

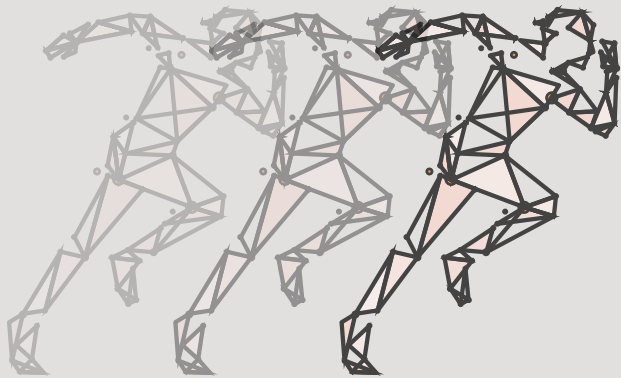


**ราชนานีลีสซิ่ง**  
**Ratchthani Leasing**  
A Thanachart Group Company

**Annual Report 2018**  
Ratchthani Leasing Public Company Limited



***FOCUS  
FOR  
PROGRESS***



## Vision

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*To be the leader in commercial automobiles and other vehicles leasing services and to meet customer's demand in every province all over the country.*

## Mission

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### Mission to Shareholders

The Company will conduct business with transparency, efficiency and sustainable growth in order to continuously gain good performance and business result for shareholders.

### Mission to Employees

The Company will develop human resources to occupy capabilities, expertise, skills, professionalism while sustaining honesty and professional code of conduct. The Company will provide the proper remuneration to sustain the qualified employees with the Company.

### Mission to Trade Partners

The Company will create good relationship, confidence, fast services and fair return on business to trade partners for the efficient long-term business partnership.

### Mission to Customers

The Company will develop the precise, fast and excellent services, offer the quality financial products to meet target customer's demand and apply the information technology to support and create highest customer satisfaction.

### Mission to Society

The Company is committed to conducting business with honesty, transparency and anti-corruption. The Company has the principles and disciplines in accordance with the law, related rules and regulations, in order to make contribution to society and support the country's economic development.

## Core Values

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To drive the organization to accomplish the mission and vision efficiently in a proper way and align with Thanachart Group's direction, the Company created the core values "C3 SIP" for all employees to make understanding and take into practice as follows:

Organization's Core Value is the belief and commitment of each employee reflecting in his/her behavior while working and providing services to customers.

- Customer Focus** : We will give importance to customer's demand and will focus on providing services that meet customer's demand and satisfaction.
- Collaboration** : We will make it as a team work.
- Commitment** : We will be committed to working to achieve the goal and being responsible for the result.
- Spirit** : We will work with determination and dedication.
- Integrity** : We will persist in honesty, transparency and anti-corruption.
- Professional** : We will occupy knowledge, skills and capabilities sufficient to perform our duties.

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## Message from Chairman

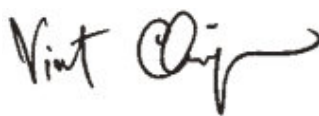
In 2018, the economic index of the major industrial countries group was stronger. The United States of America carefully implemented the fiscal policy and monetary policy. Some countries in the European countries group might have internal problems that were slowing down the group's expansion although the overall economic index tended to get stronger. Japan's economy was gradually expanding. China showed the signal of slowing down economy due to the high debts of private sector. The overview of global economy has been continuously recovering. In 2019, it was predicted that the global economy would slow down again due to many pressuring factors which could cause the negative impact, such as the USA's trade protection policy, the European countries group's internal political problems, the trade war of the two giants: China and USA, and the oil price fluctuation in the global market, which could have impact on the overall global economy.

In 2018, Thailand economy expanded due to the investment in private sector and the government sector. The household spending continued to grow in accordance with the domestic economic condition, resulting in the increase in gross domestic products or GDP from the previous year to 4%.

The domestic economy expansion as mentioned supported Ratchthani Leasing Public Company Limited to over achieve its credit expansion target. The Company's net profit was 1,641 million Baht, higher than the previous year by 46%. The total account receivables expanded by over 20% to 46,412 million Baht. Moreover, the Company's ability to find the low financial funding source and the better efficiency of credit quality control reflected the goal achievement of business strategy, the strong financial structure and the continuous and steady credit expansion.

As for the Thailand economy trend in 2019, the GDP was predicted to reach 3.5 – 4.5. However, the Company aimed to maintain the growth rate according to the internal economic condition. It was predicted that after the national election, the economy would receive the investment support in the government sector and private sector. The Company's main policy might be adjusted according to the internal and external economic condition.

On behalf of the Board of Directors, I would like to thank you all stakeholders groups and all shareholders for your trust and good support to Ratchthani Leasing Public Company Limited's business as always. I also appreciated all executives and every employee for your dedication in performing your duties at your fullest ability last year. Please believe that the committees, all executives and every employee will be committed to perform our duties with consciousness and responsibility in order to drive the Company's business to further achieve the success and continuous and sustainable growth.



(Mr. Virat Chinprapinporn)

Chairman

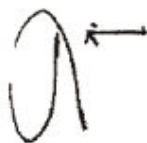
## Report of the Executive Board of Directors

In 2018, the domestic economic condition expanded due to the growing investment in the private sector and the government sector. The household expenses continued to grow in accordance with the domestic economic condition. As a result, the gross domestic product or GDP was increased to 4%. However, there were the negative pressure factors from the world economic condition, including the trade war between the USA and China, the trade protection policy of USA and the fluctuated price of oil in the world market, etc. The Company needed to implement the efficient and timely management in order to manage those negative factors to work with the planned strategies and to conduct the business steadily and continuously. The Board of Directors assigned such duty and responsibility to the Executive Committee.

With such uncertain factors and assigned duty and responsibility in 2018, the Executive Committee held 12 meetings to consider, execute and manage the important issues of the Company to ensure the compliance with the Company's objectives, regulations, resolution of shareholder meetings and resolution approved by the Board of Directors, under the legal and regulation requirement of the official agencies and the related regulatory agencies. Those issues were considered, examined and screened before being proposed to the Board of Directors as follow:

- ✚ Defined the annual strategies and operational plans of the Company and communicated to the executives and employees of the organization for further practices. Monitored the result and adjusted the strategies to suite the situation and to be in compliance with the preset objectives.
- ✚ Examined and followed up with the Company's performance continuously every month to ensure the achievement of the plans and as assigned by the Board of Directors.
- ✚ Approved the risk management direction, scope of decision making authority and the business continuity management of the Company.
- ✚ Considered the direction to define the employee's remuneration.
- ✚ Performed other duties as assigned from the Board of Directors and reported to the Board of Directors for acknowledgement or further consideration.

The Executive Committee has performed the duties with their full knowledge and capability to achieve the Company's short-term, medium-term, and long-term business goals, under the law, rules, and related regulations, and in accordance with the good corporate governance, to ensure the Company's stable and sustainable growth.



(Mr. Kovit Rongwattanasophon)

Chairman of the Executive Board of Directors

## Report of Nomination and Remuneration Committee

The Board of Directors has appointed the Nomination and Remuneration Committee comprising of 3 Directors as follows:

1. Mr. Suvit Arunanondchai (Independent Director) as Chairman of the Committee
2. Mr. Varavudh Varaporn (Independent Director) as Member of the Committee
3. Mr. Anuwat Luengtaweekul (Non-executive Director) as Member of the Committee

The Nomination and Remuneration Committee has performed their duties fully and carefully under the policy and charter of the Nomination and Remuneration Committee which were considered and approved by the Board of Directors.

In 2018, the Nomination and Remuneration Committee held 2 meetings to consider the nomination and remuneration issues to propose to the Board of Directors for approval as summarized below:

- ✚ Consider and select the candidates who were qualified, knowledgeable, capable and suitable for the Company's Directors and Directors of sub-committees positions, and do the analysis of the Board Skill Matrix for the Board of Directors for their higher efficient consideration.
- ✚ Consider the qualification of the retired by rotation Directors in the Annual General Meeting of Shareholders based on legal requirements, other criteria of the Company, their knowledge and abilities, experiences and expertise that could bring benefits to the Company's business. Nominate their names to the Board of Directors for the consideration in the Annual General Meeting of Shareholders to reelect them to the positions.
- ✚ Assured that the Company's Directors, members of sub-committees and the Chief Executive Officer and Managing Director received remuneration appropriate for their duties and responsibilities and in accordance with their performance.
- ✚ Determined the performance evaluation criteria for the Chief Executive Officer and Managing Director in order to consider the annual remuneration package.
- ✚ Reviewed the remuneration package and other benefits for the Company's Directors, members of sub-committees and the Chief Executive Officer and Managing Director to be appropriate for their duties and responsibilities and in accordance with the market condition.
- ✚ Review the policy and charter of the Remuneration and Nomination Committee, including their responsibility, to be appropriate with the current situation and be in accordance with the good corporate governance.

In summary, the Nomination and Remuneration Committee has performed such above duties and responsibilities as assigned by the Board of Directors and viewed that in 2018 the Company's Directors, members of sub-committees and the Chief Executive Officer and Managing Director were knowledgeable and capable persons. The remuneration and other benefits shown in the Annual Report were considered

suitable for their duties and responsibilities in accordance with the economic condition and overall performance of the Company.



(Mr. Suvit Arunanondchai)

Chairman of Nomination and Remuneration Committee

## Report of the Corporate Governance Committee

The Board of Directors has realized the importance of business operation based on the integrity, transparency and accountability. Therefore, the Board of Directors has agreed to assign the whole board to mutually perform and take responsibilities as the Corporate Governance Committee. The Corporate Governance Committee has duty to designate the Corporate Governance Policy, business code of conduct, and code of conduct for executives and staff for everyone to take as guidelines for practice and treatment to all stakeholders under the 2017 Corporate Governance Code of listed companies of the Stock Exchange of Thailand. The Corporate Governance Committee shall assess and review such policy and codes to be in compliance with the related laws consistently.

The Corporate Governance Committee set the guidelines for business operation under the good corporate governance in compliance with the Stock Exchange of Thailand policy and ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard). The Corporate Governance Committee recognized the integration of the good corporate governance principles, social responsibility, and sustainability development into business operation with the business principles, to achieve the goal of sustainable and stable growth which is in compliance with Thanachart group, as follows:

1. Be competitive while having moral and ethics and deliver good business results concerning short-term and long-term impact.
2. Conduct business with respect and responsibility to shareholders and stakeholders.
3. Commit to conduct business with concern on society and develop or reduce negative impact to environment.
4. Be able to adjust under corporate resilience.

The Company also realized that corruption was the obstacle of the social and economic development of the country. Since 2014, the Company has joined the declaration of intent and been certified for the membership of the alliance of Thai private sectors on the Collective Action against Corruption (CAC). The certificate lasted for 3 years from the approval date. In 2017, the Company received the re-certification for the membership together with Thanachart Capital Public Company Limited and 14 companies of Thanachart Group. This reflected the Company's commitment in conducting business with fairness, transparency, and anti-corruption in all forms both directly and indirectly.

As a result of its intention to conduct business under the good corporate governance, the Company was evaluated from the Corporate Governance Report of Thai Listed Companies 2018 (CGR) and scored at the grade level of "Excellent" from Thai Institute of Directors. In addition, the Company has been recruited to be the top listed ESG100 in 2018, for the fourth year consecutively, from Thaipat Institute in collaboration with the Office of the Securities and Exchange Commission, which only selecting the companies having the outstanding performance related to the Environmental, Social and Governance (ESG). It reflects the Company's willingness to conduct business in compliance with the good corporate

governance policy and business code of conduct of the Company as well as creating the confidence to all stakeholders, including developing the society for sustainable growth.

As the listed company, the Company is ready to continuously improve and consistently develop its good corporate governance guidelines in accordance with its business operation as well as develop its corporate governance to be equivalent to the international best practices in order to create the Company's stability in the long term.

