises interest income using the effective interest rate method.

Hire purchase and personal loan, recognition of interest income is discontinued hire purchase is overdue by more than 3 installments except when there is an indicator that the debtor may not be able to repay, the Group has to stop recognising interest income.

Factoring, loan and finance lease, recognition of interest income is discontinued when factoring, loan and finance lease are more than 6 months past due except when there is an indicator that the debtor may not be able to repay, the Group has to stop recognising interest income.

On 30 April 2004, the Institute of Certified Accountants and Auditors of Thailand, with the approval of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease for accounts receivable which are overdue by more than 3 installments. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses. Thus, recognition of interest income for personal loan and hire purchase is discontinued when hire purchase and loan receivables are more than 3 months past due except when there is an indicator that the debtor may not be able to repay, the Group has to stop recognising interest income.

### **b) Interest income from purchase of receivables**

Interest income from purchase of receivables is recognised using effective interest rates method which is based on the expected future cash flows from collateral disposal or expected debt collection from receivables. When the receivables from purchase of receivables has already made full payment but the Group still has right to demand performance by debtor according to agreement, the Group will recognise such difference when payment is made by debtor as interest income in statement of comprehensive income

### **c) Fee and service income**

Fee and service income are recognised when services have been rendered on an accrual basis.

d) Other income

Dividend income is recognised when the right to receive payment is established. Other income are recognised on an accrual basis.

## **2.21 Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders, and interim dividend are approved by the Board of Directors.

## **2.22 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as Board of Directors those make strategic decisions.

# **3 Financial risk management**

## **Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including exchange rate risk, fair value risk resulting from change in interest rate, cash flow risk resulting from change in interest rate, and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the fluctuation of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Operation risk management is carried out by management by identifying, evaluating and hedging the overall financial risks that is described in Note 33 to the financial statements.

# **4 Critical accounting estimates, assumptions and judgements**

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## **(a) Allowance for doubtful accounts of factoring receivables, finance lease receivables, hire purchase receivables, personal loan receivables and loan receivables.**

The Group maintains an allowance for doubtful accounts to reflect impairment of factoring receivables, finance lease receivables, hire purchase receivables, personal loan receivables and loan receivables. Management uses judgment in estimating the allowance for doubtful accounts by considering overdue period of receivables and type of collateral. The assessment is based on historical debt collection experiences, historical default, and future market trends.

## **(b) Allowance for impairment of foreclosed assets and investment property**

The Group assesses allowance for impairment of foreclosed assets and investment property when net realisable value falls below the book value. The management uses judgment to

estimate impairment losses, taking into consideration the latest appraised value of assets, the type and nature of the assets, and the latest sales price of assets (if any). However, the use of different estimates and assumptions could affect the amounts of the allowance for impairment. Therefore, allowance for impairment may be adjusted in the future.

**(c) Retirement benefit obligations**

The present value of the retirement benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations. The Group determines the appropriate discount rate at the end of each year.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits obligations. In determining the appropriate discount rate, the Group considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related retirement benefits liability.

Other key assumptions for employee benefit obligations are based in part on current market conditions. Additional information is disclosed in Note 25 to the financial statements.

**5 Capital risk management**

The objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

**6 Fair value estimation**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the financial assets that are measured at fair value at 31 December 2018 and 2017.

**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

<b>Consolidated and Separate financial statements</b>				
<b>31 December 2018</b>				
	<b>Level 1 Baht</b>	<b>Level 2 Baht</b>	<b>Level 3 Baht</b>	<b>Total Baht</b>
<b>Financial assets</b>				
Trading securities (Note 10)	-	160,550,788	-	160,550,788
<b>Total</b>	-	160,550,788	-	160,550,788

<b>Consolidated financial statements</b>				
<b>31 December 2017</b>				
	<b>Level 1 Baht</b>	<b>Level 2 Baht</b>	<b>Level 3 Baht</b>	<b>Total Baht</b>
<b>Financial assets</b>				
Trading securities (Note 10)	-	215,657,195	-	215,657,195
<b>Total</b>	-	215,657,195	-	215,657,195

The following table presents the financial assets that are measured at fair value at 31 December 2018 and 2017. (Cont'd)

<b>Separate financial statements</b>				
<b>31 December 2017</b>				
	<b>Level 1 Baht</b>	<b>Level 2 Baht</b>	<b>Level 3 Baht</b>	<b>Total Baht</b>
<b>Financial assets</b>				
Trading securities (Note 10)	-	174,583,655	-	174,583,655
<b>Total</b>	-	174,583,655	-	174,583,655

The following table presents fair value of the Group's financial assets and liabilities that are not measured at fair value as at 31 December 2018 and 2017.

<b>Consolidated financial statements</b>				
<b>31 December 2018</b>				
	<b>Level 1 Baht</b>	<b>Level 2 Baht</b>	<b>Level 3 Baht</b>	<b>Total Baht</b>
<b>Assets</b>				
Cash and cash equivalents	62,795,804	-	-	62,795,804
Factoring receivables, net	-	1,529,920	-	1,529,920
Hire purchase receivables, net	-	1,215,451,073	-	1,215,451,073
Personal loans receivables, net	-	3,055,890	-	3,055,890
Loans, net	-	623,648,325	-	623,648,325
Restricted cash	24,110,395	-	-	24,110,395
Loan receivables from purchase of receivables, net	-	-	3,291,528	3,291,528
<b>Total assets</b>	<b>86,906,199</b>	<b>1,843,685,208</b>	<b>3,291,528</b>	<b>1,933,882,935</b>



**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**Liabilities**

Short-term borrowings from others	-	75,183,750	-	75,183,750
Long-term borrowings from others	-	273,267,435	-	273,267,435
Finance lease liabilities, net	-	5,560,767	-	5,560,767
Deposit payables	-	16,853,918	-	16,853,918
Accrued interest expenses	-	4,380,082	-	4,380,082

**Total liabilities**

-	375,245,952	-	375,245,952
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**Consolidated financial statements**

**31 December 2017**

	<b>Level 1 Baht</b>	<b>Level 2 Baht</b>	<b>Level 3 Baht</b>	<b>Total Baht</b>
<b>Assets</b>				
Cash and cash equivalents	28,363,913	-	-	28,363,913
Factoring receivables, net	-	137,718,302	-	137,718,302
Hire purchase receivables, net	-	378,666,514	-	378,666,514
Personal loans receivables, net	-	4,281,537	-	4,281,537
Loans, net	-	814,013,243	-	814,013,243
Restricted cash	1,000,000	-	-	1,000,000
Loan receivables from purchase of receivables, net	-	-	24,888,110	24,888,110
<b>Total assets</b>	<b>29,363,913</b>	<b>1,334,679,596</b>	<b>24,888,110</b>	<b>1,388,931,619</b>

**Liabilities**

Bank overdrafts	231	-	-	231
Short-term borrowings from others	-	9,452,383	-	9,452,383
Finance lease liabilities, net	-	7,766,681	-	7,766,681
Deposit payables	-	21,742,772	-	21,742,772
Accrued interest expenses	-	4,260,564	-	4,260,564

**Total liabilities**

231	43,222,400	-	43,222,631
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**Separate financial statements**

**31 December 2018**

	<b>Level 1 Baht</b>	<b>Level 2 Baht</b>	<b>Level 3 Baht</b>	<b>Total Baht</b>
<b>Assets</b>				
Cash and cash equivalents	62,332,482	-	-	62,332,482
Factoring receivables, net	-	1,529,920	-	1,529,920
Hire purchase receivables, net	-	1,215,451,073	-	1,215,451,073
Personal loans receivables, net	-	3,055,890	-	3,055,890
Loans, net	-	623,648,325	-	623,648,325
Restricted cash	24,110,395	-	-	24,110,395
Loan receivables from purchase of receivables, net	-	-	3,291,528	3,291,528
<b>Total assets</b>	<b>86,442,877</b>	<b>1,843,685,208</b>	<b>3,291,528</b>	<b>1,933,419,613</b>

**SGF Capital Public Company Limited**  
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**For the year ended 31 December 2018**

**Liabilities**

Short-term borrowings from others	-	75,183,750	-	75,183,750
Borrowings from subsidiaries	-	41,000,000	-	41,000,000
Long-term borrowings from others	-	273,267,435	-	273,267,435
Finance lease liabilities, net	-	5,560,767	-	5,560,767
Deposit payables	-	16,853,918	-	16,853,918
Accrued interest expenses	-	4,521,649	-	4,521,649

**Total liabilities**

-	416,387,519	-	416,387,519
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**Separate financial statements**

**31 December 2017**

	<b>Level 1 Baht</b>	<b>Level 2 Baht</b>	<b>Level 3 Baht</b>	<b>Total Baht</b>
<b>Assets</b>				
Cash and cash equivalents	28,322,058	-	-	28,322,058
Factoring receivables, net	-	137,718,302	-	137,718,302
Hire purchase receivables, net	-	378,666,514	-	378,666,514
Personal loans receivables, net	-	4,281,537	-	4,281,537
Loans, net	-	814,013,243	-	814,013,243
Restricted cash	1,000,000	-	-	1,000,000
Loan receivables from purchase of receivables, net	-	-	24,888,110	24,888,110
<b>Total assets</b>	<b>29,322,058</b>	<b>1,334,679,596</b>	<b>24,888,110</b>	<b>1,388,889,764</b>
<b>Liabilities</b>				
Bank overdrafts	231	-	-	231
Short-term borrowings from others	-	9,452,383	-	9,452,383
Finance lease liabilities, net	-	7,766,681	-	7,766,681
Deposit payables	-	21,742,772	-	21,742,772
Accrued interest expenses	-	4,260,564	-	4,260,564
<b>Total liabilities</b>	<b>231</b>	<b>43,222,400</b>	<b>-</b>	<b>43,222,631</b>

There were no transfers between levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the statement of financial position date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If

all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include the following:

- The fair value of short-term investments is net assets value per share which was quoted by the Asset Management Company at the last business day of financial position date;
- The fair value of factoring receivables, hire purchase receivables, personal loan receivables, and loans are estimated future cash flows under agreements discounted by using the market interest rate reflects the quality of receivables or estimated future cash flows from disposal of collateral discounted by using the market interest rate reflects the quality of receivables;
- The fair value of financial assets and liabilities with short-term maturity and high liquidity, including short-term borrowings from other company, finance lease liabilities, deposit payables and accrued interest expenses is their carrying amounts in the statements of financial position.

(c) Financial instruments in level 3

The fair value of loans to non-performing assets is calculated by estimating cash flows to be received from debtors or disposal of collateral in the future discounted at the default rate. The estimated cash flows to be received from debtors used significant unobservable inputs such that the Company classified the fair value measurement as Level 3 of fair value hierarchy

Group's valuation processes

The Group's finance department includes a team that performs the valuations of financial assets required for financial reporting purposes, including fair values. This team reports directly to the Managing Director of Retail Customers. Discussions of valuation processes and results are held between a team at least three times per quarter, in line with the Group's quarterly reporting dates.

The main level input used by the Group pertains to estimated future cash flow discounted by average default rate of 5 largest commercial banks and values of collateral discounted by market interest rate.

## **7. Segment information**

The Group presents segment information by presenting business segment as the primary reporting format based on the type of business in determining business segment.

The main operation of the Group are financial service specifically purchase of account receivable, leasing and hire purchase and loan segment.

Income from business segment operation is from domestic customers.

**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
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The consolidated financial statement by segments for the years ended 31 December 2018 and 2017 are as follows:

<b>Consolidated financial statements</b>				
	<b>Purchase of accounts receivable segment Baht'000</b>	<b>Leasing and hire purchase segment Baht'000</b>	<b>Loan segment Baht'000</b>	<b>Total Baht'000</b>
<b>As at 31 December 2018</b>				
<b>Asset</b>				
Factoring receivables, net	-	-	3,164	3,164
Hire purchase receivable, net	-	1,144,411	-	1,144,411
Personal loans receivables, net	-	-	3,165	3,165
Loans, net	-	-	629,004	629,004
Loan receivables from purchase of receivables, net	254	-	-	254
Foreclosed assets, net	-	15,921	958	16,879
Deferred tax asset	85	4,356	23,524	27,965
Other current assets	101	5,554	149	5,804
Other non-current assets	-	1,000	-	1,000
Non correlated assets allocation				304,436
<b>Total assets</b>				<b>2,136,082</b>
<b>Liabilities</b>				
Short-term borrowings from others	-	74,748	-	74,748
Deposit payables	-	-	16,854	16,854
Accrued interest expenses	-	4,380	-	4,380
Long-term borrowings from others	-	261,186	-	261,186
Other current liabilities	-	10,008	1,376	11,384
Non correlated liabilities allocation				44,264
<b>Total liabilities</b>				<b>412,816</b>

**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

<b>Consolidated financial statements</b>				
	<b>Purchase of accounts receivable segment Baht'000</b>	<b>Leasing and hire purchase segment Baht'000</b>	<b>Loan segment Baht'000</b>	<b>Total Baht'000</b>
<b>As at 31 December 2017</b>				
<b>Asset</b>				
Factoring receivables, net	-	-	154,874	154,874
Hire purchase receivable, net	-	370,500	-	370,500
Personal loans receivables, net	-	-	5,357	5,357
Loans, net	-	-	735,409	735,409
Loan receivables from purchase of receivables, net	8,537	-	-	8,537
Foreclosed assets, net	263	4,563	958	5,784
Deferred tax asset	894	428	28,407	29,729
Other current assets	-	1,460	-	1,460
Non correlated assets allocation				303,075
<b>Total assets</b>				<b>1,614,725</b>
<b>Liabilities</b>				
Short-term borrowings from other company	-	-	9,452	9,452
Deposit payables	-	-	21,743	21,743
Accrued interest expenses	-	-	4,261	4,261
Other current liabilities	1,001	4,506	222	5,729
Non correlated liabilities allocation				36,613
<b>Total liabilities</b>				<b>77,798</b>



**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

	<b>Consolidated financial statements</b>			
	<b>Purchase of account receivable segment Baht'000</b>	<b>Leasing and hire purchase segment Baht'000</b>	<b>Loan segment Baht'000</b>	<b>Total Baht'000</b>
<b>As at 31 December 2018</b>				
<b>Revenues</b>				
Interest income	7,167	158,398	286,703	452,268
Fees and services income	-	13,472	-	13,472
	7,167	171,870	286,703	465,740
<b>Expenses</b>				
(Reversal on) bad debts and doubtful accounts	(5,453)	(43,181)	(702)	(49,336)
Other expenses	-	(6,705)	-	(6,705)
Finance costs	-	(6,674)	-	(6,674)
	(5,453)	(56,560)	(702)	(62,715)
<b>Unallocated income and expenses:</b>				
Other interest income				220
Other income				17,823
Administrative expenses				(195,613)
Directors remuneration				(2,068)
Management remuneration				(17,574)
Finance costs				(330)
Profit before corporate income tax				205,483
Income tax				(18,860)
Profit for the year				<u>186,623</u>

**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

<b>Consolidated financial statements</b>				
	<b>Purchase of account receivable segment Baht'000</b>	<b>Leasing and hire purchase segment Baht'000</b>	<b>Loan segment Baht'000</b>	<b>Total Baht'000</b>
<b>As at 31 December 2017</b>				
<b>Revenues</b>				
Interest income	12,289	39,768	90,788	142,845
Fees and services income	-	3,190	554	3,744
	12,289	42,958	91,342	146,589
<b>Expenses</b>				
(Reversal on) bad debts and doubtful accounts	(6)	(1,286)	33,794	32,502
Other expenses	-	(1,239)	-	(1,239)
	(6)	(2,525)	33,794	31,263
<b>Unallocated income and expenses:</b>				
Other interest income				185
Other income				7,021
Administrative expenses				(114,900)
Directors remuneration				(3,936)
Management remuneration				(15,070)
Finance costs				(930)
Profit before corporate income tax				50,222
Income tax				(17,620)
Profit for the year				32,602

**8 Cash and cash equivalents**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Cash on hand	278,790	394,705	278,790	394,705
Current accounts	11,546,105	9,477,897	11,546,105	9,477,897
Saving accounts	50,970,909	18,491,311	50,507,587	18,449,456
Total cash and cash equivalents	62,795,804	28,363,913	62,332,482	28,322,058

The effective interest rate on saving accounts was 0.10% - 1.75% (2017: 0.10% - 1.75%).

## **9 Restricted cash**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Saving accounts	10,000,000	-	10,000,000	-
Fixed deposits	14,110,395	1,000,000	14,110,395	1,000,000
<b>Total restricted cash</b>	<b>24,110,395</b>	<b>1,000,000</b>	<b>24,110,395</b>	<b>1,000,000</b>

As at 31 December 2018, the effective interest rate on saving account was 0.37% (2017: 0.37%).

As at 31 December 2018, fixed deposits carry interest at the rate of 1.05% - 1.85% (2017: 1.05%).

Saving account and fixed deposits of Baht 24 million (2017: Baht 1 million) are pledged as collateral to a bank for bank facilities.

## **10 Short-term investments**

As of 31 December 2018 and 2017, information relating to short-term investments is as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Trading securities - unit trust	160,000,000	201,035,000	160,000,000	160,035,000
Add Gains on fair value adjustment	550,788	14,622,195	550,788	14,548,655
<b>Fair value</b>	<b>160,550,788</b>	<b>215,657,195</b>	<b>160,550,788</b>	<b>174,583,655</b>

The movements in short-term investments during the years are as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
At 1 January	215,657,195	579,819,404	174,583,655	579,819,404
Additions	680,000,000	41,000,000	680,000,000	-
Disposals	(737,597,209)	(410,000,000)	(696,177,683)	(410,000,000)
Gains on fair value measurement during the year	2,490,802	4,837,791	2,144,815	4,764,251
<b>At 31 December</b>	<b>160,550,788</b>	<b>215,657,195</b>	<b>160,550,788</b>	<b>174,583,655</b>

**SGF Capital Public Company Limited**  
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**11 Factoring receivables, net**

	Consolidated and Separate financial statements					
	2018			2017		
	Due within 1 year Baht	Due over than 1 year Baht	Total Baht	Due within 1 year Baht	Due over than 1 year Baht	Total Baht
Factoring receivables	-	205,736,862	205,736,862	2,596,147	444,366,283	446,962,430
<u>Less</u> Unearned discount income	-	(36,215)	(36,215)	(80,343)	-	(80,343)
Accrued interest	-	40,023,509	40,023,509	4,533	55,912,876	55,917,409
Factoring receivables	-	245,724,156	245,724,156	2,520,337	500,279,159	502,799,496
<u>Less</u> Allowance for doubtful accounts	-	(242,559,950)	(242,559,950)	-	(347,925,043)	(347,925,043)
Factoring receivables, net	-	3,164,206	3,164,206	2,520,337	152,354,116	154,874,453

Outstanding factoring receivables as at 31 December 2018 and 2017 can be analysed as follows:

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Not overdue and overdue less than 1 month	-	2,181,257
Overdue over 1 month - 3 months	-	-
Overdue over 3 months - 6 months	-	339,080
Overdue over 6 months - 12 months	-	-
Overdue over 12 months	245,724,156	500,279,159
Total	245,724,156	502,799,496
<u>Less</u> Allowance for doubtful debt	(242,559,950)	(347,925,043)
Factoring receivables, net	3,164,206	154,874,453

**SGF Capital Public Company Limited**  
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<b>Consolidated and Separate financial statements</b>				
<b>2018</b>				
	<b>Factoring receivables Baht</b>	<b>Net balance after collateral used for setting allowance for doubtful account Baht</b>	<b>Minimum percentage used for setting allowance for doubtful account %</b>	<b>Allowance for doubtful account Baht</b>
Current and overdue not over than 1 month	-		-	-
Overdue more than 1 month to 3 months	-	-	-	-
Overdue more than 3 months to 6 months	-	-	-	-
Overdue more than 6 months to 12 months	-	-	100	-
Overdue over 12 months	245,724,156	242,559,950	100	242,559,950
<b>Total</b>	<b>245,724,156</b>	<b>242,559,950</b>		<b>242,559,950</b>

<b>Consolidated and Separate financial statements</b>				
<b>2017</b>				
	<b>Factoring receivables Baht</b>	<b>Net balance after collateral used for setting allowance for doubtful account Baht</b>	<b>Minimum percentage used for setting allowance for doubtful account %</b>	<b>Allowance for doubtful account Baht</b>
Current and overdue not over than 1 month	2,181,257	-	-	-
Overdue more than 1 month to 3 months	-	-	-	-
Overdue more than 3 months to 6 months	339,080	279,430	-	-
Overdue more than 6 months to 12 months	-	-	100	-
Overdue over 12 months	500,279,159	347,925,043	100	347,925,043
<b>Total</b>	<b>502,799,496</b>	<b>348,204,473</b>		<b>347,925,043</b>

As at 31 December 2018, the Group and the Company had no outstanding factoring receivables for which installment payments are more than 3 installments overdue but revenue is still being recognised in the consolidated and separate statements of comprehensive income (2017: Baht 2.48 million).

If the Group and the Company discontinue to recognise of interest income for outstanding factoring receivables which installment payments are more than 3 installments overdue, the



**SGF Capital Public Company Limited**  
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amount of interest from factoring recognised in the consolidated and separate statements of comprehensive income for the year ended 31 December 2018 was no change (2017: reduced by Baht 152,811).

11.1 On 5 October 2016, the Supreme Court ruled in favour of the Company and granted a settlement of the debt by receiving from the Debtor including, an initial settlement of Baht 200 million, plus 7.5% annual interest on a principle of Baht 197 million from the prosecution date until the Company receive fully repayment. In quarter 3/2017, the Company reversed the Baht 147 million allowance for this debt because the Company reasonably believes that the Company will receive repayment.

At the Board of Director Meeting No.2/2018 held on 22 February 2018, the Meeting approved reducing outstanding debt including accrued interest of factoring receivables from amount of Baht 421 million to Baht 378 million, decreasing Baht 43 million or 10.21%. The factoring receivables had already made a first payment amounting to Baht 200 million on 22 February 2018, the second payment amounting to Baht 150 million paid on 3 April 2018, and the third payment amounting to Baht 28 million paid on 24 July 2018 (Note 28).

11.2 During the period ended 31 December 2018 the Company wrote off bad debt on factoring receivable which had book value of Baht 3,500,470 because the judgement from court is over and the Company had searched and found no asset of all defendants. As a result, the Company could write off this amount of debt according to the tax law.

## 12 Hire purchase receivables, net

	Consolidated and Separate financial statements					
	2018			2017		
	Due within 1 year Baht	Due over than 1 year Baht	Total Baht	Due within 1 year Baht	Due over than 1 year Baht	Total Baht
Hire purchase receivables	199,410,346	969,385,297	1,168,795,643	62,631,170	309,155,090	371,786,260
Less Allowance for doubtful debt	(1,815)	(24,383,038)	(24,384,853)	(54,122)	(1,231,751)	(1,285,873)
Hire purchase receivables, net	199,408,531	945,002,259	1,144,410,790	62,577,048	307,923,339	370,500,387

Outstanding hire purchase receivables as at 31 December 2018 and 2017 can be analysed as follows:

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Not overdue and overdue less than 1 month	976,496,351	289,147,692
Overdue over 1 month - 3 months	159,772,446	69,622,715
Overdue over 3 months - 6 months	22,335,151	10,579,456
Overdue over 6 months - 12 months	7,944,097	2,436,397
Overdue over 12 months	2,247,598	-
Total	1,168,795,643	371,786,260
Less Allowance for doubtful debt	(24,384,853)	(1,285,873)
Hire purchase receivables, net	1,144,410,790	370,500,387

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<b>Consolidated and Separate financial statements</b>				
<b>2018</b>				
	<b>Hire- purchase receivables Baht</b>	<b>Net balance after collateral used for setting allowance for doubtful account Baht</b>	<b>Minimum percentage used for setting allowance for doubtful account %</b>	<b>Allowance for doubtful account Baht</b>
Current and overdue not over than 1 month	976,496,351	432,447	1	4,324
Overdue more than 1 month to 3 months	159,772,446	139,423	1,2	2,723
Overdue more than 3 months to 6 months	22,335,151	17,648	80,100	15,778
Overdue more than 6 months to 12 months	7,944,097	10,029	100	10,029
Overdue over 12 months	2,247,598	140,112	100	140,112
	<u>1,168,795,643</u>	<u>739,659</u>		172,966
Allowance for doubtful accounts				
- additional provision for uncollectible receivables				<u>24,211,887</u>
Total				<u><u>24,384,853</u></u>