A handwritten signature in black ink, appearing to read "Virat Chinprapinporn". The signature is fluid and cursive, with the first name "Virat" clearly legible and the last name "Chinprapinporn" written in a more stylized, connected script.

(Mr. Virat Chinprapinporn)

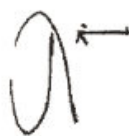
Chairman of Corporate Governance Committee

## Report of Risk Management Committee

The Board of Directors appointed and assigned the Executive Board to act as the Risk Management Committee, as another role, which consists of 4 members as follows Mr. Kovit Rongwattanasophon as the Chairman of the Risk Management Committee, Mr. Virat Chinprapinporn, Mr. Praphan Anupongongarch and Mr. Nakarin Anantachina as the Risk Management Director

The Risk Management Committee performed duties assigned by the Board of Directors to control, supervise and screen the risk management policy in the aspects that were related to the business operation, including strategic risk, credit risk, marketing risk, liquidity risk, operational risk, and other related business conduct risks. The duties also included providing the efficient and appropriate risk management tools or measurement to reduce the business operation related risks to the acceptable level. The internal and external factors which may impact significantly on the business operation shall also be evaluated. The Risk Management Committee has regularly considered and reviewed the risk management policy and guidelines.

In 2018, the internal economic condition expanded due to the growing investment of the private sector, government sector and household spending. The global economic situation still got pressured from the trade war of USA and China, the trade protection policy of USA and the oil price fluctuation of the global market, etc. The Risk Management Committee needed to perform their assigned duties concisely and covering all aspects of risks in order for the Company to conduct the business as deem appropriate, efficient and be able to achieve the objectives under such pressures, which would finally support the Company to conduct business steadily and continually.



(Mr. Kovit Rongwattanasophon )

Chairman of the Risk Management Committee

## General Information and Other Significant Information

Company Name	:	Ratchthani Leasing Public Company Limited
Type of Business	:	Leasing services for financial leasing and hire purchase of new cars, used cars and other assets.
Head Office Location	:	77/35 – 36, 11 <sup>th</sup> Floor UP Sinnsathorn Tower Building, Krungthonburi Road, Klong Ton Sai Sub-district, Klongsan District, Bangkok 10600
Registration No.	:	0107545000209
Homepage	:	<a href="http://www.ratchthani.com">www.ratchthani.com</a>
Tel.	:	0-2431-9000
Fax	:	0-2431-9099
Registered Capital	:	3,020,284,011 Baht (as of 31st December 2018)
Paid-up Capital	:	3,020,283,681 Baht (as of 31st December 2018)
Type of Stock	:	Common stock

### Securities registrar

Thailand Securities Depository Co., Ltd.  
93, 14<sup>th</sup> Floor, Ratchadaphisek Road, Dindaeng,  
Bangkok 10400, Thailand  
Tel : 0-2009-9000  
Fax : 0-2009-9992

### Auditor

Miss Rattana Jala  
Certified Public Accountant Registration Number 3734  
EY Office Limited  
193/136-137 Lake Ratchada Building, 33<sup>rd</sup> Floor  
Rachadapisek Road, Klong Toey  
Bangkok 10110  
Tel. : 0-2264-0777  
Fax : 0-2264-0789-90

Company Secretary

Mr. Ponlaphe Sakkayapapwicharnon  
Ratchthani Leasing Public Company Limited  
77/35 – 36, 11<sup>th</sup> Floor UP Sinnsathorn Tower Building,  
Krungthonburi Road, Klong Ton Sai Sub-district,  
Klongsan District, Bangkok 10600  
Tel. : 0-2431-9000 ext. 1666  
Fax : 0-2431-9099

Assistant Company Secretary

Miss Orapan Lertrujivanich  
Ratchthani Leasing Public Company Limited  
77/35-36, 11<sup>th</sup> UP Floor, Sinnsathorn Tower Building  
Krungthonburi Road, Klong Ton Sai Sub-district,  
Klongsan District, Bangkok 10600  
Tel : 0-2431-9000 ext. 2167  
Fax : 0-2431-9099

## Financial Summary

### Financial status and operating performance in 3 years

(unit: Thousand Baht)

<u>Balance Sheet</u>	2018		2017		2016	
	MB	%	MB	%	MB	%
<b>Assets</b>						
<u>Current assets</u>						
Cash and bank deposit	213.95	0.45	190.42	0.48	117.88	0.35
Hire-purchase account receivable due within 1 year, Net	15,868.94	33.38	13,519.87	34.23	12,066.24	36.16
Financial lease- account receivable due within 1 year, Net	172.47	0.37	151.75	0.39	133.83	0.40
Other debtors	66.77	0.14	54.49	0.14	52.94	0.16
Foreclosed assets	78.79	0.17	60.17	0.15	56.69	0.17
Other current assets	301.67	0.63	169.02	0.43	28.16	0.08
<u>Non-current assets</u>						
Restricted bank deposits	1.00	0.00	0.00	0.00	0.00	0.00
Hire-purchase account receivable due more than 1 year, Net	29,996.66	63.11	24,603.00	62.30	20,245.46	60.68
Financial lease- account receivable on due	373.57	0.79	323.62	0.82	302.01	0.91
Long-term investment, Net	0.21	0.00	0.24	0.00	0.21	0.00
Properties for investment	19.33	0.04	19.33	0.05	19.33	0.06
Property, plant and equipment, Net	113.88	0.24	119.96	0.30	129.35	0.39
Intangible assets	5.25	0.01	8.86	0.02	10.21	0.03
Deferred tax asset - net	317.04	0.67	269.60	0.68	200.45	0.60
Other non-current assets	1.53	0.00	1.46	0.01	2.11	0.01
<b>Total assets</b>	<b>47,531.06</b>	<b>100.00</b>	<b>39,491.79</b>	<b>100.00</b>	<b>33,364.87</b>	<b>100.00</b>

\*: In the end of 2018, the Company invested in RTN Insurances Brokers Co., Ltd. for 99.99%. Since it has not yet been active, the 2018 financial statement reflected only the overall financial performance.

<b>Balance Sheet</b>	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	<b>MB</b>	<b>%</b>	<b>MB</b>	<b>%</b>	<b>MB</b>	<b>%</b>
<b>Liabilities</b>						
<u>Current liabilities</u>						
Overdraft	0.00	0.00	0.00	0.00	0.00	0.00
Short-term loan	16,358.85	34.41	13,202.80	33.44	11,792.36	35.35
Long-term loan due within 1 year	189.00	0.40	899.96	2.28	499.75	1.50
Portion of debentures due within 1 year	5,434.03	11.43	3,099.25	7.85	7,667.11	22.98
Other creditors	588.77	1.24	392.73	0.99	370.60	1.11
Hire-purchase creditor due within 1 year	4.29	0.01	3.37	0.01	3.07	0.01
Accrued corporate income tax	231.60	0.49	177.86	0.45	141.22	0.42
Other current liabilities	191.00	0.40	166.95	0.42	137.59	0.41
<u>Non-current liabilities</u>						
Hire-purchase creditor	7.40	0.02	7.40	0.02	4.51	0.01
Long-term loan	100.00	0.21	339.00	0.86	1,188.97	3.56
Debenture	17,201.58	36.19	15,549.60	39.37	6,528.42	19.57
Forecasted liabilities- reserve for long-term staff benefit	29.58	0.06	25.57	0.06	21.88	0.07
<b>Total liabilities</b>	<b>40,336.10</b>	<b>84.86</b>	<b>33,864.49</b>	<b>85.75</b>	<b>28,355.48</b>	<b>84.99</b>
<b>Shareholders' equity</b>						
Issued and paid-up capital	3,020.28	6.36	2,416.23	6.12	2,416.23	7.24
Capital surplus	319.89	0.67	319.89	0.81	319.89	0.96
<u>Appropriated retained earnings</u>						
Legal reserve	303.00	0.64	242.00	0.61	228.00	0.68
Retained earnings for treasury stocks	3,551.79	7.47	2,649.18	6.71	2,045.27	6.13
Unappropriated retained earnings (deficit)	0.00	0.00	0.00	0.00	0.00	0.00
Less Treasury stocks	0.0003	0.00	0.00	0.00	0.00	0.00
<b>Total shareholders' equity</b>	<b>7,194.96</b>	<b>15.14</b>	<b>5,627.30</b>	<b>14.25</b>	<b>5,009.39</b>	<b>15.01</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>47,531.06</b>	<b>100.00</b>	<b>39,491.79</b>	<b>100.00</b>	<b>33,364.87</b>	<b>100.00</b>

\*: In the end of 2018, the Company invested in RTN Insurances Brokers Co., Ltd. for 99.99%. Since it has not yet been active, the 2018 financial statement reflected only the overall financial performance.

(unit: thousand baht)

<b>Income Statement</b>	<b>2018</b>		<b>2017</b>		<b>2016</b>	
	<b>MB</b>	<b>%</b>	<b>MB</b>	<b>%</b>	<b>MB</b>	<b>%</b>
<b>Income and expenses</b>						
Interest income from hire purchase	3,166.74	82.74	2,729.35	82.53	2,454.77	82.23
Interest income from financial lease	35.53	0.93	31.26	0.95	29.74	1.00
Income from fee and services	342.15	8.94	301.65	9.12	273.16	9.15
Other incomes	282.95	7.39	244.97	7.40	227.52	7.62
<b>Total incomes</b>	<b>3,827.37</b>	<b>100.00</b>	<b>3,307.23</b>	<b>100.00</b>	<b>2,985.19</b>	<b>100.00</b>
Financial cost	869.80	22.73	882.41	26.68	947.00	31.72
Selling and administrative expense	503.56	13.16	495.74	14.99	439.56	14.73
Bad debt and Doubtful account	402.60	10.52	523.43	3.08	496.36	16.63
Corporate income tax	410.70	10.73	279.84	8.46	221.11	7.41
<b>Total expenses</b>	<b>2,186.66</b>	<b>57.13</b>	<b>2,181.42</b>	<b>65.96</b>	<b>2,104.03</b>	<b>70.49</b>
<b>Net profit</b>	<b>1,640.71</b>	<b>42.87</b>	<b>1,125.81</b>	<b>34.04</b>	<b>881.16</b>	<b>29.51</b>

\*: In the end of 2018, the Company invested in RTN Insurances Brokers Co., Ltd. for 99.99%. Since it has not yet been active, the 2018 financial statement reflected only the overall performance.