<b>Consolidated and Separate financial statements</b>				
<b>2017</b>				
	<b>Hire- purchase receivables Baht</b>	<b>Net balance after collateral used for setting allowance for doubtful account Baht</b>	<b>Minimum percentage used for setting allowance for doubtful account %</b>	<b>Allowance for doubtful account Baht</b>
Current and overdue not over than 1 month	289,147,692	13,102,602	1	131,026
Overdue more than 1 month to 3 months	69,622,715	4,307,570	1,2	48,947
Overdue more than 3 months to 6 months	10,579,456	1,086,453	80,100	926,882
Overdue more than 6 months to 12 months	2,436,397	179,018	100	179,018
Total	<u>371,786,260</u>	<u>18,675,643</u>		<u><u>1,285,873</u></u>

**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**13 Personal loans, net**

	<b>Consolidated and Separate financial statements</b>					
	<b>2018</b>			<b>2017</b>		
	<b>Due within</b>	<b>Due over</b>	<b>Total</b>	<b>Due within</b>	<b>Due over</b>	<b>Total</b>
	<b>1 year</b>	<b>than 1</b>		<b>1 year</b>	<b>than 1 year</b>	
	<b>Baht</b>	<b>year</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
Personal loans	3,006,529	940,975	3,947,504	3,737,239	13,145,713	16,882,952
Accrued interest income	27,248	41,056	68,304	23,378	574,182	597,560
	3,033,777	982,031	4,015,808	3,760,617	13,719,895	17,480,512
<u>Less</u> Allowance for doubtful accounts	-	(851,208)	(851,208)	-	(12,123,039)	(12,123,039)
Personal loans, net	3,033,777	130,823	3,164,600	3,760,617	1,596,856	5,357,473

Outstanding personal loans as at 31 December 2018 and 2017 can be analysed as follows:

	<b>Consolidated and Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Not overdue and overdue less than 1 month	1,862,097	5,079,604
Overdue over 1 month - 3 months	1,302,502	277,869
Overdue over 3 months - 6 months	211,018	130,708
Overdue over 6 months - 12 months	553,666	860,929
Overdue over 12 months	86,524	11,131,402
Total	4,015,807	17,480,512
<u>Less</u> Allowance for doubtful debt	(851,208)	(12,123,039)
Personal loans receivables, net	3,164,599	5,357,473

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<b>Consolidated and Separate financial statements</b>				
<b>2018</b>				
	<b>Personal loans receivables Baht</b>	<b>Net balance after collateral used for setting allowance for doubtful account Baht</b>	<b>Minimum percentage used for setting allowance for doubtful account %</b>	<b>Allowance for doubtful account Baht</b>
Current and overdue not over than 1 month	1,862,097	1,862,097	-	-
Overdue more than 1 month to 3 months	1,302,502	1,302,502	-	-
Overdue more than 3 months to 6 months	211,018	211,018	100	211,018
Overdue more than 6 months to 12 months	553,666	553,666	100	553,666
Overdue over 12 months	86,524	86,524	100	86,524
<b>Total</b>	<b>4,015,807</b>	<b>4,015,807</b>		<b>851,208</b>

<b>Consolidated and Separate financial statements</b>				
<b>2017</b>				
	<b>Personal loans receivables Baht</b>	<b>Net balance after collateral used for setting allowance for doubtful account Baht</b>	<b>Minimum percentage used for setting allowance for doubtful account %</b>	<b>Allowance for doubtful account Baht</b>
Current and overdue not over than 1 month	5,079,604	5,079,604	-	-
Overdue more than 1 month to 3 months	277,869	277,869	-	-
Overdue more than 3 months to 6 months	130,708	130,708	100	130,708
Overdue more than 6 months to 12 months	860,929	860,929	100	860,929
Overdue over 12 months	11,131,402	11,131,402	100	11,131,402
<b>Total</b>	<b>17,480,512</b>	<b>17,480,512</b>		<b>12,123,039</b>

**SGF Capital Public Company Limited**  
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**14 Loans, net**

<b>Consolidated and Separate financial statements</b>						
<b>2018</b>			<b>2017</b>			
	<b>Due within 1 year Baht</b>	<b>Due over than 1 year Baht</b>	<b>Total Baht</b>	<b>Due within 1 year Baht</b>	<b>Due over than 1 year Baht</b>	<b>Total Baht</b>
Loans	266,676,447	486,089,280	752,765,727	299,095,521	610,372,093	909,467,614
Accrued interest income	451,206	67,317,223	67,768,429	804,839	67,596,966	68,401,805
	267,127,653	553,406,503	820,534,156	299,900,360	677,969,059	977,869,419
<u>Less</u> Allowance for doubtful accounts	-	(191,529,965)	(191,529,965)	-	(242,460,144)	(242,460,144)
Loans, net	<u>267,127,653</u>	<u>361,876,538</u>	<u>629,004,191</u>	<u>299,900,360</u>	<u>435,508,915</u>	<u>735,409,275</u>

Outstanding loans as at 31 December 2018 and 2017 can be analysed as follows:

<b>Consolidated and Separate financial statements</b>		
	<b>2018 Baht</b>	<b>2017 Baht</b>
Not overdue and overdue less than 1 month	267,127,653	312,895,007
Overdue over 1 month - 3 months	-	61,874,880
Overdue over 3 months - 6 months	-	-
Overdue over 6 months - 12 months	-	64,951,657
Overdue over 12 months	553,406,503	538,147,875
Total	820,534,156	977,869,419
<u>Less</u> Allowance for doubtful debt	<u>(191,529,965)</u>	<u>(242,460,144)</u>
Loans, net	<u>629,004,191</u>	<u>735,409,275</u>



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<b>Consolidated and Separate financial statements</b>				
<b>2018</b>				
	<b>Loans Baht</b>	<b>Net balance after collateral used for setting allowance for doubtful account Baht</b>	<b>Minimum percentage used for setting allowance for doubtful account %</b>	<b>Allowance for doubtful account Baht</b>
Current and overdue not over than 1 month	267,127,653	-	-	-
Overdue more than 1 month to 3 months	-	-	-	-
Overdue more than 3 months to 6 months	-	-	-	-
Overdue more than 6 months to 12 months	-	-	100	-
Overdue over 12 months	553,406,503	191,529,965	100	191,529,965
<b>Total</b>	<b>820,534,156</b>	<b>191,529,965</b>		<b>191,529,965</b>

<b>Consolidated and Separate financial statements</b>				
<b>31 December 2017</b>				
	<b>Loans Baht</b>	<b>Net balance after collateral used for setting allowance for doubtful account Baht</b>	<b>Minimum percentage used for setting allowance for doubtful account %</b>	<b>Allowance for doubtful account Baht</b>
Current and overdue not over than 1 month	312,895,007	-	-	-
Overdue more than 1 month to 3 months	61,874,880	-	-	-
Overdue more than 3 months to 6 months	-	-	-	-
Overdue more than 6 months to 12 months	64,951,657	-	100	-
Overdue over 12 months	538,147,875	242,460,144	100	242,460,144
<b>Total</b>	<b>977,869,419</b>	<b>242,460,144</b>		<b>242,460,144</b>

#### **14 Loans, net**

Loans will be classified as non-current assets except management expecting that this loan will be repay within 12 month, which will be classified as current assets.

As at 31 December 2018, the Group and the Company had no outstanding loans for which installment payments are more than 3 installments overdue but revenue is still being recognised in the consolidated and separate statements of comprehensive income (2017: Baht 64.95 million).

If the Group and the Company discontinued to recognise of interest income for outstanding loans which installment payments are more than 3 installments overdue, the amount of interest from loans recognised in the consolidated and separate statements of comprehensive income for the year ended 31 December 2018 was no change (2017: reduced by Baht 7.46 million).

14.1 The Company was sued as the 4<sup>th</sup> defendant in a lawsuit in which other person sued a customer of the company regarding a claim on commission fees from sale of lands. Subsequently, the customer mortgaged such lands as collaterals with the company. The plaintiff filed a lawsuit which would result to void the ownership of that customer to the lands and resulted the mortgage with the company was also void. On 26 August 2016, the company filed a petition to defend the case and also refused all allegations. On 4 July 2017, The Civil Court sentenced to revoke the customer's land purchasing juristic acts that resulted to void the customer's ownership on land and mortgage. The company set up full allowance amounting to baht 109 million for loan net value of other collaterals, the company filed an appeal and the petition to stay of execution. On 6 June 2018, the Appeal Court has the judgment to amend the judgement of the first court, refuse to void the mortgage. As a result, the mortgage has been effected with the lands. While the revocation of the ownership of the lands among the other defendants has been the same as the judgement of the first court. The plaintiff has submitted the petition to The Supreme Court asking for the permission to submit this case for the consideration of The Supreme Court. Now this case is during the process of The Supreme Court to consider whether such petition is acceptable.

14.2 At the period ended 31 December 2018, the Company wrote off bad debt on loan receivable which had book value of Baht 60,623,836 because the judgement from court was over, the Company had searched and found no asset of both borrower and guarantor. As a result, the Company could write off this amount of debt according to the tax law.

#### **15 Finance lease receivables, net**

	<b>Consolidated and Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Finance lease receivables	42,391,164	46,463,065
<u>Less</u> Unearned interest income	(5,543,542)	(5,861,096)
	36,847,622	40,601,969
<u>Less</u> Allowance for doubtful accounts	(36,847,622)	(40,601,969)
Finance lease receivables, net	-	-

**SGF Capital Public Company Limited**  
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Outstanding finance lease receivables as at 31 December 2018 and 2017 can be analysed as follows:

	<b>Consolidated and Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
Not overdue and overdue less than 1 month	-	-
Overdue over 1 month - 3 months	-	-
Overdue over 3 months - 6 months	-	-
Overdue over 6 months - 12 months	-	-
Overdue over 12 months	36,847,622	46,463,065
Total	36,847,622	46,463,065
<u>Less</u> Allowance for doubtful debt	(36,847,622)	(46,463,065)
Finance lease receivables, net	-	-

<b>Consolidated and Separate financial statements</b>				
<b>2018</b>				
	<b>Finance lease receivables Baht</b>	<b>Net balance after collateral used for setting allowance for doubtful account Baht</b>	<b>Minimum percentage used for setting allowance for doubtful account %</b>	<b>Allowance for doubtful account Baht</b>
Current and overdue not over than 1 month	-	-	-	-
Overdue more than 1 month to 3 months	-	-	-	-
Overdue more than 3 months to 6 months	-	-	-	-
Overdue more than 6 months to 12 months	-	-	100	-
Overdue over 12 months	36,847,622	36,847,622	100	36,847,622
Total	36,847,622	36,847,622		36,847,622

**SGF Capital Public Company Limited**  
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<b>Consolidated and Separate financial statements</b>				
<b>2017</b>				
	<b>Net balance after collateral used for setting allowance for doubtful account Baht</b>	<b>Minimum percentage used for setting allowance for doubtful account %</b>	<b>Allowance for doubtful account Baht</b>	
Current and overdue not over than 1 month	-	-	-	-
Overdue more than 1 month to 3 months	-	-	-	-
Overdue more than 3 months to 6 months	-	-	-	-
Overdue more than 6 months to 12 months	-	-	100	-
Overdue over 12 months	46,463,065	46,463,065	100	46,463,065
<b>Total</b>	<b>46,463,065</b>	<b>46,463,065</b>		<b>46,463,065</b>

**SGF Capital Public Company Limited**  
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**16 Investments in subsidiaries**

Subsidiary undertakings are included in consolidation financial statements. The proportion of the voting rights in the subsidiary undertakings held directly by the parent company do not differ from the proportion of ordinary shares held as at 31 December 2018 and 2017 as below:

Company name	Country of incorporation	Business	Ownership interest %	Registered capital		Paid-up capital		Shareholding percentage %	Cost	
				2018	2017	2018	2017		2018	2017
				Baht	Baht	Baht	Baht		Baht	Baht
SGF Asset Management Company Limited	Thailand	Purchase or transfer of loan receivables	99.99	25,000	25,000	25,000	25,000	99.99	24,999	24,999
SGF Service Management Company Limited	Thailand	Providing financial advice service	99.99	1,000	1,000	1,000	1,000	99.99	999	999
SGF Capital (Nakhon Ratchasima) Company Limited	Thailand	Providing short-term loan in Nakhon Ratchasima	99.99	5,000	5,000	5,000	5,000	99.99	5,000	5,000
SGF Capital (Chiangmai) Company Limited	Thailand	Providing short-term loan in Chiangmai	99.99	5,000	5,000	5,000	5,000	99.99	5,000	5,000
SGF Capital (Chonburi) Company Limited	Thailand	Providing short-term loan in Chonburi	99.99	5,000	5,000	5,000	5,000	99.99	5,000	5,000
									<u>40,998</u>	<u>40,998</u>



**SGF Capital Public Company Limited**  
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On 11 December 2018, the Company's Extraordinary Shareholders' Meeting No.1/2018 of SGF Capital (Nakhon Ratchasima) Company Limited passed the resolution to dissolve the Company. SGF Capital (Nakhon Ratchasima) Company Limited submitted the application for dissolution and liquidation with The Department of Business and Development, Ministry of Commerce on 11 December 2018. SGF Capital (Nakhon Ratchasima) Company Limited is in the process of liquidation.

On 11 December 2018, the Company's Extraordinary Shareholders' Meeting No.1/2018 of SGF Capital (Chonburi) Company Limited passed the resolution to dissolve the Company. SGF Capital (Chonburi) Company Limited submitted the application for dissolution and liquidation with The Department of Business and Development, Ministry of Commerce on 21 December 2018. SGF Capital (Chonburi) Company Limited is in the process of liquidation.

On 12 December 2018, the Company's Extraordinary Shareholders' Meeting No.1/2018 of SGF Capital (Chiangmai) Company Limited passed the resolution to dissolve the Company. SGF Capital (Chiangmai) Company Limited submitted the application for dissolution and liquidation with The Department of Business and Development, Ministry of Commerce on 13 December 2018. SGF Capital (Chiangmai) Company Limited is in the process of liquidation.

**17 Loans receivable from purchase of receivables, net**

	<b>Consolidated and Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Loans receivable from purchase of receivables	254,423	8,537,156
<u>Less</u> Allowance for doubtful accounts	-	-
Loans receivable from purchase of receivables, net	<u>254,423</u>	<u>8,537,156</u>

The movements of loans receivable from purchase of loans as at 31 December 2018 and 2017 are as follows:

	<b>Consolidated and Separate financial statements</b>	
	<b>2018</b>	<b>2017</b>
	<b>Baht</b>	<b>Baht</b>
Opening loans receivable from purchase of receivables	8,537,156	-
Additions	-	22,442,559
Collection from sales of loan reivables	(1,966,661)	-
Collection	(694,085)	(13,636,100)
Transferred to forclosed assets	(168,781)	(263,271)
Write off doubtful debt	(5,453,206)	(6,032)
Loans receivable from purchase of receivables as at 31 December	<u>254,423</u>	<u>8,537,156</u>

**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**18 Foreclosed assets, net**

	<b>Consolidated and Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
Foreclosed assets	20,716,390	6,637,094
<u>Less</u> Allowance for impairment	<u>(3,837,289)</u>	<u>(853,213)</u>
Foreclosed assets, net	<u>16,879,101</u>	<u>5,783,881</u>

As at 31 December 2018 and 2017, condominium which was foreclosed assets amount of Baht 500,000 has been mortgaged as collateral for bank overdrafts (Note 22).

**19 Land building and equipment, net**

	<b>Consolidated and Separate financial statements</b>						
	<b>Land Baht</b>	<b>Building Baht</b>	<b>Building improvement Baht</b>	<b>Furniture, fixtures and office equipment Baht</b>	<b>Vehicles Baht</b>	<b>Construction In progress Baht</b>	<b>Total Baht</b>
<b>At 1 January 2018</b>							
Cost	4,880,000	8,557,264	10,168,628	20,422,765	14,449,399	2,407,931	60,885,987
<u>Less</u> Accumulated depreciation	<u>-</u>	<u>(8,557,258)</u>	<u>(445,262)</u>	<u>(6,367,429)</u>	<u>(3,124,345)</u>	<u>-</u>	<u>(18,494,294)</u>
Net book amount	<u>4,880,000</u>	<u>6</u>	<u>9,723,366</u>	<u>14,055,336</u>	<u>11,325,054</u>	<u>2,407,931</u>	<u>42,391,693</u>
<b>For the year ended 31 December 2018</b>							
Opening net book amount	4,880,000	6	9,723,366	14,055,336	11,325,054	2,407,931	42,391,693
Additions	-	-	77,534	2,401,341	-	3,357,199	5,836,074
Transferred in (out)	-	-	2,868,790	1,878,813	-	(4,747,603)	-
Disposals	-	-	(581,867)	(70,903)	(701,159)	-	(1,353,929)
Depreciation charge	-	-	(1,207,576)	(3,731,921)	(2,669,304)	-	(7,608,801)
Closing net book amount	<u>4,880,000</u>	<u>6</u>	<u>10,880,247</u>	<u>14,532,666</u>	<u>7,954,591</u>	<u>1,017,527</u>	<u>39,265,037</u>
<b>At 31 December 2018</b>							
Cost	4,880,000	8,557,264	12,469,223	24,208,134	12,373,423	1,017,527	63,505,571
<u>Less</u> Accumulated depreciation	<u>-</u>	<u>(8,557,258)</u>	<u>(1,588,976)</u>	<u>(9,675,468)</u>	<u>(4,418,832)</u>	<u>-</u>	<u>(24,240,534)</u>
Net book amount	<u>4,880,000</u>	<u>6</u>	<u>10,880,247</u>	<u>14,532,666</u>	<u>7,954,591</u>	<u>1,017,527</u>	<u>39,265,037</u>

**SGF Capital Public Company Limited**  
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Consolidated and Separate financial statements							
	Land Baht	Building Baht	Building improvement Baht	Furniture, fixtures and office equipment Baht	Vehicles Baht	Construction In progress Baht	Total Baht
<b>At 1 January 2017</b>							
Cost	6,585,898	9,714,264	-	9,667,303	8,383,877	2,186,916	36,538,258
<u>Less</u> Accumulated depreciation	-	(9,714,257)	-	(8,347,635)	(6,061,962)	-	(24,123,854)
Net book amount	6,585,898	7	-	1,319,668	2,321,915	2,186,916	12,414,404
<b>For the year ended 31 December 2017</b>							
Opening net book amount	6,585,898	7	-	1,319,668	2,321,915	2,186,916	12,414,404
Additions	-	-	-	8,579,533	10,957,642	16,771,280	36,299,455
Transferred in (out)	-	-	10,168,628	6,381,637	-	16,550,265	-
Disposals	-	-	-	(276,071)	(120,627)	-	(396,698)
Depreciation charge	-	-	(445,262)	(1,940,431)	(1,833,876)	-	(4,219,569)
Transferred to investment in property	(1,705,898)	(1)	-	-	-	-	(1,705,889)
Closing net book amount	4,880,000	6	9,723,366	14,055,336	11,325,054	2,407,931	42,391,693
<b>At 31 December 2017</b>							
Cost	4,880,000	8,557,264	10,168,628	20,422,765	14,449,399	2,407,931	60,885,987
<u>Less</u> Accumulated depreciation	-	(8,557,258)	(445,262)	(6,367,429)	(3,124,345)	-	(18,494,294)
Net book amount	4,880,000	6	9,723,366	14,055,336	11,325,054	2,407,931	42,391,693

Leased assets included above, where the Group is a lessee under a finance lease, comprise vehicles

Consolidated and Separate financial statements	
	2018 Baht
	2017 Baht
Cost - capitalised finance leases	10,803,142
<u>Less</u> Accumulated depreciation	(3,404,542)
Net book amount	7,398,600
	9,867,076

As at 31 December 2018 and 2017, land and buildings amount of Baht 4,880,006 have been mortgaged as collateral for bank overdrafts (Note 22).

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**20 Intangible assets**

	<b>Consolidated and Separate financial statements</b>		
	<b>Software Baht</b>	<b>Software under installation Baht</b>	<b>Total Baht</b>
<b>At 1 January 2018</b>			
Cost	3,940,549	1,108,955	5,049,504
<u>Less</u> Accumulated amortisation	(185,472)	-	(185,472)
Net book amount	<u>3,755,077</u>	<u>1,108,955</u>	<u>4,864,032</u>
<b>For the year ended 31 December 2018</b>			
Opening net book amount	3,755,077	1,108,955	4,864,032
Additions	689,511	1,371,906	2,061,417
Transferred in (out)	1,731,861	(1,731,861)	-
Amortisation charge	(531,633)	-	(531,634)
Closing net book amount	<u>5,644,816</u>	<u>749,000</u>	<u>6,393,816</u>
<b>At 31 December 2018</b>			
Cost	6,361,921	749,000	7,110,921
<u>Less</u> Accumulated amortisation	(717,105)	-	(717,106)
Net book amount	<u>5,644,816</u>	<u>749,000</u>	<u>6,393,816</u>
	<b>Consolidated and Separate financial statements</b>		
	<b>Software Baht</b>	<b>Software under installation Baht</b>	<b>Total Baht</b>
<b>At 1 January 2017</b>			
Cost	-	-	-
<u>Less</u> Accumulated amortisation	-	-	-
Net book amount	<u>-</u>	<u>-</u>	<u>-</u>
<b>For the year ended 31 December 2017</b>			
Opening net book amount	-	-	-
Additions	3,940,549	1,108,955	5,049,504
Amortisation charge	(185,472)	-	(185,472)
Closing net book amount	<u>3,755,077</u>	<u>1,108,955</u>	<u>4,864,032</u>
<b>At 31 December 2017</b>			
Cost	3,940,549	1,108,955	5,049,504
<u>Less</u> Accumulated amortisation	(185,472)	-	(185,472)
Net book amount	<u>3,755,077</u>	<u>1,108,955</u>	<u>4,864,032</u>

## **21 Deferred income taxes**

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	<b>Consolidated and Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Deferred tax assets:</b>		
Deferred tax asset to be recovered within 12 months	991,543	170,643
Deferred tax asset to be recovered after more than 12 months	30,086,487	30,714,831
	<u>31,078,030</u>	<u>30,885,474</u>
<b>Deferred tax liabilities:</b>		
Deferred tax liabilities to be settled within 12 months	(1,384,218)	-
Deferred tax liability to be settled after more than 12 months	(629,051)	(25,461)
	<u>(2,013,269)</u>	<u>(25,461)</u>
<b>Deferred tax asset, net</b>	<u>29,064,761</u>	<u>30,860,013</u>

The movements of deferred tax assets and deferred tax liabilities are as follows:

	<b>Consolidated and Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
At 1 January	30,860,013	38,836,233
Credited to profit or loss (Note 31)	(1,866,241)	(7,950,759)
Tax charged (credited) directly to other comprehensive income	70,989	(25,461)
At 31 December	<u>29,064,761</u>	<u>30,860,013</u>



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The movement in deferred tax assets during the year is as follows:

	Consolidated and Separate financial statements					Total Baht
	Allowance for doubtful accounts on non performing loans & leasing Baht	Allowance for doubtful accounts on non- performing assets Baht	Employee benefit obligation s Baht	Loan receivabl es from purchase of receivabl es Baht	Prepaid arrange fee on borrowings Baht	
<b>Deferred tax assets</b>						
At 1 January 2018	28,664,607	170,643	1,130,877	893,886	-	30,860,013
Charged (credited) to total comprehensive income	460,571	596,815	(101,752)	(808,606)	(2,013,269)	(1,866,241)
Charged directly to equity	-	-	70,989	-	-	70,989
At 31 December 2018	29,125,178	767,458	1,100,114	85,280	(2,013,269)	29,064,761

	Consolidated and Separate financial statements					Total Baht
	Allowance for doubtful accounts on non performing loans & leasing Baht	Allowance for doubtful accounts on non- performing assets Baht	Employee benefit obligations Baht	Loan receivabl es from purchase of receivabl es Baht		
<b>Deferred tax assets</b>						
At 1 January 2017	37,752,589	-	1,083,644	-	-	38,836,233
Charged to total comprehensive income	(9,087,982)	170,643	72,694	893,886		(7,950,759)
Charged directly to equity	-	-	(25,461)	-		(25,461)
At 31 December 2017	28,664,607	170,643	1,130,877	893,886		30,860,013

**SGF Capital Public Company Limited**  
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**22 Borrowings**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Current</b>				
Bank overdrafts	-	231	-	231
Short-term borrowings from others	-	9,452,383	-	9,452,383
Bills of exchange	74,748,148	-	74,748,148	-
Borrowings from subsidiaries (Note 34)	-	-	41,000,000	-
Total current borrowings	74,748,148	9,452,614	115,748,148	9,452,614
<b>Non - current</b>				
Debentures	261,185,507	-	261,185,507	-
Total non - current borrowings	261,185,507	-	261,185,507	-
Total borrowings	335,933,655	9,452,614	376,933,655	9,452,614

The details of borrowings are as follows:

<b>Consolidated financial statements</b>					
	<b>Amount Baht'000</b>	<b>Prepaid front-end fee Baht'000</b>	<b>Maturity date</b>	<b>Interest rate %</b>	<b>Interest payment term</b>
<b>At 31 December 2018</b>					
Bills of exchange	75,000,000	(251,852)	10 January 2019 - 9 April 2019	5.70 % - 7.50%	At maturity date
Debentures	270,000,000	(8,814,493)	21 April 2020	6.00%	Quarterly
<b>Separate financial statements</b>					
	<b>Prepaid front-end fee Baht'000</b>	<b>Prepaid front-end fee Baht'000</b>	<b>Maturity date</b>	<b>Interest rate %</b>	<b>Interest payment term</b>
<b>At 31 December 2018</b>					
Bills of exchange	75,000,000	(251,852)	10 January 2019 - 9 April 2019	5.70 % - 7.50%	At maturity date
Borrowing from subsidiary companies (Notes 34)	41,000,000	-	At call	1.20%	At call
Debentures	270,000,000	(8,814,493)	21 April 2020	6.00%	Quarterly

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Debentures require the Group and the Company to maintain financial ratios. The Group and the Company comply with the conditions.