### Major Financial Ratio Reflecting Financial Status and Operating Performance of the Company

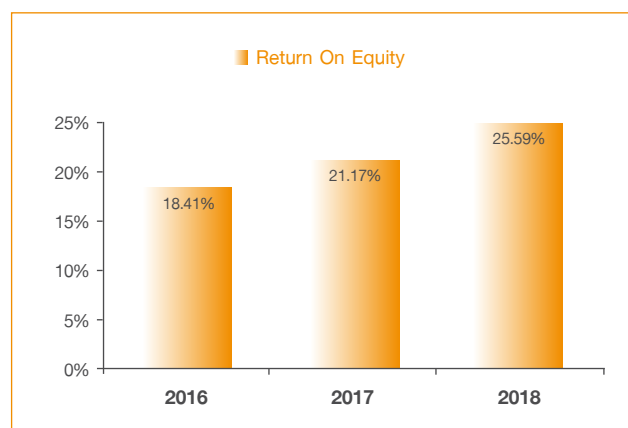
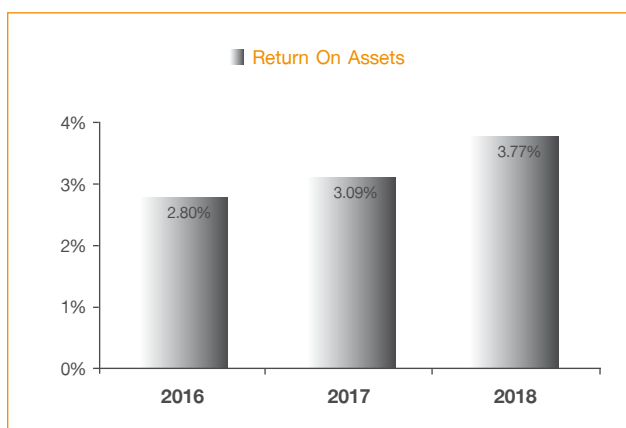
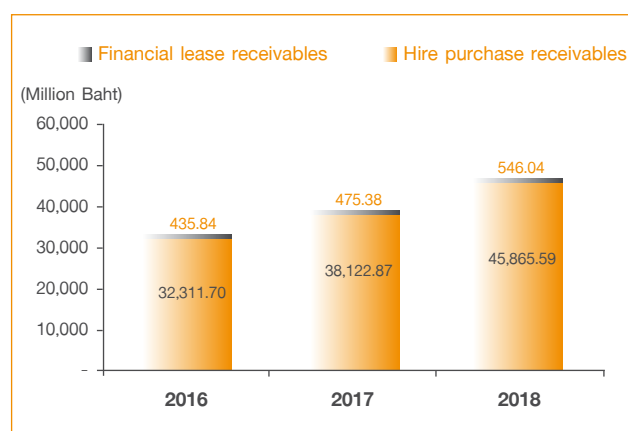
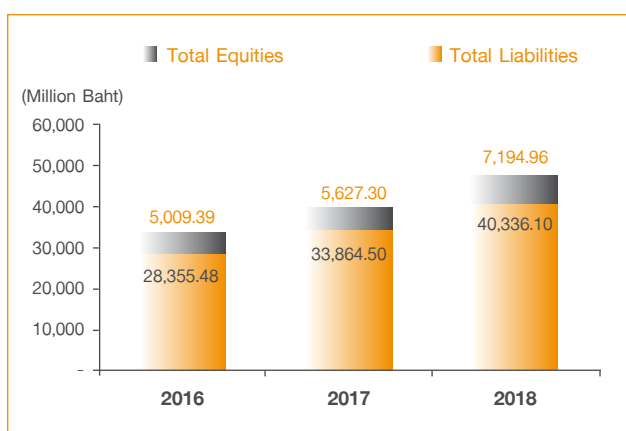
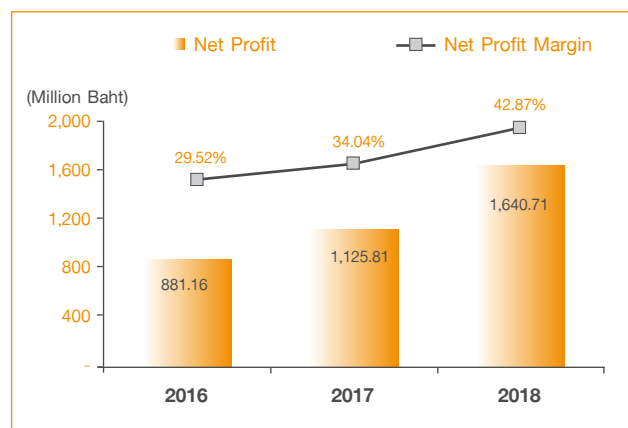
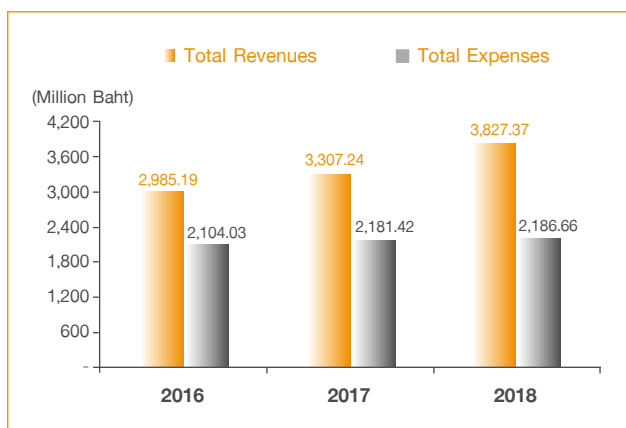
Ratio	2018	2017	2016
<b><u>Liquidity Ratio</u></b>			
Liquidity Ratio (Time)	0.73	0.79	0.60
Quick Ratio (Time)	0.71	0.77	0.60
<b><u>Profitability Ratio</u></b>			
Net profit margin (%)	42.87	34.04	29.52
Net profit to net interest (%)	70.34	59.94	57.31
Interest rate received (%)	7.20	7.40	7.75
Interest rate paid (%)	2.40	2.90	3.64
Interest rate gap (%)	4.80	4.50	4.11
<b>Return on equity (%)</b>	<b>25.59</b>	<b>21.17</b>	<b>18.41</b>
<b><u>Efficiency Ratio</u></b>			
Return on assets (%)	3.77	3.09	2.80
Total assets turnover (time)	0.09	0.09	0.09
<b><u>Financial Ratio</u></b>			
Interest coverage ratio* (Time)	3.36	2.59	2.16
Debt to equity ratio (Time)	5.61	6.02	5.66
Debt to equity ratio** (Time)	5.52	5.95	5.61
Lending to loan ratio (Time)	1.24	1.22	1.23
Dividend payout ratio (%)	99.40***	60.09	57.58
<b><u>Share Information</u></b>			
Book value per share (Baht)	2.38	2.33	2.07
Basic earnings per share (Baht)	0.54	0.47	0.36

\* Interest coverage ratio calculated from earnings before interest expense and tax expense / interest expense.

\*\* Debt to equity ratio calculated under the same conditions in "The right and obligations of bond issuer which to maintained the Net Debt to Equity Ratio not over than 10:1 time at the end of quarterly or year ended date (The net Debt is not including trade account payables).

\*\*\* Such rights have not been confirmed yet and will need the approval from the 2019 Annual General Meeting of Shareholders.

## Financial Information Highlight



## Corporate Social Responsibilities: CSR

### Overview Policy and Guideline

Ratchthani Leasing Public Company Limited realized the importance of the balanced development of economic, society and environment in order to head the organization for the sustainable growth with business philosophy specified in the Company's social mission that,

"The Company is committed to conduct business with integrity according to the principles of discipline, laws, and related rules and regulations to give back to society and to develop the national economy"

The Company must have the efficient use of resources with consciousness, readiness and capability to build wealth based on organization's fundamental with regard to the supervision and development of human resources, together with the good corporate governance of business operation, thoughtfulness and realization of expectation and benefits of all stakeholders. The balance of these factors will be the major part of the Company's long term business development growth with sustainability and stability in the future.

The Company has determined the social and environment responsibilities to be one of its sustainable business development strategies covering the supervision and development of human resources, the fair treatment to all stakeholders, adhering to the corporate social responsibility principles prepared by the Stock Exchange of Thailand which at present has set the following principles (8 principles):

1. Business operation with fairness
2. Anti-corruption
3. Respect for human rights
4. Labor treatment with fairness
5. Customer responsibility
6. Environment preservation
7. Community and society development
8. Owning innovation and publicizing innovation generated from the operation conducted with responsibilities for society, environment and stakeholders.

Due to the various groups of stakeholders to its business, the Company has strategies to oversee and improve the operation as well as to properly and constantly respond to the expectation of all stakeholders which will enable the Company to grow sustainably based on the participation and the good corporate governance of business operation.

Stakeholder	Strategy and guideline
Shareholder	Transparently conduct business with good corporate governance for sustainable growth.
Customer	Develop precise and fast service for the excellence to respond to requirements of target customers in various automobile segments for their utmost satisfaction.
Trade Partner	Build confidence and good relationship for long term business cooperation.
Employee	Support the development and training including the fair treatment and provide the proper remuneration and welfare.
Creditor	Treat creditor with fairness and transparency based on the contract and agreement.
Competitor	Treat competitor with fairness under code of conduct and fair trade competition.
Society, Community and Environment	Conduct business with fairness and support activities to develop quality of life.
Government sector	Conduct business with government sector according to the business code of conduct.

### Operation and Report Preparation

**1. Report Preparation Procedure** Ratchthani Leasing Public Company Limited is committed to be responsible for society and environment. The report is prepared in accordance with the guideline for the sustainability report of **the Stock Exchange of Thailand and Corporate Social Responsibility Institute (CSRI)**.

**2. Operation in accordance with policy** Ratchthani Leasing Public Company Limited is committed to conduct business with good corporate governance and realizes the importance of having the business code of conduct as the behavior framework to reflect the organization values and to be in accordance with the social responsibility principles as follows:

 Business operation with fairness

Main issue	Focus issue	Guideline
Support fair competition, no monopoly power	-Business code of conduct -Corporate governance policy	- The Company has prepared the corporate governance policy and the business code of conduct and business ethics handbook, including Anti-Corruption Policy covering gift giving and receiving issue, conflict of interest, non-infringement of intellectual property, etc. The policy is publicized on the Company's website ( <a href="http://www.ratchthani.com">www.ratchthani.com</a> )
Non-infringement of intellectual property		
Anti-corruption	- Anti-Corruption Policy	

 Anti-Corruption

Main issue	Focus issue	Guideline
Anti-Corruption Policy	- Anti-Money Laundering and Combating the Financing of Terrorism Policy	-The Company has set instruction, regulation and operation handbook which comply with Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) Policy in accordance to the guideline specified by Anti-Money Laundering Office.
Knowledge training		

 Customer Responsibility

Main issue	Focus issue	Guideline
Protection of Customer's Rights	- Keeping Customer's Confidentiality Policy	- The Company has policy of keeping customer's confidentiality. Employees will be trained to understand the customer's rights of privacy.

 Environment Preservation

Main issue	Focus issue	Guideline
Sustainable use of resources	- Reduce, reuse and recycle of resources	- The Company has set resources conservation and energy saving project focusing on using recycle paper or envelope, using office equipment worthily, saving water and electricity by turning switch off every time after use, in order to save energy of the Company as well as energy of the country.
	- Energy Conservation	- The Company launched a campaign to promote the use of energy saving devices. Replacing the old bulbs with LED (Light Emitting Diode) lamps not only helped on energy conservation but also provided high luminous efficiency, energy saving and long life durability. This also helped reduce the quantity of waste lamps.

 Labor treatment with fairness

Main issue	Focus issue	Guideline
Human resources development and support	- Has guideline for skill development and training for the equal opportunity in career path of all employees.	- The Company has supported at least 50% of all employees to attend the training each year and submitted the training report as required by Department of Skill Development.
Health and Safety	- Gives importance to the health and safety at workplace system for employees	- The Company has the safety at workplace plan and policy to prevent and reduce the accidents and dangers. It has been constantly evaluated, monitored and improved.
Welfare	- Cares and gives importance to employee's personal life and work-life balance.	- The Company realizes the value of all employees and their main contribution to the Company business and provides them with equal treatment, proper remuneration and welfare and the good working environment.






In 2018, the Company not only held the In-house Learning for its employees but also encouraged them to attend the Public Learning to develop their ability, to learn to know their own potentials and to apply the knowledge for their work development in the future. In total of 334 persons, accounting for 67.75% of total employees.

#### Training Courses in 2018

Course	Number of Course	Attended employees	Number of Class
In-house Learning	4	220	5
Public Learning	15	114	24
<b>total</b>	<b>19</b>	<b>334</b>	<b>29</b>

#### **Safety, Occupational Health and Environment Policy**

Ratchthani Leasing Public Company Limited realizes the importance of safety, occupational health and working environment which could have effect on every employee and others. So the Company set the policy as follows:

-  Safety, occupational health, and working environment are responsibilities of every working employee.
-  Knowledge and awareness of safety, occupational health and working environment are to constantly be publicized to executives and employees.
-  Line managers at all levels have to act as the role models in terms of safety and to be the leader in training, teaching and motivating employees to perform with correct and safe methods.
-  The Company will support and promote the improvement of the environment, the safe operations and the good health to every employee.
-  Every employee has to strictly follow the safety regulations, safety standard, occupational health and working environment and other related regulations.

In 2018, the Safety, Occupational Health and Environment in the workplace Committee conducted many activities as follows:

#### **1. Compliance with ministerial regulations**

- Developed the working safety manual according to the ministerial regulations chapter 1 (general chapter), article 3: An employer must provide rules and manual of working safety in the workplace. Such manual must be kept by every department manager and be posted in the Company's intranet so that the employees could access to study further details.
- The Company sent its managers to be trained as the safety officers at the supervisor level according to the ministerial regulations chapter 1 (general chapter), article 7: An employer with 10 employees or more must appoint the supervisor level employees to be the safety officers at

the supervisor level of the workplace. The training course had 2 sessions: first in 2018 (5 branches) and second in 2019 (5 branches and head office.)

- To ensure that the safety, occupational health, and environment in the workplace were managed and conducted properly, the Company provided training to new employees regularly every year. The Department of Labor Protection and Welfare, Area 6, Bangkok, also supported the Company with the speakers of such topics.

- The meeting of the safety, occupational health, and environment in the workplace committee was held regularly every month. The ministerial regulations chapter 1 (general chapter), article 27: The committee must hold the meeting at least once a month or whenever being requested by more than half of the committee members. The agenda of the meeting must be informed at least three days before the meeting date. The safety, occupational health, and environment in the workplace committee held the meeting regularly every month and appointed Ms. Rungtip Chaipatanapruck as the committee secretary to organize the meeting, record the meeting minute, and publicize the issue solutions from the committee on the announcement board for employees' acknowledgement.

- The nursing room and registered nurse of the Company were provided. The ministerial regulations required the workplace with over 200 employees working in the same period must have:

- (1) Medical supplies and medicines for the first aid according to (1).
- (2) In the nursing room, there were at least one patient bed, medical supplies, and medicines, in addition to those stated in (1), as necessary and sufficient for the basic nursing.
- (3) At least one nurse at the technical nurse level or above was on duty during working hours.
- (4) At least one conventional physician was on duty at least twice a week and at least six hours or more per week in total. If there could not be a regular physician, the employer could arrange the clinic or hospital opened for 24 hours with convenient and fast services.

The Company set up the nursing room on 14th floor which was officially opened on last 1st December. The registered nurse was now the Company's permanent employee whose main duty was to provide first aid care and look after the medical supplies and medicines by category, make them easy for employee's disbursement and keep the records of the patients.

## **2. The employee's sanitation and safety at work**

- Improved the lighting system to be ready for work. The committee had the manager of each department surveyed and summarized the number of broken light bulbs and reported to the committee to get them repaired.

- Repaired the chairs. The committee had the manager of each department surveyed and summarized the number of broken chairs and reported to the committee to get them repaired.

Most problems were caused by broken wheels after a period of use. The unable-to-repair chairs were gathered for maintenance technicians or further sold.

- Examined the quality of water purifiers. The committee assigned the registered nurse to find the tools and chemicals to test the standard quality of drinking water. The drinking water from Amway E-spring water purifier (currently used in the Company) and from the other 3 brands in the market were tested by chemicals. No chemicals or chlorine were found in the drinking water from Amway E-Spring water purifier. The representatives of each department were invited to join this test.

### **Safety and Health Care Administration**

The Company encouraged employees to pay attention to the safety of one another both in and out of the organization. The head office of the Company was located in the condominium in Sinnsathorn Tower. So the Company in cooperation with the building corporate office attended the theory and practice seminar of the fire drill and the signal testing of fire drill. New employees were selected to attend the fire drill in order to know the floor plan and emergency exit in the building.

The Company realized the importance of the working safety, either it be in sanitation or working environment. Both new and current employees, thus, received the training to get the knowledge and correct understanding of working process. In 2018, the Company's sick leave statistics showed 0.00% of total employees from head office and other branches. The working accident and injury prevention was also applied; for example, the avoidance of working in the insufficient lighting area, the avoidance of working in the unsafe workplace, the use of mask to prevent the dust breathing in order to prevent the long term physical problems, etc.



Accident and Illness Statistics

Measurement	2018 (persons)		
	Male	Female	Total
Accident	-	-	-
Death	-	-	-
<b>Total</b>	-	-	-

### **Remuneration and Welfare Procedure**

The Company has the clear and transparency performance evaluation process which is standardized for every unit's performance result. The performance evaluation is taken place once a year.

The Company considers the remuneration payment based on the different nature of work. It comes in the form of monthly basic salary and annual bonus. It is considered for the purpose of being the motivation for employees in every unit of the organization and making the Company become effectively competitive with other companies in the same industry.

The Company is aware of the employee welfare and gives importance to every employee's health. It also sees that the savings are necessary for the life after retirement. So the Company provides the employee benefits as follows:



#### **Group Life Insurance Welfare**

The Company treasures the employee's life and health. So the welfare named "**Ratchthani Group Life Insurance**" was set up for all employees to give them encouragement and to insure their working lives. Employees do not hold any cost to pay.



#### **Annual Physical Check-UP Welfare**

Realizing the importance of employees, the Company provides, in addition to group life insurance, the physical check-up every year. The check-up list covers the general physical condition and the potential risk. Employees will see doctors for personal consult after receiving check-up result so that they will be aware of their health condition and can reduce the potential physical problems. Employees' family can also get the physical check-up at special low rate of cost.



#### **Provident Fund Welfare**

The Company set up the provident fund welfare named "**Ratchthani Multiple Value Provident Fund**" to promote savings for insurance to all employees when they reach their retirement period. This fund can provide financial support and happy living to retired employees. Employees can allocate their portion to the fund at higher amount than the Company's contribution but must not be higher than 15% of their wages. The Company will contribute 5% of their wages to the fund.



#### **Funeral Allowance Welfare**

The Company set up the welfare of "**Ratchthani Care for Every Life – Employee Funeral Allowance**" aiming to support employees when their father, mother, spouse or child passes away. The funeral allowance will be provided to help support the cost of funeral according to the stated criteria.



#### **Savings Cooperative Welfare**

The Company joined "**Thanachart Employee Savings Cooperative Limited**". Members of the cooperative are employees of Thanachart group, holding the shares as assigned, and are entitled for the member rights, such as group life insurance and family insurance welfare, special interest rate for savings, applying for a loan, etc.

Employees are the valuable human resources who can endlessly develop their capabilities in whatever large or small enterprises. Human resource development, thus, is the key sustainable factor for business. The Company realizes its importance and takes the human resource development for the key policy. When the human resource is well equipped and owns expertise, it will help drive the organization to reach the goal set by the executives sustainably.

## Employee Data

### Number of Employees of Ratchthani Leasing by Level

Permanent Employees by level	Gender	Number (person)		
		2018	2017	2016
Executive <sup>1</sup>	Male	6	6	6
	Female	-	-	-
<b>Total</b>		<b>6</b>	<b>6</b>	<b>6</b>
Manager/ Director <sup>2</sup>	Male	19	18	19
	Female	10	9	9
<b>Total</b>		<b>29</b>	<b>27</b>	<b>28</b>
Staff <sup>3</sup>	Male	202	192	192
	Female	256	251	243
<b>Total</b>		<b>458</b>	<b>443</b>	<b>435</b>
<b>Grand Total</b>		<b>493</b>	<b>476</b>	<b>469</b>

#### Note

<sup>1</sup> Assistant Managing Director to Managing Director

<sup>2</sup> Manager to Director

<sup>3</sup> Officer to Assistant Manager

Temporary Employees	Number (person)		
	2018	2017	2016
Male	4	4	3
Female	-	-	-
<b>Total</b>	<b>4</b>	<b>4</b>	<b>3</b>

### Number of employees of Ratchthani Leasing by Location

Employee by Location	Gender	Number (person)		
		2018	2017	2016
Head Office	Male	155	149	146
	Female	186	179	175
<b>Total</b>		<b>341</b>	<b>328</b>	<b>321</b>
Domestic	Male	72	67	71
	Female	80	81	77
<b>Total</b>		<b>152</b>	<b>148</b>	<b>148</b>
<b>Grand Total</b>		<b>493</b>	<b>476</b>	<b>469</b>

**Note:** No international location

#### Number of New Employees and Discharged Employees

Type of Employees	Gender	Number (person)		
		2018	2017	2016
New employee	Male	13	21	32
	Female	15	24	31
<b>Total</b>		<b>28</b>	<b>45</b>	<b>63</b>
Discharged employee	Male	6	23	16
	Female	9	15	10
<b>Total</b>		<b>15</b>	<b>38</b>	<b>26</b>

#### Number of Retention Rate and Employees coming back to work after maternity leaves (especially for female employees)

Type of Leaves	2018	2017	2016
1. No. of employees entitled for maternity leave (person)	266	260	252
2. No. of employees taking maternity leave (person)	16	9	10
3. No. of employees coming back to work after maternity leave (person)	16	9	10
4. Rate of employees coming back to work after maternity leave (%) (3 divided by 2)	100	100	100
5. No. of employees coming back to work after maternity leave and continue to work for 1 year (person)	16	9	10

#### Activities for Social and Environmental Benefits (After process)

In 2018, Ratchthani Leasing Public Company Limited conducted special social activities to support the Buddhism community and public charity. The Company approved the budget and supported employees to participate in the social activities. The examples of activities continuously conducted by the Company were as follow:

##### Activities for Education and Society

##### Saturday School Season 7

Since the Company realized the significance of the education for the children's future, the Company supported the Saturday School Season 7 Project for all Thai children to receive the opportunity to develop their potential through the activities they were interested in. The extracurricular activities were arranged every Saturday morning for the children who wanted to learn but had financial status disadvantages. They could develop their abilities to reach their dreams, appreciate their own values and

still be in the educational system. There were 9 schools participated in this project which were conducted from Saturday 17th November 2018 to Saturday 9th February 2019.



## Friendly Football Match Activity

### Friendly Football Match “Thani & LMG” #2

The Company realized the importance to develop and sustain the relationship with its partners for the employees to join the friendly football match with LMG Insurances Public Company Limited for the second time since 2016. The employees could make use of their leisure time on exercise and building relationship and unity among internal employees and with external trade partners. The match was played on 2<sup>nd</sup> November 2018 at TC Football Club, Rama 3.



### Activities for relationship building

#### Business trip (Khao Dee Salak Trip) Suphanburi province

The Company realized the importance of the exercise and health care, leisure time utilization and business relationship promotion. **Mr. Varavuth Silpa-acha**, the President of Suphanburi Football Club, invited **Mr. Kovit Rongwattanasophon**, Managing Director of Ratchthani Leading PLC., to join the Khao Dee Salak trip which was the first trip of 2018. Many key persons knew each other in this cycling trip and that created the business partnership continuously. The activity was on 14<sup>th</sup> January 2018 at Khao Dee Salak, Suphanburi province, for the total distance of 65 kilometres.



## Activities for Social and Disadvantaged Children

### HAND TO HAND Project “Nong Im Tong, Ratchthani Im Jai” #2

Border Patrol Police Learning Center at Ban Huay Pum, Chiang Kham district, Pha Yao province

Ratchthani Leasing PLC. realized the importance of the future of the children living in the border line of the North which was the wild area with no help or support. The Company set up the Hand To Hand project for the second year. In 2018, Mr. Kovit Rongwattanasophon, Managing Director, and the employees donated cash and necessary stuff including lunch for the children in total of 126,291.00 Baht at Border Patrol Police Learning Center at Ban Huay Pum, Chiang Kham district, Pha Yao province.