As at 19 December 2018, the Company has an agreement with Commercial Bank to open loan limit amounting to Baht 50 million which will be effective on 23 February 2019.

As at 8 October 2018, the Company has an agreement with Commercial Bank to open loan limit amounting to Baht 50 million which will be effective within 180 days from agreement date.

**Bank overdrafts**

As at 31 December 2018 and 2017, land and buildings (Note 19) and foreclosed assets consisting of building (Note 18) have been mortgaged as collateral for bank overdrafts.

**Short-term borrowings from others**

On 30 December 2010, the payable of short-term borrowings from other listed company filed a petition appealed to the Court to issue a legal execution for seizing the Company's assets to auction and settle debt which the payable - other listed company claimed that the value of land transferred by the Company for debt payment is less than the agreed amount by Baht 5,576,272. On 13 January 2011, the Court ordered an appointment of the legal execution officer to seize of the Company's assets to settle debt.

On 29 November 2011, the legal execution officer sent letters to three banks requesting them to seize the Company's deposit accounts totaling amount of Baht 5,576,272 and send the money to the legal execution officer. The banks transferred the Company's deposit accounts to the legal execution officer amounting to Baht 4,800,000 on 2 and 6 December 2011, Baht 730,272 on 29 December 2011 and Baht 46,000 on 30 December 2011, respectively.

In December 2011 and February 2012, the Company filed a petition appealed to the Court to request the Court to order the cancellation of the legal execution on the Company's deposit accounts amounting to Baht 5,576,272 by the legal execution officer. The trials by the Court were held on 27 February 2012, 15 and 19 June 2012. On 31 July 2012, the Court has ordered to withdrawn the lawsuit enforcement with the reason that the order is not compliance with the law and effected to the sequester of deposit in three banks accounts has withdrawn also. However, the plaintiff in that case filed an appeal against the court order, and the Court of Appeal reached a judgment on 31 October 2013 that "not revoke a writ of execution dated 13 January 2011". As a result of the judgment, the Company had offset restricted cash accounts and the short-term provisions of Baht 5,576,272 from the account in 2013 and the Company has not filed the petition on the advice of the Company's lawyer which has the opinion that the Court's execution will have only one per case, so if the court issued a writ of execution, the Court will not allow for any amendment plaintiff cannot file a petition to amend the writ of execution. It is useful for the Company to action on the remaining debt further.

On 6 October 2016, the legal execution officer sent letters to bank requesting them to seize the Company's deposit accounts totaling amount of Baht 9,564,903 and send the money to the legal execution officer within 30 days from the date in the letter. On 25 October 2016, the Company filed a petition appealed to the Court

On 16 January 2017, the court inquired and considered that the petition is duplicate. Therefore, the court revoked the petition. On 23 March 2017, a listed company filed a court appeal and the Company has already file an amendment of court appeal and the civil court inquired the petition on 13 November 2017.

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On 27 March 2018, the Company and the payable - other listed company compromised and agreed to reduce amount of borrowing to Baht 3,876,111 with payment terms of 3 installments at Baht 1,292,037 of each, by first period is paid on 27 April 2018, second payments on 25 May 2018 and third payment on 27 June 2018. After fully paid, there will be no longer enforceable by the payable. Therefore, the Court stops an inquiry to both the Company and the creditor to follow their cited agreement. As a result, the Company has a gain on debt restructuring amounting to Baht 9,333,575. (Note 29)

**23 Deposit payables**

	<b>Consolidated and Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
Deposit payables on factoring	1,317,179	6,206,033
Deposit payables on loans	15,536,739	15,536,739
Total deposit payables	<u>16,853,918</u>	<u>21,742,772</u>

**24 Other current liabilities**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Accrued personnel expenses	13,222,366	4,913,614	13,222,366	4,913,614
Accrued expenses	8,570,774	10,130,629	8,570,774	10,130,629
Dividend payable	373,537	373,537	373,537	373,537
Income tax payable	7,791,731	5,956,568	7,791,731	5,956,568
Insurance premium waite for submitting to insurance companies	6,983,527	4,090,194	6,983,527	4,090,194
Commission waited for submitting to dealer	1,053,246	-	1,053,246	-
Loan payable from purchase of receivables	-	1,001,354	-	1,001,354
Specific business tax payable	115,391	304,426	115,391	304,426
Output vat payable	2,439,575	998,030	2,439,575	998,030
Withholding tax payable	444,200	325,858	444,200	325,858
Suspend account waited for repayment	330,815	221,888	330,815	221,888
Collection waited for repayment to asset management company	994,532	-	994,532	-
Others	2,494,472	477,586	2,382,602	420,286
Total	<u>44,814,166</u>	<u>28,793,684</u>	<u>44,702,296</u>	<u>28,736,384</u>

**25 Employee benefit obligations**

	<b>Consolidated and Separate financial statement</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
<b>Statement of financial position:</b>		
Retirement benefits	5,272,933	5,781,694
<b>Loss charge included in operating profit for:</b>		
Retirement benefits	2,981,343	490,776
<b>Remeasurement for:</b>		
Retirement benefits	354,946	(127,304)

The movement in the defined benefit obligation over the year is as follows:

	<b>Consolidated and Separate financial statement</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
At 1 January	5,781,694	5,418,222
Current service cost	2,716,313	373,497
Interest expense	265,030	117,279
Benefit payment during the year	(3,845,050)	-
Remeasurements:	(1,217,982)	(2,274,253)
Gain from change in demographic assumptions	(615,606)	1,139,884
Loss from change in financial assumptions	2,188,534	1,007,065
At 31 December	5,272,933	5,781,694

Expense (Revenue) for employee benefits were recognised in the statements of comprehensive income as follows:

	<b>Consolidated and Separate financial statement</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
Current service costs	2,716,313	373,497
Interest costs	265,030	117,279
Remeasurement for employee benefit obligations	345,946	(127,304)
	3,336,289	363,472

The principal actuarial assumptions used were as follows:

	<b>Consolidated and Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
Discount rate	3.10%	3.90%
Salary increase rate	7.36%	9.38%
Mortality rate	100% of TMO2017	100% of TMO2017
Turnover rate	12%	9%
Retirement age	Aged 60 year	Aged 60 year

### Sensitivity analysis

	Increase (decrease) in provisions for post-employment benefits	
	Consolidated and Separate financial statements	
	2018 %	2017 %
<b>Financial Assumptions</b>		
Discount rate		
Increase 0.05%	(2.64)	(4.53)
Decrease 0.05%	2.81	4.85
Salary increase rate		
Increase 0.05%	2.66	4.56
Decrease 0.05%	(2.53)	(4.26)
<b>Demographic Assumptions</b>		
Turnover rate		
Increase 0.05%	(3.05)	(5.15)
Decrease 0.05%	3.25	5.52

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the employee benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognised within the statement of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

The weighted average duration of the defined benefit obligation are 18 years (2017: 18 years).

Analysis of the maturity of the payment of retirement benefits is as follows:

	Consolidated and Separate financial statements				
	Less than a year Baht	Between 2-5 years Baht	Between 6-10 years Baht	Over 11 years Baht	Total Baht
At 31 December 2018 Pension benefits	3,083,837	3,209,150	4,333,847	7,029,123	17,655,957
Total	3,083,837	3,209,150	4,333,847	7,029,123	17,655,957



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**26 Share capital**

	Consolidated financial statements					
	Number of issued and paid-up ordinary shares Shares	Issued and paid-up ordinary shares Baht	Number of issued and paid-up preference shares Shares	Issued and paid-up preference shares Baht	Discount on paid-up capital ordinary shares Baht	Expired warrants Baht
As at 1 January 2018	13,100,000,000	6,550,000,000	40	20	(4,647,066,423)	49,572,422
Changed in par value	(11,790,000,000)	(4,912,500,000)	(36)	(15)	4,647,066,423	-
Distributed expired warrants to retained earnings - unappropriated	-	-	-	-	-	(49,572,422)
As at 31 December 2018	<u>1,310,000,000</u>	<u>1,637,500,000</u>	<u>4</u>	<u>5</u>	<u>-</u>	<u>-</u>

There is no movement of preference shares, ordinary shares, discount on paid-up capital ordinary shares and expired warrants for the consolidated financial statements for the year ended 31 December 2017.

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	Separate financial statements					Expired warrants Baht
	Number of issued and paid-up ordinary shares Shares	Issued and paid-up ordinary shares Baht	Number of issued and paid-up preference shares Shares	Issued and paid-up preference shares Baht	Discount on paid-up capital ordinary shares Baht	
As at 1 January 2018	13,100,000,000	6,550,000,000	40	20	(4,647,066,423)	49,572,422
Changed in par value	(11,790,000,000)	(4,912,500,000)	(36)	(15)	4,647,066,423	-
Distributed expired warrants to retained earnings - unappropriated	-	-	-	-	-	(49,572,422)
As at 31 December 2018	<u>1,310,000,000</u>	<u>6,550,000,000</u>	<u>4</u>	<u>5</u>	<u>-</u>	<u>-</u>

There is no movement of preference shares, ordinary shares, discount on paid-up capital ordinary shares and expired warrants for the separate financial statements for the year ended 31 December 2017.

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The total number of authorised ordinary shares is 1,310,000,000 shares (2017: 13,100,000,000 shares) with a par value of Baht 1.25 per share (2017: Baht 0.50 per share) and the total number of authorised preference shares is 4 shares (2017: 40 shares) with a par value of Baht 1.25 per share (2017: Baht 0.50 per share). All issued shares are fully paid.

On 7 August 2018, the shareholders at the Extraordinary Meeting No. 2/2018 passed a resolution to approve the changed in par value by combining the Company's Share value from 13,100,000,000 ordinary shares with a par value of Baht 0.50 per share to 1,310,000,000 ordinary shares with a par value of Baht 5.00 per share and 40 preference shares with a par value of Baht 0.50 per share to 4 ordinary shares with a par value of Baht 5.00 per share.

The shareholders at the Extraordinary Meeting No. 2/2018 passed a resolution to approve the surplus from expired warrant to compensate the deficit Baht 49,572,422.

Furthermore, the shareholders at the Extraordinary Meeting No. 2/2018 passed a resolution to approve the issued and paid-up share capital by reducing the issued and paid-up share capital from amounting to Baht 6,550,000,020 with a par value of Baht 5.00 per share to amounting to Baht 1,637,500,005 with a par value of Baht 1.25 per share in order to compensate the discount on paid-up capital of ordinary shares and the deficit.

**27 Legal reserve**

	<b>Consolidated and Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
At 1 January	-	-
Appropriation during the year	9,319,724	-
At 31 December	9,319,724	-

Under the Public Limited Company Act., B.E. 2535, the Company is required to set aside as a legal reserve at least 5 % of its net profit after accumulated deficit brought forward (if any) until the reserve is not less than 10 percent of the registered capital. The legal reserve is non-distributable.

**28 Interest income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Factoring interest income (Note 11)	237,398,433	2,297,849	237,398,433	2,297,849
Personal loans interest income	1,232,250	1,960,617	1,232,250	1,960,617
Loans interest income	48,072,082	86,529,620	48,072,082	86,529,620
Interest income from purchase of receivables	7,167,053	12,289,221	7,167,053	12,289,221
Hire purchase interest income	158,397,675	39,767,890	158,397,675	39,767,890
Other interest income	220,122	185,264	218,667	142,986
Total interest income	452,487,615	143,030,461	452,486,160	142,988,183

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**29 Other income**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Fair value gain on trading investments (Note 10)	2,490,802	4,837,791	2,144,815	4,764,251
Gains from disposals of investment property	5,612,601	-	5,612,601	-
Gains from disposals of equipment	291,809	1,851,726	291,809	1,851,726
Gains on debt restructuring (Note 22)	9,333,575	-	9,333,575	-
Other income	94,275	331,323	94,275	331,323
<b>Total</b>	<b>17,823,062</b>	<b>7,020,840</b>	<b>17,477,075</b>	<b>6,947,300</b>

**30 Expenses by nature**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Marketing expenses	8,135,195	9,066,421	8,135,195	9,064,024
Marketing incentives	15,991,112	1,912,993	15,991,112	1,912,993
Advisory and professional fee	9,244,973	9,870,115	9,012,678	9,815,115
Personnel expenses	119,663,403	76,385,269	119,663,403	76,385,269
Depreciation and amortisation expenses	8,140,434	4,405,042	8,140,434	4,405,042
Rental and services expenses	15,395,333	9,873,644	15,395,333	9,873,644
Specific business tax and other taxes	12,913,973	5,638,993	12,913,973	5,638,993
Utilities expenses	7,629,616	2,618,026	7,629,616	2,618,026
Fuel expenses	11,113,126	6,405,566	11,113,126	6,405,566
Other expenses	4,959,683	3,794,573	4,959,683	3,563,110
<b>Total expenses by nature</b>	<b>213,186,848</b>	<b>129,970,642</b>	<b>212,954,553</b>	<b>129,681,782</b>

**31 Income tax expenses**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Current tax	16,758,277	9,650,690	16,730,005	9,650,690
Adjustments in respect of prior year	235,288	-	235,288	-
Increase in deferred tax assets	1,866,241	7,950,759	1,866,241	7,950,759
<b>Total</b>	<b>18,859,806</b>	<b>17,601,449</b>	<b>18,831,534</b>	<b>17,601,449</b>

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The income tax expenses on profit before tax differ from the theoretical amount that would arise using the basic tax rate of as follows:

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
Profit before tax	205,482,728	50,221,720	205,226,014	50,394,762
Tax calculated at a tax rate of 20% (2017: 20%)	41,096,546	10,044,344	41,045,203	10,078,952
Tax effect of:				
Addition income subject to tax	7,447,560	7,814,073	7,447,560	7,814,073
Expenses not deductible for tax purpose	8,819,218	660,824	8,842,289	660,824
Additional deductible expenses	(38,738,806)	(934,400)	(38,738,806)	(934,400)
Tax losses for which no deferred income tax asset was recognised	-	34,608	-	-
Adjustment in respect of prior year	235,288	-	235,288	-
Income tax expenses	18,859,806	17,619,449	18,831,534	17,619,449

### 32 Earnings per share

Basic earnings per share is calculated by dividing the net profit attributable to shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>2018</b>	<b>Revised 2017</b>	<b>2018</b>	<b>Revised 2017</b>
Net profit attributable to shareholders (Baht)	186,622,922	32,602,271	186,394,480	32,775,313
Weighted average number of ordinary shares in issue (Shares)	1,310,000,000	1,310,000,000	1,310,000,000	1,310,000,000
Basic earnings per share (Baht)	0.1425	0.0249	0.1423	0.0250

There are no potential dilutive ordinary shares in issue for the years ended 31 December 2018 and 2017.

On 7 August 2018, the shareholders at the Extraordinary Meeting No. 2/2018 passed a resolution to approve the changed in par value by combining the Company's Share value from 13,100,000,000 ordinary shares with a par value of Baht 0.50 per share to 1,310,000,000 ordinary shares with a par value of Baht 1.25 per share.(Note 26).

For the purpose of comparison, the number of ordinary shares that used for calculated earning per shares for the year ended 31 December 2017 will be the same as the number of ordinary shares that used for calculated earning per shares for the year ended 31 December 2018.

### **33 Financial instruments**

Financial instruments are any contracts that give rise to both a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **Interest rate risk**

The Group is exposed to various risks associated with the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The major financial assets and liabilities which bear market interest rate and fixed interest rate that potentially subject the Group to the change of interest rate risk.

#### **Credit risk**

Financial assets that potentially subject the Group to credit risk consist principally of hire purchase and loan receivables.

Management manages the risk by adopting appropriate credit control policies and procedures and therefore, the Group does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of hire purchase and loan receivables as stated in the statement of financial position.

#### **Liquidity risk**

Liquidity risk is the risk that the Group will be unable to pay its debts and obligations when due because of an inability to convert assets into cash timely, or because of its failure to procure enough funds.

Management is responsible for liquidity management, including procurement of both short-term and long-term sources of funds.

#### **Fair value**

The Group estimated fair values of financial instruments as presentation in Note to Financial Statements no. 6 Fair value estimation.



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Interest rate risk

Consolidated financial statements							
2018							
Floating Interest rate Baht 000'	Earlier of remaining maturity date or contractual repricing					No interest 000'	Total 000'
	At Call Baht 000'	< 1 year Baht 000'	1 - 5 years Baht 000'	> 5 years Baht 000'			
<b>Financial assets</b>							
Cash and cash equivalents	50,971	-	-	-	-	11,825	62,796
Short-term investments	-	-	-	-	-	160,551	160,551
Factoring receivables, net	-	-	-	205,737	-	-	205,737
Finance lease receivables, net	-	-	-	36,848	-	-	36,848
Hire purchase receivables, net	-	-	199,410	887,720	81,665	-	1,168,795
Personal loans receivables, net	-	-	3,007	941	-	-	3,948
Loans, net	-	-	266,676	486,089	-	-	752,765
Restricted cash	10,000	-	14,110	-	-	-	24,110
Loan receivables from purchase of receivables, net	-	-	254	-	-	-	254
	60,971	-	483,457	1,617,335	81,665	172,376	2,415,804

<b>Financial liabilities</b>							
Short-term borrowings from others	-	-	74,748	-	-	-	74,748
Long-term borrowings from others	-	-	-	261,186	-	-	5,561
Finance lease liabilities, net	-	-	1,016	4,545	-	-	261,186
	-	-	75,764	265,731	-	-	341,495

Consolidated financial statements							
2017							
Floating Interest rate Baht 000'	At Call Baht 000'	Earlier of remaining maturity date or contractual repricing			No interest 000'	Total 000'	
		< 1 year Baht 000'	1 - 5 years Baht 000'	> 5 years Baht 000'			
<b>Financial assets</b>							
Cash and cash equivalents	18,491	-	-	-	-	9,873	28,364
Short-term investments	-	-	-	-	-	215,657	215,657
Factoring receivables, net	-	-	2,596	444,366	-	-	446,962
Finance lease receivables, net	-	-	-	40,602	-	-	40,602
Hire purchase receivables, net	-	-	62,631	309,079	76	-	371,786
Personal loans receivables, net	-	-	3,737	13,146	-	-	16,883
Loans, net	-	-	299,096	610,372	-	-	909,468
Restricted cash	-	-	1,000	-	-	-	1,000
Loan receivables from purchase of receivables, net	-	-	-	8,537	-	-	8,537
	18,491	-	368,060	1,426,102	76	225,530	2,039,259

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Consolidated financial statements							
2017							
Floating Interest rate Baht 000'	At Call Baht 000'	Earlier of remaining maturity date or contractual repricing			No interest 000'	Total 000'	
		< 1 year Baht 000'	1 - 5 years Baht 000'	> 5 years Baht 000'			
<b>Financial liabilities</b>							
Short-term borrowings from others	-	-	9,452	-	-	-	9,452
Finance lease liabilities, net	-	-	1,413	6,354	-	-	7,767
	-	-	10,865	6,354	-	-	17,219
Separate financial statements							
2018							
Floating Interest rate Baht 000'	At Call Baht 000'	Earlier of remaining maturity date or contractual repricing			No interest 000'	Total 000'	
		< 1 year Baht 000'	1 - 5 years Baht 000'	> 5 years Baht 000'			
<b>Financial assets</b>							
Cash and cash equivalents	50,507	-	-	-	11,825	62,332	
Short-term investment	-	-	-	-	160,551	160,551	
Factoring receivables, net	-	-	205,737	-	-	205,737	
Finance lease receivables, net	-	-	36,848	-	-	36,848	
			887,720			1,168,795	
Hire purchase receivables, net	-	-	199,410	81,665	-	-	
Personal loans receivables, net	-	-	3,007	941	-	-	3,948
			486,089			752,765	
Loans, net	-	-	266,676	-	-	-	
Restricted cash	10,000	-	14,110	-	-	-	24,110
Loan receivables from purchase of receivables, net	-	-	254	-	-	-	254
	60,507	-	483,457	1,617,335	81,665	172,376	2,415,340
<b>Financial liabilities</b>							
Short-term borrowings from others	-	-	74,748	-	-	-	74,748
Borrowings from subsidiaries	-	41,000	-	-	-	-	41,000
Long-term borrowings from others	-	-	261,186	-	-	-	5,561
Finance lease liabilities, net	-	-	1,016	4,545	-	-	261,186
	-	41,000	75,764	265,731	-	-	382,495

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Separate financial statements							
2017							
	Floating Interest rate Baht 000'	Earlier of remaining maturity date or contractual repricing					
		At Call Baht 000'	< 1 year Baht 000'	Interest rate Baht 000'	At Call Baht 000'	< 1 year Baht 000'	Interest rate Baht 000'
<b>Financial assets</b>							
Cash and cash equivalents	18,449	-	-	-	-	9,873	28,322
Short-term investments	-	-	-	-	-	174,584	174,584
Factoring receivables, net	-	-	2,596	444,366	-	-	446,962
Finance lease receivables, net	-	-	-	40,602	-	-	40,602
Hire purchase receivables, net	-	-	62,631	309,079	76	-	371,786
Personal loans receivables, net	-	-	3,737	13,146	-	-	16,883
Loans, net	-	-	299,096	610,372	-	-	909,468
Restricted cash	-	-	1,000	-	-	-	1,000
Loan receivables from purchase of receivables, net	-	-	-	8,537	-	-	8,537
	18,449	-	368,060	1,426,102	76	184,457	1,998,144
<b>Financial liabilities</b>							
Short-term borrowings from others	-	-	9,452	-	-	-	9,452
Finance lease liabilities, net	-	-	1,413	6,354	-	-	7,767
	-	-	10,865	6,354	-	-	17,219

**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

Liquidity risk

<b>Consolidated financial statements</b>						
<b>2018</b>						
	<b>At call</b>	<b>Within</b>		<b>Over</b>		
	<b>Baht</b>	<b>1 year</b>	<b>1 - 5 years</b>	<b>than 5</b>	<b>Unspecified</b>	<b>Total</b>
	<b>000'</b>	<b>Baht</b>	<b>Baht</b>	<b>years</b>	<b>Baht</b>	<b>Baht</b>
	<b>000'</b>	<b>000'</b>	<b>000'</b>	<b>Baht</b>	<b>000'</b>	<b>000'</b>
<b><u>Financial assets</u></b>						
Cash and cash equivalents	62,796	-	-	-	-	62,796
Short-term investments	160,551	-	-	-	-	160,551
Factoring receivables, net	-	-	205,737	-	-	205,737
Finance lease receivables, net	-	-	36,848	-	-	36,848
Hire purchase receivables, net	-	199,410	887,720	81,665	-	1,168,795
Personal loans receivables, net	-	3,007	941	-	-	3,948
Loans, net	-	266,676	486,089	-	-	752,765
Restricted cash	10,000	14,110	-	-	-	24,110
Loan receivables from purchase of receivables, net	-	254	-	-	-	254
	<u>233,347</u>	<u>483,457</u>	<u>1,617,335</u>	<u>81,665</u>	<u>-</u>	<u>2,415,804</u>
<b><u>Financial liabilities</u></b>						
Short-term borrowings from others	-	74,748	-	-	-	74,748
Long-term borrowings - others	-	-	261,186	-	-	261,186
Finance lease liabilities, net	-	1,016	4,545	-	-	5,561
Accrued interest expenses	-	4,380	-	-	-	4,380
	<u>-</u>	<u>80,144</u>	<u>265,731</u>	<u>-</u>	<u>-</u>	<u>345,875</u>
<b>Consolidated financial statements</b>						
<b>2017</b>						
	<b>At call</b>	<b>Within</b>		<b>Over</b>		
	<b>Baht</b>	<b>1 year</b>	<b>1 - 5 years</b>	<b>than</b>	<b>Unspecified</b>	<b>Total</b>
	<b>000'</b>	<b>Baht</b>	<b>Baht</b>	<b>5 years</b>	<b>Baht</b>	<b>Baht</b>
	<b>000'</b>	<b>000'</b>	<b>000'</b>	<b>Baht</b>	<b>000'</b>	<b>000'</b>
<b><u>Financial assets</u></b>						
Cash and cash equivalents	28,364	-	-	-	-	28,364
Short-term investments	215,657	-	-	-	-	215,657
Factoring receivables, net	-	2,520	500,279	-	-	502,799
Finance lease receivables, net	-	-	40,602	-	-	40,602
Hire purchase receivables, net	-	62,631	309,079	76	-	371,786
Personal loans receivables, net	-	3,761	13,720	-	-	17,481
Loans, net	-	299,900	677,969	-	-	977,869
Restricted cash	-	-	1,000	-	-	1,000
Loan receivables from purchase of receivables, net	-	-	8,537	-	-	8,537
	<u>244,021</u>	<u>368,812</u>	<u>1,551,186</u>	<u>76</u>	<u>-</u>	<u>2,164,095</u>
<b><u>Financial liabilities</u></b>						
Short-term borrowings from others	-	9,452	-	-	-	9,452
Finance lease liabilities, net	-	1,413	6,354	-	-	7,767
Accrued interest expenses	-	4,261	-	-	-	4,261
	<u>-</u>	<u>15,126</u>	<u>6,354</u>	<u>-</u>	<u>-</u>	<u>21,480</u>