## Activities for Religion Sustainability

### At Wat Suan Luang, Nakorn Sawan province

The Company realized the importance of the religion sustainability. **Mr. Virat Chinprapinporn, Chairman of the Board, Mr. Kovit Rongwattanasophon, Managing Director** and the Company's employees presided the Phra Phuthachinaratch Buddha image casting ceremony in 2017. In 2018, the Company and all employees took the host of Kathin ceremony and donated **1,009,667.00 Baht** (for the church building fund) on 18<sup>th</sup> November 2018 at Wat Suan Luang, Ban Rai sub-district, Lad Yao district, Nakorn Sawan province.



## Activities for Internal Recreation

### Ratchthani Football Cup

Ratchthani Leasing PLC. held the football match for the internal organization activity to encourage the unity and efficiency of teamwork, the selflessness and the good health among the employees. Their leisure time was utilized with exercise and relationship and unity building. Ratchthani Leasing PLC. held the football match to promote the relationship within the organization on 28<sup>th</sup> June, 2018 at Soccer pro. The Company also supported the establishment of the football team.



## ANTI-CORRUPTION

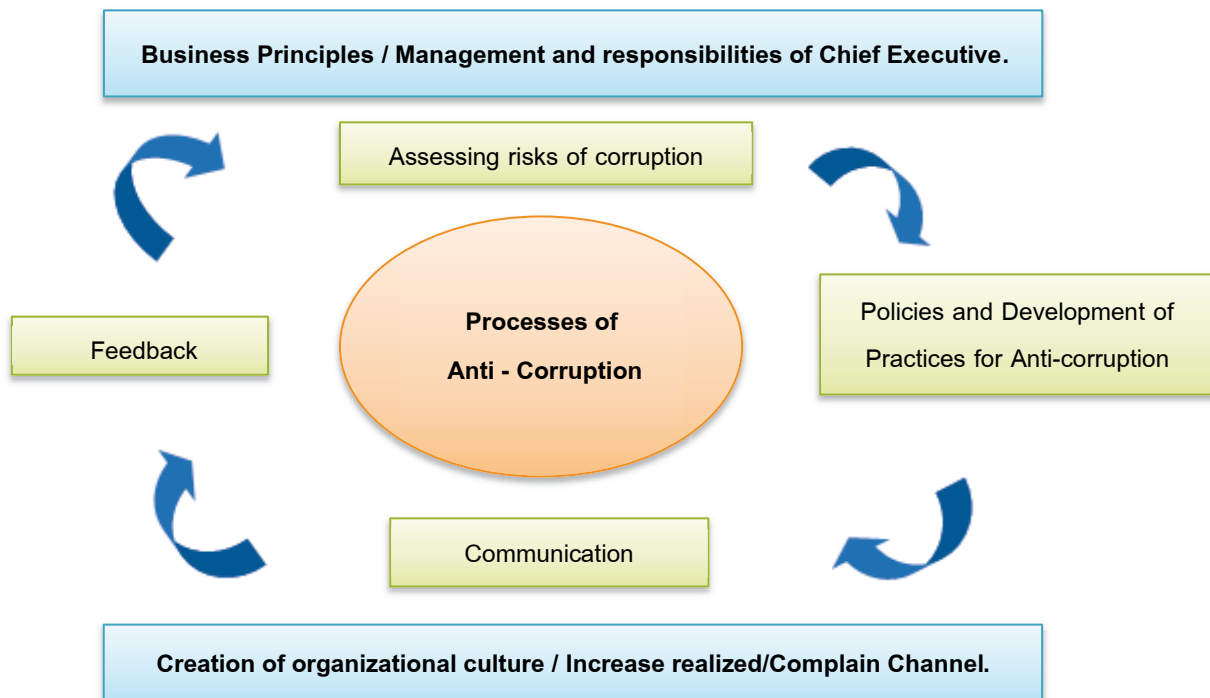
### Anti-Corruption Policy

Ratchthani Leasing Public Company Limited realizes that the corruption can give the bad effect and be the obstacle to social and economic development of the country. It significantly is the wrong doing that leads to the unfair business and can affect the Company's reputation in the aspects of business code of conduct, core competency and international acceptance. It will make shareholders, investors and all stakeholders lose confidence in the organization. Thus, the Company takes as the key principles that the Company's business conduct must not support any business, group or individual involving in the pursuit of unreasonable benefits, both directly and indirectly, from the misuse of authority. The Company is willing to cooperate with the government sector, civil social sector, public media and international organizations to reflect its commitment to all forms of anti-corruption.

The Company's Board of Directors had the resolution to approve the Anti-Corruption Policy and Measure, in accordance with Thanachart Group's Anti-Corruption Policy and Measure, which the Company's committee, executives and all employees must strictly follow. The Anti-Corruption Policy and Measure were publicized in the Company's website ([www.ratchthani.com](http://www.ratchthani.com)).

### Corruption Risk Assessment Process

Ratchthani Leasing Public Company Limited set up the process of corruption risk assessment, in accordance with the Anti-Corruption Policy, to be the guideline. The objective was to build ethics and practices of anti-corruption to the whole organization where they were practiced until becoming the corporate culture.



### **Principles of supervision and control to monitor and prevent the risk of corruption**

Ratchthani Leasing Public Company Limited set up the process of corruption risk assessment, including the corruption risk management process which started from the risk identification on the key process, risk assessment, risk control, risk monitoring and risk review. The corruption risks included 4 forms: offering or receiving bribes, gift voucher, reception fee and other expenses, such as political support and donation for charity/ financial support.

### **Guideline to follow up and evaluate the Anti-Corruption Policy and Measure's compliance**

1. Board of Directors have duty and responsibility to determine and approve the Anti-Corruption Policy and Measure and to provide the efficient system supporting the anti-corruption to be assured that the management realizes its importance and takes into practice until becoming the corporate culture.

2. The Audit Committee has duty and responsibility to review the internal control to ensure its sufficiency, efficiency and compliance with the Anti-Corruption Policy and Measure.

3. The Management has duty and responsibility to promote, support and control employees and related parties to follow the Anti-Corruption Policy and Measure and to review the appropriateness of various regulations and measures to ensure its compliance with the changing business, regulations and legal requirements.

4. Internal Audit Department has duty and responsibility to review and examine the practices to ensure that they are correct and in compliance with the policy, principles, regulation and related law. The internal control system must be assured to be proper and sufficient to handle any potential corruption risks. The Internal Audit Department reports directly to the Audit Committee.

5. The Company's committee, high level executives, management and staff have duty to follow the Anti-Corruption Policy and Measure by not getting involved with any corruptions directly or indirectly.

6. The affiliates, associated companies (if any) or business representatives under the Company's control must accept to follow the Company's Anti-Corruption Policy and Measure.

### **The Company's Anti-Corruption Training Program**

In 2017, the Company promoted the staff training to employees at all levels to provide knowledge, understanding and practices according to the required policy of "Anti-Corruption Program" as follows:

1. The committee and high level executives of the Company and Thanachart Group participated in the **Anti-Corruption for Executives Course of Thailand 2017**. The training course was lectured by Dr. Bandid Nijathaworn, President and CEO of Thai Institute of Directors (IOD).

2. Staff at managerial level participated in the Anti-Corruption for Managers Course.

3. Staff at operational level studied the practice guideline in the Anti-Corruption handbook and the Company's PR campaign.

In 2018, the Company promoted the staff training to employees at all levels to provide knowledge, understanding and practices according to the required policy of "Anti-Corruption Program" under "Let's Drive for Transparency – NO Corruption" course. Currently the Company's policy is publicized in the website under the topic of "Anti-Corruption". Self-assessment is also conducted for

every employee in the Company twice a year every year to assure everyone has awareness, understanding and practice in compliance with Thanachart Group's direction.

Moreover, Ratchthani Leasing Public Company Limited supported the employees to represent Thanachart Group in "International Anti-Corruption Day 2018" under the concept of "Thai people wake up to fight fraud" on Thursday 6<sup>th</sup> September, 2018 at 8.00 - 12.00 hrs. at the Bhiraj Hall 1-3, Bangkok International Trade and Exhibition Center, and "International Anti-Corruption Day (Thailand)" on Friday 7<sup>th</sup> December, 2018 at 07.00-12.00 hrs. at Impact Exhibition Hall 2, IMPACT Exhibition and Convention Center, Muang Thong Thani, Nonthaburi.

### **Channels for Whistle Blowing, Fraud and Corruption Complaints**

Ratchthani Leasing Public Company Limited realizes the importance of business conduct with honesty, transparency and fairness, in accordance with code of conduct, ethics, corporate governance policy and anti-corruption policy. So the Company set up the channels for all employees and stakeholders to give whistle blowing, fraud complaints and corruption clues to the Company.

Any person finding any action that could be corrupted or being affected from refusing the corruption can whistle blow / file complaints, with or without the name disclosure, with sufficient and valid facts or evidence through the following channel:

1. Website: [www.ratchthani.com](http://www.ratchthani.com), in the section of Anti-Corruption, (subject: Whistle Blowing Corruption Report)
2. Direct notice to Managing Director.
3. Direct Notice to Top Executive of Internal Audit Department of the Company.
4. Make notice to line manager or supervisor.

In the case that involves with the high level executives or Board of Directors, the direct notice can be made to the Chairman of Audit Committee.

### **Protection for Whistle Blowers**

The Company has set up the whistle blowers protection principles for those who give the Company the clues or information about the corruption and for those who refuse to the corruption in order to ensure their safety as follows:

1. The function receiving the complaints considers the fundamental information or finds further details. If considered appropriate, the complaints will be approved by the top executive of that function and will be submitted to other related function for further action according to the Corporate Governance Policy procedure and the Company's regulations accordingly.

Furthermore, the Company will examine the complaints by considering the facts which are credible and valid for further investigation (not an anonymous letter), excluding the interpersonal dispute or complaints.

2. The Company will provide protection to the persons cooperating with the Company in whistle blowing or refusing corruptions related to the Company in order to prevent them from troubles, dangers or unfair treatment caused by such actions.
3. The Company will not demote, punish or give negative impact to employees or executives who refuse corruptions although such action causes the Company's loss of business opportunities.
4. If the whistle blower/ complainant finds himself unsafe or in danger, he can request to the Company for the appropriate protection action.
5. To protect the complainant's rights, the Company will not disclose the complainant's personal information to anyone except for those who are responsible for examining and investigating the facts. Any action against this principle is considered disciplinary offense.
6. In the case that an employee or executive is found giving other people unfair treatment or damages which may have been caused from those people's whistle blowing or refusing corruption, he/ she is considered disciplinary offense.

#### **“Thailand's Private Sector Collective Action Coalition Against Corruption”**

Ratchthani Leasing Public Company Limited signed up to the declaration of intention in joining the Thailand's Private Sector Collective Action Coalition Against Corruption on 18<sup>th</sup> April 2014 and did the self- evaluation tool for countering corruption in order to enter the process of membership certification from the Thailand's Private Sector Collective Action Coalition Against Corruption Council.

On 3<sup>rd</sup> October 2014, the Thailand's Private Sector Collective Action Coalition Against Corruption Council meeting had a resolution of approval for Ratchthani Leasing Public Company Limited to be a member of Collective Action Against Corruption (CAC), together with Thanachart Capital Public Company Limited and another 10 companies of Thanachart Group. The certificate is valid for 3 years, effective from the date of approval.

In 2017, the Company requested for the re-certification following the process and procedures required by CAC. On 18<sup>th</sup> August 2017, the CAC Quarterly Meeting 2/2017 had a resolution of approval for the re-certification of Ratchthani Leasing Public Company Limited to be a member of Collective Action Against Corruption (CAC), together with Thanachart Capital Public Company Limited and another 14 companies of Thanachart Group. The certificate is valid for 3 years, effective from the date of approval. This is to confirm that the Company is committed to conduct business with fairness, transparency and all forms of anti-corruption directly and indirectly.



On 21<sup>st</sup> November 2017, Mr. Kovit Rongwattanasophon, Chairman and Managing Director of Ratchthani Leasing Public Company Limited received the certificate of member of Thailand's Private Sector Collective Action Coalition Against Corruption in the international conference, Thailand's 8<sup>th</sup> National Conference on Collective Action Against Corruption "Bright spot : Lighting the way to a corruption free society", at Napalai Ballroom, Dusit Thani Hotel. The conference was organized by Thai Institute of Directors (IOD.)



Furthermore, in 2015, Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) established website as a channel to publicize information and activity news to members. It is also a key channel for members to share their experiences in anti-corruption prevention and solution of the private sector and to create cooperation among private companies for anti-corruption. Since CAC website becomes the significant PR channel of all participated companies, it deserves to be supported by civil social sector. Thus, CAC team created the following logo.



In 2018, Ratchthani Leasing Public Company Limited **continued receiving the gold logo, meaning the Company was certified by CAC.** This was publicized in the Company's website. The Company can use this logo to certify its intention and cooperation in anti-corruption for the public awareness and to create confidence to stakeholders, in accordance with Thanachart Group's direction.

# DIRECTOR



**Mr. Virat Chinprapinporn**

Chairman, Executive Director  
Authorized Director



**Mr. Thakol Nunthirapakorn, Ph.D.**

Independent Director  
Chairman of Audit Committee



**Mr. Suvit Arunanondchai**

Independent Director  
Audit Committee  
Nomination and Remuneration  
Committee (Chairman)



**Mr. Kovit Rongwattanasophon**

Director, Chairman of Executive Director,  
Managing Director, Authorized Director



**Mr. Charoensook Kititti**

Director  
Authorized Director



**Mr. Praphan Anupongongarch**

Director  
Executive Director  
Authorized Director



**Mr. Anuwat Luengtaweekul**

Director  
Nomination and Remuneration Committee  
Authorized Director

# DIRECTOR



**Mr. Varavudh Varaporn**

Independent Director  
Audit Committee  
Nomination and Remuneration  
Committee



**Mrs. Naree Boontharawara, Ph.D.**

Independent Director  
Audit Committee



**Mr. Surapon Satimanont**

Independent Director  
Audit Committee



**Mr. Ekasith Saktanakorn**

Director  
Authorized Director



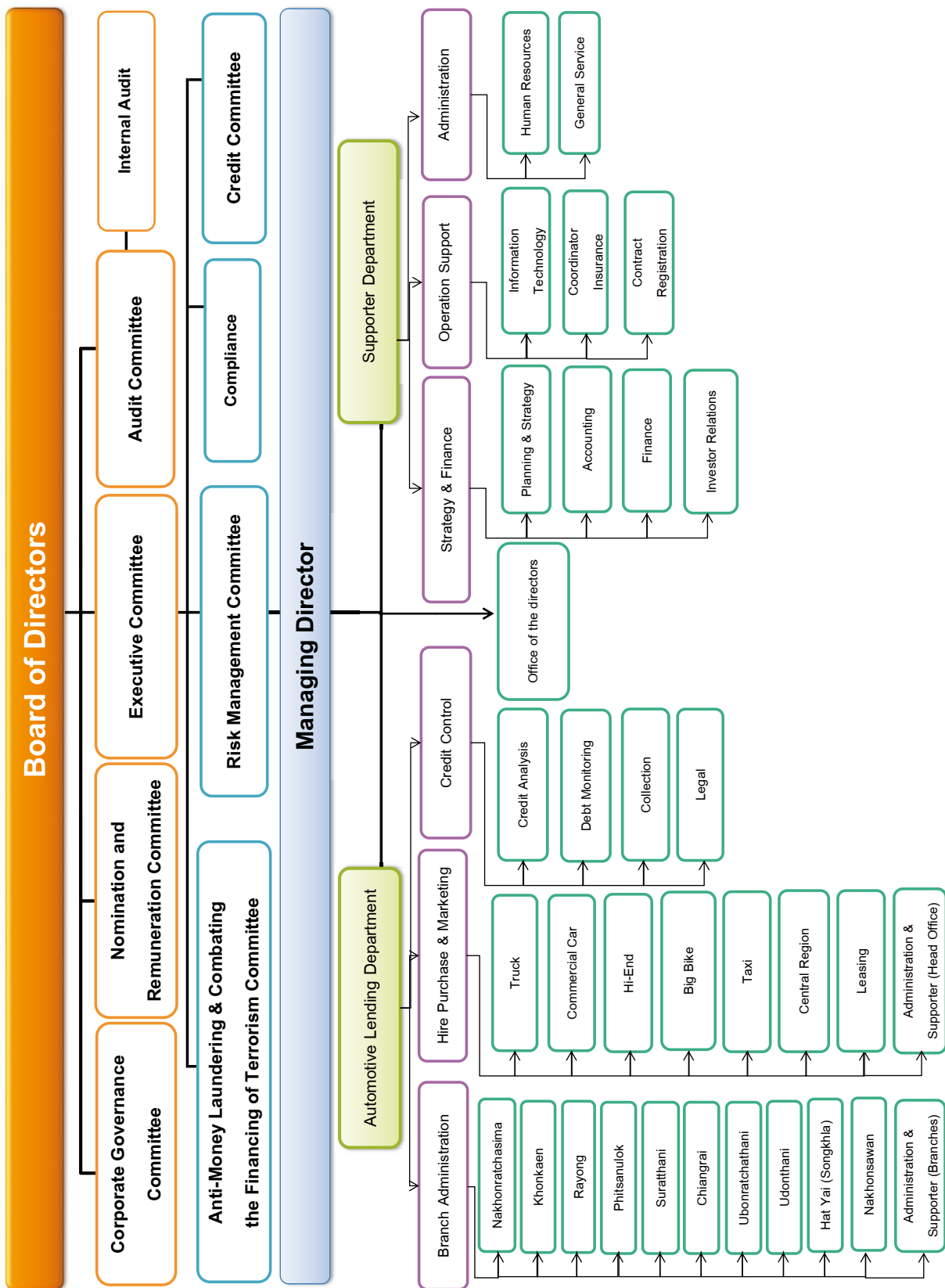
**Mr. Nakarin Anantachina**

Director  
Executive Director  
Authorized Director



**Mr. Wuttichai Suraratchai**

Director  
Executive Director  
Authorized Director



## **Policy and Business Overview**

Ratchthani Leasing Public Company Limited operates loan service business in hire purchase and finance leasing for new and old private automobiles, focusing on commercial vehicles, such as pick up, taxi, tractor and truck, etc. The Company also conducted business related to hire purchase and leasing assets.

## **Significant Changes and Development**

### **Background**

Ratchthani Leasing Public Company Limited was established on 2<sup>nd</sup> June 1988 under the original name of “Ratchthani Leasing Co., Ltd.”, with an initial capital of 6 Million Baht. The initial business aimed at the hire purchase loan services for second hand automobiles. Since its establishment, the Company has been increasing its registered capital for the business expansion. Its registered capital was raised to 36 Million Baht in the first year and to 56 Million Baht and 168 Million Baht in 1992 and 1995 respectively.

During the initial stage of business, the Company focused its business on hire purchase loan for second hand automobiles, both to individual retail customers via second hand car dealers and to second hand car dealers as a floor plan credit for their purchase of used cars for sales. The proportion of both customer groups was about the same in the past. However, in 2006, the Company stopped the floor plan credit business since it had the purpose of maintaining the Company’s market shares and market expansion in the first place rather than making profits as the main business.

Since 2000, the Company has applied for membership of Thai Hire-Purchase Association to obtain the information of the second hand automobile market for the benefits of the Company’s business operations. Currently, the Company’s Credit Analyst Department and Marketing Department, with experiences in second hand automobiles, are responsible for recruiting new customers. They have built good relationship with many automobile dealers and regularly visit second hand automobile dealers who are the Company’s partners. The Company’s partners must be considered and get approval before being the partners according to the Company’s criteria and procedures.

## **Key Development Progress**

### **In Business Operations**

- |             |                                                                                                                                                                                                                                                                                                                                                        |
|-------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>2002</b> | The Company was registered as the public company and changed its name to “Ratchthani Leasing Public Company Limited” in August and was approved to be the listed company on the Stock Exchange of Thailand (SET) on 19 <sup>th</sup> December 2002.                                                                                                    |
| <b>2003</b> | The Company had the better information technology development which helped customers communicate to the Company on website and get significant fundamental information, important news, such as reference price of second hand cars. The Company also provided the partial payment service and other fees payment service with the Bar Code system and |

	ATM system. All services were to provide more convenience to customers. The Company received the “BBB” credit rating from Tris Rating Co., Ltd.
<b>2004</b>	In January, the Company applied for membership of National Credit Bureau to obtain customer’s information and use it for considering credit approval and blocking hirers who are not capable to pay back to the Company’s leases.
<b>2006</b>	
<b>March</b>	On 22 <sup>nd</sup> March, the Company opened a new hire-purchase service center in Wongwaen – Kanchanaphisek area, Bangkok. The Company planned to open 3 locations within this year in 3 corners of Bangkok to meet retail customer’s demand in credit and hire-purchase refinancing for automobiles.
<b>August</b>	After holding shares of 39.76% of paid-up capital, Siam City Bank Public Company Limited (SCIB) appointed 4 representatives to be Directors of the Company according to its granted ratio.
<b>2008</b>	The Company expanded 5 branches in other regions: Khonkaen, Korat in Nakorn Ratchasima province, Pitsanulok, Rayong and Ratchaburi. However, Ratchaburi branch was closed later.
<b>October</b>	Started leasing service business for corporate customers. Automobile leasing services included fund leasing contract and operating leasing contract. Target customers were the second hand cars of higher than 1 Million Baht value.
<b>2010</b>	The Company opened a new branch in the South is Surat Thani branch.
<b>2011</b>	The Company opened a new branch in the North is Chiangrai branch.
<b>2012</b>	The Company’s credit rating was upgraded from “BBB” to “BBB+”, “Stable” outlook, from Tris Rating Co., Ltd.
<b>2013</b>	The Company opened a new branch in the North-East is Ubon Ratchathani branch.
<b>2014</b>	
<b>April</b>	The Company expanded a new branch in the North-East is Udon Thani branch.
<b>August</b>	The Company expanded a new branch in the South is Had Yai branch in Songkhla province.
<b>December</b>	The Company opened a new branch in the Lower North is Nakorn Sawan branch.
<b>2016</b>	
<b>October</b>	The Company’s credit rating was upgraded from “BBB+” to “A-”, “Stable” outlook, from Tris Rating Co., Ltd.