**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

Separate financial statements						
2018						
	At call Baht 000'	Within 1 year Baht 000'	1 - 5 years Baht 000'	Over than 5 years Baht 000'	Unspecified Baht 000'	Total Baht 000'
<b>Financial assets</b>						
Cash and cash equivalents	62,332	-	-	-	-	62,332
Short-term investments	160,551	-	-	-	-	160,551
Factoring receivables, net	-	-	205,737	-	-	205,737
Finance lease receivables, net	-	-	36,848	-	-	36,848
Hire purchase receivables, net	-	199,410	887,720	81,665	-	1,168,795
Personal loans receivables, net	-	3,007	941	-	-	3,948
Loans, net	-	266,676	486,089	-	-	752,765
Restricted cash	10,000	14,110	-	-	-	24,110
Loan receivables from purchase of receivables, net	-	254	-	-	-	254
	<u>232,883</u>	<u>483,457</u>	<u>1,617,335</u>	<u>81,665</u>	<u>-</u>	<u>2,415,340</u>
<b>Financial liabilities</b>						
Short-term borrowings from others	-	74,748	-	-	-	74,748
Borrowings from subsidiaries	-	41,000	-	-	-	41,000
Long-term borrowings from others	-	-	261,186	-	-	261,186
Finance lease liabilities, net	-	1,016	4,545	-	-	5,561
Accrued interest expenses	-	4,522	-	-	-	4,522
	<u>-</u>	<u>121,286</u>	<u>265,731</u>	<u>-</u>	<u>-</u>	<u>387,017</u>
Separate financial statements						
2017						
	At call Baht 000'	Within 1 year Baht 000'	1 - 5 years Baht 000'	Over than 5 years Baht 000'	Unspecified Baht 000'	Total Baht 000'
<b>Financial assets</b>						
Cash and cash equivalents	28,322	-	-	-	-	28,322
Short-term investments	174,584	-	-	-	-	174,584
Factoring receivables, net	-	2,520	500,279	-	-	502,799
Finance lease receivables, net	-	-	40,602	-	-	40,602
Hire purchase receivables, net	-	62,631	309,079	76	-	371,786
Personal loans receivables, net	-	3,761	13,720	-	-	17,481
Loans, net	-	299,900	677,969	-	-	977,869
Restricted cash	-	-	1,000	-	-	1,000
Loan receivables from purchase of receivables, net	-	-	8,537	-	-	8,537
	<u>203,906</u>	<u>368,812</u>	<u>1,551,186</u>	<u>76</u>	<u>-</u>	<u>2,122,980</u>
<b>Financial liabilities</b>						
Short-term borrowings from others	-	9,452	-	-	-	9,452
Finance lease liabilities, net	-	1,413	6,354	-	-	7,767
Accrued interest expenses	-	4,261	-	-	-	4,261
	<u>-</u>	<u>15,126</u>	<u>6,354</u>	<u>-</u>	<u>-</u>	<u>21,480</u>

### **34 Related party transactions**

Enterprises and individuals that, directly or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related-party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

The Company is held 18.08% of shares by Thongtang family who is the majority shareholder.

The followings are relationships of the Company and related parties.

<b>Name of entities</b>	<b>Country of incorporation/ nationality</b>	<b>Business</b>	<b>Nature of relationships</b>
SGF Asset Management Company Limited	Thailand	Purchase or transfer of loan receivables	Subsidiary
SGF Service Management Company Limited	Thailand	Providing financial advice service	Subsidiary
SGF Capital (Nakhon Ratchasima) Company Limited	Thailand	Providing short-term loan in Nakhon Ratchasima	Subsidiary
SGF Capital (Chiangmai) Company Limited	Thailand	Providing short-term loan in Chiangmai	Subsidiary
SGF Capital (Chonburi) Company Limited	Thailand	Providing short-term loan in Chonburi	Subsidiary
WTH Holdings Company Limited	Thailand	Providing services related to building and place	Same shareholder
Wichaithongtang Law Office Company Limited	Thailand	Providing legal counsel	Same shareholder

The following transactions were carried out with related parties:



**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

**34.1 Outstanding balances**

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>31 December 2018 Baht</b>	<b>31 December 2017 Baht</b>	<b>31 December 2018 Baht</b>	<b>31 December 2017 Baht</b>
<u>Subsidiaries</u>				
SGF Asset Management Company Limited				
<u>Assets</u>				
Advance payment for company establishment	-	-	140,197	140,197
Advance payment others	-	-	128,801	-
<u>Liabilities</u>				
Accrued interest expenses	-	-	84,657	-
SGF Service Management Company Limited				
<u>Assets</u>				
Advance payment for company establishment	-	-	6,400	6,400
Advance payment others	-	-	15,100	-
<u>Liabilities</u>				
Accrued interest expenses	-	-	3,485	-
SGF Capital (Nakhon Ratchasima) Company Limited				
<u>Assets</u>				
Advance payment for company establishment	-	-	28,830	28,830
Advance payment others	-	-	20,719	-
<u>Liabilities</u>				
Accrued interest expenses	-	-	17,425	-
SGF Capital (Chiangmai) Company Limited				
<u>Assets</u>				
Advance payment for company establishment	-	-	29,005	29,005
Advance payment others	-	-	21,158	-
<u>Liabilities</u>				
Accrued interest expenses	-	-	17,918	-
SGF Capital (Chonburi) Company Limited				
<u>Assets</u>				
Advance payment for company establishment	-	-	29,005	29,005
Advance payment others	-	-	20,719	-
<u>Liabilities</u>				
Accrued interest expenses	-	-	18,082	-

### 34.2 Borrowings from subsidiaries

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
	<b>31 December 2018 Baht</b>	<b>31 December 2017 Baht</b>	<b>31 December 2018 Baht</b>	<b>31 December 2017 Baht</b>
<u>Borrowing from :</u>				
SGF Asset Management Company Limited	-	-	25,000,000	-
SGF Service Management Company Limited	-	-	1,000,000	-
SGF Capital (Nakhon Ratchasima) Company Limited	-	-	5,000,000	-
SGF Capital (Chiangmai) Company Limited	-	-	5,000,000	-
SGF Capital (Chonburi) Company Limited	-	-	5,000,000	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>41,000,000</b>	<b>-</b>

The loans from subsidiaries were provided interest rate 1.2% annually, and there were repayment at call.

### 34.3 Expenses to related parties

	<b>Consolidated financial statements</b>		<b>Separate financial statements</b>	
<b>For the year ended 31 December</b>	<b>2018 Baht</b>	<b>2017 Baht</b>	<b>2018 Baht</b>	<b>2017 Baht</b>
<u>Interest expenses to :</u>				
SGF Asset Management Company Limited	-	-	84,657	-
SGF Service Management Company Limited	-	-	3,485	-
SGF Capital (Nakhon Ratchasima) Company Limited	-	-	17,425	-
SGF Capital (Chiangmai) Company Limited	-	-	17,918	-
SGF Capital (Chonburi) Company Limited	-	-	18,082	-

**SGF Capital Public Company Limited**  
**Notes to the Consolidated and Separate Financial Statements**  
**For the year ended 31 December 2018**

For the year ended 31 December	Pricing policies	Consolidated and Separate financial statements	
		2018 Baht	2017 Baht
<u>Same shareholder companies</u>			
Wichaithongtang law office Co., Ltd.			
Legal advisor fees	Agreed price, as discussed on the agreement	600,000	600,000
WTH Holding Limited			
Building rental and expenses	Agreed price, as discussed on the agreement	1,701,000	1,440,000
Service expenses	Agreed price, as discussed on the agreement	1,184,400	1,080,000

#### 34.4 Remuneration of Directors and Executives

Remuneration of Directors and Executives for the Group for the year ended 31 December 2018 and 2017 are as follows:

For the year ended 31 December	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Short-term benefits		
- Directors remuneration	2,067,500	3,935,999
- Management remuneration	17,573,893	15,070,575
Post-employment benefits	1,175,166	1,236,271
Total	20,816,599	20,242,845

### 35 Commitments

#### 35.1 Capital commitments

Capital expenditure contracted as at the statement of financial position date but not recognised in the financial statements is as follows:

	Consolidated and Separate financial statements	
	2018 Baht	2017 Baht
Renovation and Decorative Building	-	1,063,995
Software installation contract	632,156	278,495
Total	632,156	1,342,490

### **35.2 Operating lease commitments - where the Company is the lessee**

The future aggregate minimum lease payments under non-cancellable operating leases is as follows:

	<b>Consolidated and Separate financial statements</b>	
	<b>2018 Baht</b>	<b>2017 Baht</b>
Not later than 1 year	12,359,110	13,162,881
Later than 1 year but not later than 5 years	6,629,743	19,551,467
Total	<u>18,988,853</u>	<u>32,714,348</u>

### **36 Contingent liabilities**

As at 31 December 2018, the Company has the following significant lawsuits;

- 36.1 The Company was sued in a lawsuit involving a transfer of rings. Since the Company has been purchasing factoring loans from one customer. The Company has notified the transfer of rights to the debtor, and was paid according to such transfer agreement. But later, there was a third party filed a lawsuit against the Company, to request the cancellation of the transfer agreement and return the transferred amount to the third party, by referred that there was the transfer of the right to them before the Company in the amount of Baht 4,319,249. The Company did not record such provision in the financial statements. Because the outsource legal advisor of the Company had the opinion that the Company had all complied with the law of right transferring and the court should dismiss this case. The case has been transferred to the jurisdiction of the Central Administrative Court. On 28 September 2018, the Central Administrative Court has the judgment in which part of it involves to the Company that “the Company is neither the contractual party nor be obliged to be responsible to perform the debt to the claimant.” Therefore the claimant has no right to sue the Company.
- 36.2 The Company has been sued by a third party to cancel the mortgage of land and building, which was executed between the Company and the client. The third party argued that it had entered into the agreement to buy a piece of land and building with the client. However, the client created the mortgage encumbrance with the Company. Therefore, such mortgage breached to the announcement of the Central Land Allocation Committee. The case is in the process of expanding the appeal period.
- 36.3 The company has been sued by 7 foreigners, third parties, on a juristic act to cancel the mortgages for land and buildings which was executed between the Company and the client. The plaintiffs argued that they had entered into sale and purchase contract to buy a piece of land and building with the client; therefore, after the payment had already been made with the full amount, the ownership of assets must be transferred. However, since the client engaged in the mortgage encumbrance with the Company, such mortgage breached the announcement of the Land Development Central Committee. This case is during in the court negotiation process.

## Corporate Social Responsibility

The company has good corporate governance and operating policy under principle of ethics, sets efficient management system, strictly abides by regulations and law, operates under transparency; fairness; and verifiable working process, and takes responsibilities for social to bring the company to be a sustainable developed company. The company determines business ethics to build understanding and consciousness of participation in order to cause concrete performance in every stage of working process, and operating business. We can summarize the substantial as follows.

**1. To design Corporate governance policy**, the Company has prescribed policies and practice guidelines for Directors, Executives and employees to follow in order to comply with laws and the Company's regulations and abide by the business ethics in performing duties and decision making with honesty.

**2. To determine Code of Conduct**, the Company has established the code of conduct and communicated to all employees, including new employees, to ensure mutual knowledge and understanding on business ethics in order to create confidence among shareholders; and all stakeholders, and provide competitiveness and long term success to the Company

### Corporate Social Responsibility – in Employee's Perspective

The Company has designated an employ policy holding equal equality; stability; and professional advancement principles. Management and staff are obligated to comply with human rights principles and mustn't support any violation of human right. The Company prohibits the use of child labor; and human trafficking, and discourages engaging in or accepting any form of bribery or corruption. Employees are treated fairly and appropriate welfare such as:

1. The company provides fair remunerations appropriate to the responsibilities and work performance of each employee. Various benefits are depend on performance, such as bonus, reward, commission etc. and other benefits which more than requirement in the law such as provident fund, and uniform etc.
2. The Company provides competency development continuously. The Company is confident that personnel development is important to encourage people with potential and performance to maximize their knowledge and skills that will strengthen the competitiveness of the organization.
3. The Company has a number of projects to enhance employees' health and employees' working stability. The Company provides health care project such as Annual medical check-up with check-up program that suitable for each staff. Medical assistance benefit to relieve employee's financial burden which related to medical treatment fees for both cases of in-patients and out patients. Moreover, there are various employee wellness program to relief employees from work and join the activities together, such as employees' sport activities, new year party etc.
4. The company has the project to enhance well-being of employees by setting up employees' loan and motor cycle hire purchase welfare for the company's employees etc.

### Corporate Social Responsibility – in Business Partner's Perspective and Shareholder's Perspective

The company has operating policy under principle of ethics; transparency; and verifiable working process under good corporate governance so that the company is able to disclose entirely information to stockholders, and investors. However, the company has channel that stakeholders can inform in case of imperfect services or fraud trace by sending E-mail to "internal\_audit@sgfcap.com" or "apinya.b@sgfcap.com"

The company has fair procedure of selection business partner and deals with business partner neutrally based on obtaining fair return in both the company and our partners.

The company holds policy that the company will act to the creditor according to condition or trading agreement. The company abides by loan condition, and doesn't intend to conceal information which causing any damage to creditor or financial institution.

### Corporate Social Responsibility – in Society's Perspective

The company has social responsibility policy, as follows.



1. On 19 January 2018, the company gave scholarship (5,000 Baht) and sport equipment (5,000 Baht) to students in Banmeakhamei school, Kaeng Krachan District, Phetchaburi Province.



2. Pha Pah Samakkee (Religious Fundraising) Ceremony and Demarcation Ceremony held at Wat Wang Ri in Khao Cha Kan district, Sa Kaeo province.
3. Financial donation for the Thai Red Cross Society in the Bang Bua Thong and Thai Red Cross Society fair organized in Nonthaburi province.
4. Financial donations and supports of necessities for victims of public disasters, for instance, fire, storm, flood, and other untoward incidents that may cause death or serious damage to people in the society.

#### Corporate Social Responsibility – in Environment's Perspective

The company emphasizes on worthy usage of resource and energy. In the previous time, the company has a plenty of projects which maximize worthy usage of resource and energy as follows.

1. The company has the project to reduce paper usage. The company boosts the employees to file important documents in electronic format in order to reduce paper usage and conveniently use.
2. The company encourages reuse the paper which only used in one side in order to reduce paper usage.
3. The company has the campaign for using ladder instead of using lift in case of lift up or down only 1 stage so as to save the energy and exercise.

#### Against Corruption and fraud

The company emphasizes on resisting any corruption and fraud in all methods. The company cultivates consciousness in management team and all level of employees, instructs right core value as mentioned below.

1. All employees mustn't propose returns, demands, agreements, or take a bribe from others in every form, both direct and indirect way, in order to sub serve benefit of each other or take an exploit of company's working.
2. Fraud employee will be punished in every cases, the company won't consider that how much value of the fraud has occurred.
3. If the company finds any fraud, the company won't consider that what the position of the fraud employee is being. Judgement; and punishment will be equal.
4. The company has repeatedly cultivated honesty working value, non-taking an exploit in the position value or non-sub serving the others value in all employees. The company allows employee to acknowledge punishment, as well as distress; and loss which the employee will be received from fraud.
5. All employees have to inspect circumstance in the company. If there is fraud event occurring in department, the employees have to report to the company immediately through commander or other channels which determined by the company or internal control department.



## Branch and Reference

**Head Office** : 121 4<sup>th</sup> Floors, WTH Holding Building, Vibhavadi-Rangsit Road, Samsen – Nai, Phyathai, Bangkok 10400  
**Telephone** : 0-2232-1789 **Fax** : 0-2232-1790

Now, the company had 41 branch offices, separate to region as follow:

### North Region

**Chiangmai** : 38/7-8 Chaingmai-Lampang Rd., (Opposite Wat Jed Yod), Tambon Changpuek, Amphoe Muang, Chiangmai 50300  
**Telephone** : 063-832-2908

**Phitsanulok** : 8/18 Moo 5, Tambon Samo Khae, Amphoe Muang, Phitsanulok 65000  
**Telephone** : 064-585-3510

**Petchaboon** : 52/175 Thepha Phatthana Rd, Tambon Naimuang, Amphoe Muang, Petchaboon 67000  
**Telephone** : -

**Payao** : 167/5 Moo 3, Tambon Tawangthong, Amphoe Muang, Payao 56000  
**Telephone** : -

### North-East Region

**Nakhon Ratchasima** : 143/8 Sapasit Rd., Tambon Naimuang, Amphoe Muang, Nakhon Ratchasima 30000  
**Telephone** : 064-585-3542

**Loei** : 87/4-5 Maliwan Rd., Tambon Kudpong, Amphoe Muang, Loei 42000  
**Telephone** : 064-585-3527

**Mukdahan** : 39/2 Muangmai Rd., Tambon Mukdahan, Amphoe Muang, Mukdahan 49000  
**Telephone** : 064-585-3517

**U-don Thani** : 844/5 Tahan (Dongwat) Rd., Tambon Makkang, Amphoe Muang, U-don Thani 41000  
**Telephone** : 064-585-3529

**Khonkaen** : 588/41-42 Moo 5, Tambon Muang kao, Amphoe Muang, Khonkaen 40000  
**Telephone** : 064-585-3524

**Sakon Nakorn** : 85/33 Nitayo, Tambon That Choeng Chum, Amphoe Muang, Sakon Nakorn 47000  
**Telephone** : 064-585-3519

**Surin** : 147 Moo 22, Tambon Nok Muang, Amphoe Muang, Surin 32000  
**Telephone** : 064-585-3520

**Buriram** : 690/11 Moo 1, Tambon E-san, Amphoe Muang, Buriram 31000  
**Telephone** : 064-585-3516

**Ubon Ratchathani** : 569 Moo 18, Chayangkul Rd., Tambon Kamyai, Amphoe Muang, Ubon Ratchathani 34000  
**Telephone** : 064-585-3518

**Srakaew** : 47/3 Suwannasorn Rd., Tambon Srakaew, Amphoe Muang, Srakaew 27000  
**Telephone** : 063-832-2049

**Kalasin** : 1/10 Kut Yang Samakkhi Rd., Tambon Kalasin, Amphoe Muang, Kalasin 46000  
**Telephone** : 093-395-4396

**Roi Et** : 31 Tewapiban Rd., Tambon Nai Muang, Amphoe Muang, Roi Et 45000  
**Telephone** : 096-845-7312

**Central Region**

<b>Mahachai</b> Telephone	: 1240/3-4 Ekachai Rd., Tambon Mahachai, Amphoe Muang, Samutsakorn 74000 : 064-585-3548
<b>Ayudhaya</b> Telephone	: 199/354 Moo 3, Tambon Klongsuanpru, Amphoe Pranakorn Sriayudhaya, Ayudhaya 13000 : 064-585-3545
<b>Chainat</b> Telephone	: 88/7 Promprasert Rd., Tambon Ban Kluai, Amphoe Muang, Chainat 17000 : 063-832-2040
<b>Suphanburi</b> Telephone	: 36/14 Nang wankaew Rd., Tambon Ruayai, Amphoe Muang, Suphanburi 72000 : 063-832-2143
<b>Pratumthani</b> Telephone	: 56/3 Moo 7, Tambon Klong Sam, Amphoe Klong Luang, Pratumthani 12120 : 095-395-5121
<b>Chachoengsao</b> Telephone	: 93/4 Moo 13, Tambon Bang Tin Pet, Amphoe Muang, Chachoengsao 24000 : 064-585-3509
<b>Rayong</b> Telephone	: 327/15 Sukhumvit Rd., Tambon Noen Phra, Amphoe Muang, Rayong 21000 : 064-585-3515
<b>Chonburi</b> Telephone	: 111/29 Moo 6, Tambon Don Hua Lo, Amphoe Muang, Chonburi 20000 : 063-847-8424

**West Region**

<b>Petchaburi</b> Telephone	: 1/11 Moo 1, Tambon Raisom, Amphoe Muang, Petchaburi 76000 : 064-585-3562
<b>Kanchanaburi</b> Telephone	: 4/32, Saeng Chuto Rd., Tambon Bantai, Amphoe Muang, Kanchanaburi 71000 : 064-585-3560
<b>Ratchaburi</b> Telephone	: 3/11 Maen Ramluck Rd, Tambon Namuang, Amphoe Muang, Ratchaburi 70000 : 064-585-3561

**South Region**

<b>Surat Thani</b> Telephone	: 88/15 Moo 5 Kanchanavithi Rd., Tambon Bangkung, Amphoe Muang, Surat Thani 84000 : 064-585-3512
<b>Nakorn Srithamarat</b> Telephone	: 61/8-9 Nakorn-pakpanang Rd., Tambon Naimuang, Amphoe Muang, Nakorn Srithamarat 80000 : 064-585-3513
<b>Chumporn</b> Telephone	: 252/4 Moo 1, Chumporn-Ranong Rd., Tambon Wangpai, Amphoe Muang, Chumporn 86000 : 064-585-3514
<b>Narathiwat</b> Telephone	: 143/12 Suriyapradit Rd., Tambon Bangnak, Amphoe Muang, Narathiwat 96000 : 064-585-3508
<b>Pattani</b> Telephone	: 109/6 Moo 5, Tambon Rusamilac, Amphoe Muang, Pattani 94000 : 064-585-3506

<b>Yala</b> Telephone	: 102/6 Sirorot Rd., Tambon Sateng, Amphoe Muang, Yala 95000 : 064-585-3507
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<b>Hadyai</b> Telephone	: 84/49 Lopburi Ramet Rd., Tambon Khlong Hae, Amphoe Hadyai, Songkla 90110 : 064-585-3505
<b>Phatthalung</b> Telephone	: 230 Moo 2, Tambon Khao Chiak, Amphoe Muang, Phatthalung 93000 : 064-585-3504
<b>Surat Thani (Wiang Sra)</b> Telephone	: 999/9 Moo 4, Tambon Bansong, Amphoe Wiang Sra, Surat Thani 84190 : 064-585-3521
<b>Krabi</b> Telephone	: 134/5 Moo 2, Sri trang Rd., Tambon Krabiyai, Amphoe Muang, Krabi 81000 : 064-585-3523
<b>Satun</b> Telephone	: 778 Moo 6, Tambon Khlong Khut, Amphoe Muang, Satun 91000 : 063-832-2047
<b>Thung Song</b> Telephone	: 170/1 Moo 2, Tambon Nong Hong, Amphoe Thung Song, Nakorn Srithamarat 80000 : 063-832-2671
<b>Phuket</b> Telephone	: 100/5 Moo 5, Tambon Ratsada, Amphoe Muang, Phuket 83000 : 063-832-2712
<b>Trang</b> Telephont	: 2/17 Wat Klong Nam 7 Rd., Tambon Tabtiang, Amphoe Muang, Trang 92000 : 063-832-2780

#### Other References

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##### Financial Advisor

: None



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121 ชั้น 4 อาคารดับบลิวทีเอสโฮลดิ้งส์ ถนนวิภาวดีรังสิต แขวงสามเสนใน เขตพญาไท กรุงเทพฯ 10400  
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