## **In Capital**

<b>2002</b>	The Company raised capital for business expansion by increasing registered capital from 168 Million Baht to 208 Million Baht by issuing new common shares of 40 Million Baht to the Company's current shareholders. The Extra Ordinary General Meeting of Shareholders no. 3/2002 on 28 <sup>th</sup> July 2002 had a resolution that the Company changed its status to Public Company Limited and changed its name to "Ratchthani Leasing Public Company Limited." The resolution also had the Company's registered capital increased from 208 Million Baht to 300 Million Baht by issuing 18,400,000 new common shares with the par value of 5.00 Baht/share. New common shares were allocated to general public for 16,800,000 shares at the par value of 8.00 Baht/share and to the Company's employees for 1,600,000 shares at the par value of 6.40 Baht/share.
<b>2006</b>	
<b>January</b>	On 25 <sup>th</sup> January 2006, Board of Directors had a resolution to allocate 150,000,000 new common shares of the Company and 75,000,000 units of warrants to purchase new common shares of the Company to be offered to Siam City Bank Public Company Limited (SCIB).
<b>February</b>	On 27 <sup>th</sup> February 2006, the Company signed in the Memorandum of Understanding between the Company as seller and Siam City Bank Public Company Limited as Buyer for the Company's common shares of 150,000,000 shares at par value of 1.15 Baht/share, in total value of 172,500,000 Baht, and 75,000,000 units of warrants to purchase new common shares of the Company at no value. The selling and buying transaction depended on the permission from Bank of Thailand or related organization and the result of the Company's asset evaluation by Siam City Bank Public Company Limited.
<b>2010</b>	
<b>March</b>	After Thanachart Bank Public Company Limited purchased Siam City Bank Public Company Limited's common shares from Financial Institutions Development Fund, Thanachart Bank Public Company Limited became the Company's major shareholder, replacing Siam City Bank Public Company Limited, with the shares of 48.35% of paid-up capital.
<b>2011</b>	
<b>April</b>	The Company registered the increasing capital with the Ministry of Commerce to certify the dividend allocation to current shareholders from 822,593,906 Baht to 904,853,296 Baht of registered capital.
<b>November</b>	The Company registered its increasing capital with the Ministry of Commerce from 904,853,296 Baht to 1,342,349,708 Baht. The increasing capital resulted from the shares offered to current shareholders. Thanachart Bank Public Company Limited then became the

major shareholder of the Company with 874,973,000 shares, accounting for 65.18% of paid up registered capital.

## **2013**

### **April**

The resolution of the Annual General Meeting Shareholders no. 1/ 2013 held on 2<sup>nd</sup> April 2013 approved the raising of registered capital from 1,342,349,708 Baht to 1,610,819,649 Baht by issuing 268,469,941 common shares at par value of 1.00 Baht/ share in order to certify the Company's dividend payment as common shares. This resulted in the Company's paid up capital of 1,610,819,597 Baht (1,610,819,597 common shares) at par value of 1.00 Baht/ share.

## **2014**

### **April**

The resolution of the Annual General Meeting Shareholders no. 1/ 2014 held on 2<sup>nd</sup> April 2014 approved the raising of registered capital from 1,610,819,597 Baht to 2,013,524,496 Baht by issuing 402,704,899 common shares at par value of 1.00 Baht/ share in order to certify the Company's dividend payment as common shares. This resulted in the Company's paid up capital of 2,013,522,778 Baht (2,013,522,778 common shares) at par value of 1.00 Baht/share.

## **2015**

### **April**

The resolution of the Annual General Meeting Shareholders no. 1/ 2015 held on 8<sup>th</sup> April 2015 approved the raising of registered capital from 2,013,522,778 Baht to 2,416,227,333 Baht by issuing 402,704,555 common shares at par value of 1.00 Baht/ share in order to certify the Company's dividend payment as common shares. This resulted in the Company's paid up capital of 2,416,227,209 Baht (2,416,227,209 common shares) at par value of 1.00 Baht/ share.

## **2018**

### **April**

The resolution of the 2018 Annual General Meeting Shareholders held on 3<sup>rd</sup> April 2018 approved the increase in registered capital of the company from 2,416,227,209 Baht to 3,020,248,011 Baht by issuing 604,056,802 new common shares at the par value of 1.00 Baht/ share to support the Company's dividend payment in common shares. As a result, the Company had the paid-up capital of 3,020,283,681 Baht (3,020,283,681 common shares) at the par value of 1.00 Baht/ share.

## **Key Events in the past period**

### **2014**

#### **April**

The Company signed in the **declaration of intent** of Thailand's Private Sector Collective Action Against Corruption (CAC)

**October** The Company was **certification for membership** of Thailand's Private Sector Collective Action Against Corruption (CAC), together with Thanachart Capital Public Company Limited and 10 companies of Thanachart Group.

## 2015

**February** The Company was evaluated by the Anti-Corruption Progress Indicator and got "**Grade 4 – Certified**" from Thaipat Institute, supported by the Office of the Securities and Exchange Commission. This showed that the Company's Anti-Corruption process was complete and sufficient, examined by the Audit Committee and certified by CAC.

**March** The Company was selected to be in the list of **ESG100 2015** by Thaipat Institute. The selected companies were considered on their outstanding performance in Environmental, Social and Governance: ESG. 100 out of 567 companies registered in SET were selected.

**June** The Company received **100 full scores** from the evaluation of its Annual General Meeting of Shareholders 2015 (AGM) quality checklist, meaning "**Excellent and worthy as an example**", by Thai Investors Association.

**November** The Company's result of Corporate Governance 2015 evaluation was "**Very Good**" in the Corporate Governance Report of Thai Listed Company: CGR by Thai Institute of Directors.

## 2016

**February** The Company was evaluated by the Anti-Corruption Progress Indicator and got "**Grade 5 – Extended**" from Thaipat Institute, supported by the Office of the Securities and Exchange Commission. This showed that the Company's policy also pushed its business partners, consultants, middlemen or business representatives to have policy and practice of anti-corruption.

**April** The Company was selected to be in the list of **ESG100 2016** by Thaipat Institute. The selected companies were considered on their outstanding performance in Environmental, Social and Governance: ESG. 100 out of 621 companies registered in SET were selected.

**June** The Company received **100 full scores** from the evaluation of its Annual General Meeting of Shareholders 2016 (AGM) quality checklist, meaning "**Excellent and worthy as an example**", by Thai Investors Association.

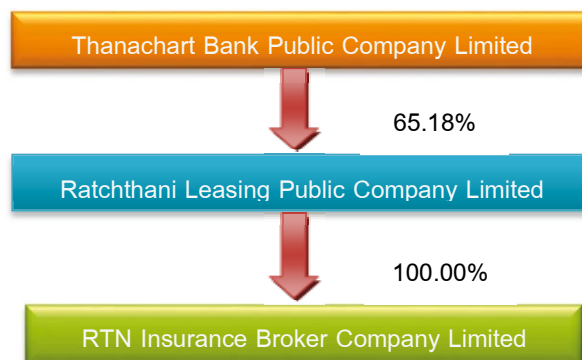
- November** The Company's result of Corporate Governance 2016 evaluation was "**Very Good**" in the Corporate Governance Report of Thai Listed Company: CGR by Thai Institute of Directors.
- December** The Company received the **Best Company Performance Award** 2016 and was considered to be a candidate for the Further Best Company Performance Award in "SET Award 2016" organized by SET and Money and Banking Magazine.
- 2017**
- January** The Company was selected to be the securities element of **SET 100 Index** for the calculation of 1<sup>st</sup> January – 30<sup>th</sup> June 2017 by SET.
- The Company was selected to be the securities element of **SETHD (SET High Dividend 30 Index)** for the calculation of 1<sup>st</sup> January – 30<sup>th</sup> June 2017 by SET.
- May** The Company was selected to be the registered securities in the list of **ESG100 2017** by Thaipat Institute. The selected companies were considered on their outstanding performance in Environmental, Social and Governance: ESG. 100 out of 656 companies registered in SET were selected.
- The Company was selected to be an index of **MSCI Global Small Cap** by Morgan Stanley Capital International, the benchmark that institutional investors which invest in all regions over the world use as the return on investment indication standard.
- June** The Company received 100 full scores from the evaluation of its Annual General Meeting of Shareholders 2017 (AGM) quality checklist, meaning "**Excellent and worthy as an example**", by Thai Investors Association.
- July** The Company was selected to be the securities element of **SET 100 Index** for the calculation of 1<sup>st</sup> July – 31<sup>st</sup> December 2017 by SET.
- The Company was selected to be the securities element of **SETHD (SET High Dividend 30 Index)** for the calculation of 1<sup>st</sup> July – 31<sup>st</sup> December 2017 by SET.
- August** The Company received **re-certification for membership** of Thailand's Private Sector Collective Action Against Corruption (CAC), together with Thanachart Capital Public Company Limited and 14 companies of Thanachart Group.
- October** The Company's result of Corporate Governance 2017 evaluation was "**Very Good**" in the Corporate Governance Report of Thai Listed Company: CGR by Thai Institute of Directors.

## 2018

- May** The Company was selected by Thaipat **Institute as one of the top 100** listed companies of the year 2018 with outstanding performance in Environmental, Social and Governance (ESG) from a total of 683 listed companies.
- June** The Company received the full 100 scores of the Annual General Meeting of Shareholders Quality Assessment, which was considered as “**Excellent and Appropriate as Example**” from the AGM Quality Assessment Project by Thai Investors Association.
- July** The Company was selected to be in the list of stocks in **SET 100 Index** between the period review of 1<sup>st</sup> July – 31<sup>st</sup> December 2018 by the Stock Exchange of Thailand.  
The Company was selected to be in the list of stocks in **FTSE SET Mid Cap Index** by the Stock Exchange of Thailand and FTSE Group.
- November** The Company received the scores of the Good Corporate Governance in 2018 as the “**Excellent**” in the Corporate Governance Report of Thai Listed Company : CGR by the Thai Investors Associations.

### Relationship with the Major Shareholders' Business Group

From the data as of 31<sup>st</sup> December 2018, Thanachart Bank Public Company Limited was the major shareholder of the Company with the following financial business structure:



## Nature of Business Operation

### Services

The company has operated business on hire-purchase for cars and financial lease. The company has emphasized on vehicle market segments on which it has expertise, such as new and used commercial cars, such as pickup vehicle, taxi, trailer, and truck, etc., and used personal cars (second hand cars.) As of 31<sup>st</sup> December 2018, hire-purchase for second hand cars contributed 35% of the total loan portfolio. In addition, in 2018, the company mainly focused on hire-purchase for commercial cars, both new and used ones. Commercial car hire-purchase contributed 70% while other vehicles hire-purchase contribution was 30%. Ownership of cars was transferred after all installments were fully paid.

Risk of used car hire purchase is fairly high, compared to new car hire purchase. There also is a risk from major customer group of commercial cars, which are sensitive to the overall domestic economy. The company therefore considers several factors when considering credit approval, such as physical conditions of cars, market price, car registration checking, etc. The company has the experienced teams to inspect used car conditions and prices.

In addition to the mentioned hire-purchase services, the company provides several after-sales services, such as car registration renewal, insurance renewal, car inspection before annual tax payment. These services not only serve customers but also are other sources of income for the Company and bring benefits in protecting customers' assets and preventing the company's damage.

In 2018, the Company invested in RTN Insurances Brokers Co., Ltd. ("RTN Insurances Broker") which conducts non-life insurance, life insurance, and related business, accounting for 100% of total paid-up capital (including direct and indirect shareholding.) The objective was to provide services to hire purchase customers and financial leasing customers of the Company to satisfy their needs and sustain customer service efficiency. This would support the Company to provide the full services in hire purchase and financial leasing services business, leading to the continuous and steady growth.

### Income Structure

The income structure of the Company according to the financial statements for the fiscal year ended 31<sup>st</sup> December 2016, 2017 and 2018 is shown as follows.

Income	2018		2017		2016	
	MB	%	MB	%	MB	%
1. Income from hire-purchase agreements						
- personal cars	799.48	20.89	757.35	22.90	533.57	17.87
- commercial car	2,367.26	61.85	1,972.00	59.63	1,921.21	64.36
Total income from hire-purchase agreements	3,166.74	82.74	2,729.35	82.53	2,454.77	82.23

Income	2018		2017		2016	
	MB	%	MB	%	MB	%
2. Income from financial lease accounts	35.53	0.93	31.26	0.94	29.74	1.00
3. Other income						
- Fee and service charge	154.31	4.03	151.37	4.58	146.73	4.92
- Loan default penalty	127.74	3.34	115.09	3.48	102.96	3.45
- Bad debts recovered	11.93	0.31	7.92	0.24	4.27	0.14
- Commission on insurance Premium	187.85	4.91	150.29	4.54	126.43	4.24
- Other income*	143.27	3.74	121.95	3.69	120.28	4.03
Total other income	625.10	16.33	546.62	16.53	500.68	16.77
<b>Total income</b>	<b>3,827.37</b>	<b>100.00</b>	<b>3,307.23</b>	<b>100.00</b>	<b>2,985.19</b>	<b>100.00</b>

**Note:** (\*) Most of other income came from compensation from debtors, miscellaneous income, interest receivable from banks and dividend.

### Market Overview and Competition

In 2018, the overall hire purchase and financial leasing industry had the signal of continuous growth from the previous year while the competition continued to be high. Since financial institutions, commercial banks, leasing and hire purchase business of manufacturers and dealers focused on personal car loan market, both new and used cars. Some enterprises adjusted strategies and expand their markets to second hand car loan. However, these enterprises were not considered as direct competitors to the Company because the Company's main target group was commercial car segment, both new and used ones. The competition in this segment was not highly aggressive compared to the personal car segment.

The company's key target customers are individual persons and juristic persons recommended to the Company by second hand car dealers. In 2018, the total amount of hire purchase of individual customers accounted for 80% of total loans. The company was committed to provide efficient, fast, convenient, and friendly services to customers and car dealers. After-sales services and continuous development of after-sales services play the key role for the Company to sustain the existing customer base and expand more to new customer groups who were recommended by existing customers and dealers. From the past experiences, if existing customers repaying all or partial loans wished to buy new cars, they would come for the Company's hire purchase services again. The Company's competitive strategies are summarized as follows.

1. Emphasize on fast services, both pre and post sales, as well as efficiency in customer services. The Company has credit officers working at second hand car dealers' offices and has officers working on car registration ready to coordinate with credit officers to facilitate the loan approval. The Company also realized the importance of the fast and punctual payment to dealers.

2. Emphasize on niche market where the Company has expertise, that is, hire purchase for second hand cars and new and used trucks segments. The company has experiences in this business for more than 25 years. The Company's personnel have good market knowledge and understanding, including expertise in car price appraisal, which is the Company's advantage over new coming competitors.

3. Give priority to a full range of services, such as car registration renewal and car insurance renewal, to provide convenience to customers. It is also another source of revenue for the Company.

4. Create good relationship with customers and second hand car dealers with quality, fast and convenient services. Good returns and consistent services are offered to car dealers. Credit lines are sufficiently and consistently offered to dealers' customers to create the confidence and trust for dealers and create the Company's opportunity to expand business in the future.

5. Emphasize on credits for second hand car dealers who give importance to selling quality cars at reasonable prices, correct car registration and/ or have guarantee for customers. This helps reduce risks on the car quality. The company has recognized that the risks of hire purchase for second hand car business can come from both debtor quality and car condition quality while the risk of hire purchase for new car business comes from the debtor quality only.

6. Give priority to the company's existing personnel and recruit new staff with ability and experience in second hand car market to join credit team. Develop the staff's knowledge and motivate them with remuneration and other benefits.

However, in the next 3 - 5 years, the company has planned to retain commercial car hire purchase ratio at 60 - 65% of the total portfolio of debtors. This segment has been growing consistently, resulting in higher profitability with lower risks compared to personal car segment. (Normally, after seizing collaterals and auctions, the company would sell them at the prices closed to debt amounts.) With this strategy, the company will not compete with large financial institutions which have lower operating costs, and will have higher competitive competency.

In addition, with long experience and business expertise, the Company is able to create competitive advantage, build long-term relationship with and generate good return to second hand car dealers. The Company provides the fast services for customer's satisfaction to keep its market shares and strengthen relationship with dealers in order to increase business opportunities and channels.

### **Products and Services Provider**

The Company's Marketing Division with the experience in second hand car market is responsible for customer acquisition by creating good relationships with second hand car dealers and rotating their working station to offices of second hand car dealers who are the Company's trade partners. The dealers can be the Company's trade partners when they are approved by the Company according to the dealer consideration and process. The Company does not make any contract with those dealers.

Currently, the Company has over 1,000 car dealer partners. All of them are located in Bangkok, perimeter, and key provinces. Over 500 of them are regular partners. The Company does not grant credit

to any customers for over 5% of their shares. Normally, the dealers do business with many companies which provide hire purchase service and finance leasing service. The dealers' recommendation on which companies should be selected depend on the following factors:

- Relationships between car dealers and the companies
- Quality and fast services to customers
- Fast and on-time payment to car dealers
- Consistent and sufficient credit lines for services
- Collaboration and support to sales promotion occasionally held by car dealers

However, with business experience and long-term relationships with car dealers, the Company has been a sole credit provider for some large second hand car dealers.

### Source and Use of Funds

Sources of the Company's funds for business not only come from the capital but also from the loan from financial institutions. As of 31<sup>st</sup> December 2016, 2017 and 2018, the Company's sources of funds were summarized as follows.

Item	As of 31 <sup>st</sup> December					
	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
<b>Shareholders' equity</b>	7,194.96	15.48	5,627.30	14.53	5,009.39	15.33
Loan						
Short-term loan*	21,981.88	47.29	17,202.01	44.43	19,959.22	61.06
Long-term bonds***	17,201.58	37.01	15,549.60	40.16	6,528.42	19.97
Long term loan	100.00	0.22	339.00	0.88	1,188.97	3.64
<b>Total loans**</b>	<b>39,283.46</b>	<b>84.52</b>	<b>33,090.61</b>	<b>85.47</b>	<b>27,676.61</b>	<b>84.67</b>
<b>Total</b>	<b>46,478.42</b>	<b>100.00</b>	<b>38,717.91</b>	<b>100.00</b>	<b>32,686.00</b>	<b>100.00</b>

**Note:** (\*) Short-term loans, overdraft, and long-term loans to be paid within 1 year.

(\*\*) Other current liabilities are not counted as liabilities from normal business, such as transfer amount to be written off, creditor - Revenue Department, petty cash, creditor -insurance and others.

(\*\*\*) Long-term bonds (net from the bond to be paid within 1 year) are the amount before expenses on bond issue to be written off.

As of 31<sup>st</sup> December 2018, the amount of loans was 39,283.46 Million Baht. The repayment schedule is as follows:

<b>Loan repayment schedule</b>	<b>million baht</b>
Within 1 year	21,981.88
1 - up to 2 years	14,174.13
2 - up to 3 years	3,127.45
Over 3 years	0.00
<b>Total</b>	<b>39,283.46</b>

Regarding the hire-purchase debtors excluding debtors with more than 4-month accrued balances and debtors under prosecution process, the Company has the debtor balances as follows.

<b>Debtor payment</b>	<b>Hire-purchase</b>	<b>Financial lease agreement</b>	<b>Total</b>
Within 1 year	18,643.44	204.67	18,848.11
1 – up to 2 years	15,289.62	175.02	15,464.64
2 – up to 3 years	10,869.52	123.16	10,992.68
Over 3 years	7,049.54	113.25	7,162.79
<b>Total</b>	<b>51,852.12</b>	<b>616.10</b>	<b>52,468.22</b>

As of 31<sup>st</sup> December 2018, the company had the loans to be paid within 1 year (including overdraft and short-term loans) of 21,981.88 million Baht and the long-term loans to be paid within 1 – up to 2 years of 14,174.13 million Baht. The debtors to be paid within 1 year of 18,848.11 million Baht and the debtors to be paid within 1 – up to 2 years of 15,464.64 million Baht proved that the company had sufficient funding sources to repay the loans to be paid within 1 year since some of short-term loans can be paid up by long-term loans, which is the Company's strategy of financial structure management. The loans to be paid within 1 year composed of overdraft, promissory note of financial institutions and external persons, and long-term loans to be paid within 1 year.

Importance of liquidity has been recognized. The Company considered new sources of fund, that is, long-term loans with fixed interest rate being consistent with debtors' repayment. This reduces interest rate risk and mismatch fund risk, provided that the Company has closely monitored such risks.

### **Company's Goal and Business Plan in the Next 5 Years**

For the last year operation, the Company closely monitored the impact of several domestic and international factors, including the collaboration with the management of Thanachart Bank PLC., the major shareholder, to create the competitive advantages and define credit strategies. The target groups of the Bank and the Company have been clearly determined to avoid the conflict of interest. The Company utilizes its skills and expertise to expand its leasing ports for the future. The business plans for the next 5 years are as follows:

1. To expand new branches to support vehicles hire purchase services to cover larger area. This is to ensure the efficiency of the fast and correct loan processing services to maximize customer satisfaction.
2. To expand customer base to commercial vehicles segment, such as trucks, taxis, across the country via the Company's branches.
3. To expand credit business to other vehicles, such as airplanes, yachts, to fulfill potential customers' needs in niche market.
4. To revamp the financial structure to reduce business costs and enhance the Company's competitive competency.
5. To retain existing customers and add fast and convenient services to maximize customer satisfaction.
6. To maintain valuable personnel, develop and create credit officers with skills and expertise to support business expansion in the future.

## **Risk Factors**

### **Risk from Interest Rate Fluctuation**

The Company's main source of income comes from interests earning on leasing calculated at fixed rate while some parts of funding costs are from financial institutions charging loan interest at floating rate. In the situation that the loan interest rate increases while the earning interest rate cannot catch it up, the result is the decrease in Interest spread rate. The Company manages risks by expanding business in hire purchase for various vehicles that yield higher returns and managing the financing management to get low financial costs. This aims to maintain the interest spread at the equivalent level with the previous rate.

### **Risk from Mismatch Lending and Borrowing Periods, and Financial Liquidity**

Most of leasing companies, including Ratchthani Leasing Public Company Limited, face the risk from the mismatch of lending and borrowing periods, and financial liquidity. The credit periods granted to customers are for 1-5 years while the Company's main long-term loans from financial institutions and others debt installment are about 1-4 years. So the risk occurs from a duration gap and may cause mismatch funds which results in the lack of operational liquidity. The Company acknowledges this risk and manages the risk by classifying the new hire purchase customers into short-term and long-term debtors. The Company also adjusts lending periods in consistent to borrowing periods. The proportion of new sources of funds that gives better matching between borrowing period and lending period is increased to help reduce the period mismatch. Then the Company is able to manage costs of fund more efficiently. The risk on lack of liquidity is lower to the appropriate level in order for the Company to continually and securely conduct its business operation.

### **Risks of Market and Competition**

The automobile industry and the car sales have been growing consistently and have attracted several new players to start their auto leasing and hire-purchase business. Many of them are businesses owned by financial institutions or commercial banks after the Bank of Thailand announced the Financial Sector Master Plan, allowing the commercial banks to freely conduct automobile financing business in Thailand. Automobile manufacturers and dealers, with a large amount of foreign fund and low financial costs, are able to conduct hire-purchase and leasing business, resulting in severe competition in leasing and hire-purchase business, especially the price competition to promote sales.


In 2018, the Company has maintained the hire-purchase for commercial vehicles at 65-70% of the debt value of the Company. The Company believed that this segment continued to grow and gave higher profit margin with lower risk than the personal car segment. (Normally, when the Company impounds such kind of vehicles and auctions to the public, their selling prices are closer to debt amounts


than personal car's price). Therefore, the Company can avoid direct competition with large financial institutions having lower operation costs and can increase the Company's competitive competency.

### **Risk from Operation of Non-Performing Loans (NPLs)**

The risk from operation of NPLs of the leasing business is unavoidable since customers may not be able to repay loans due to their internal problems, such as the need to pay for healthcare, the maintenance cost of the car under installing payment, , and the external factors, such as economic problems, higher oil prices, job termination, natural disasters. These factors cause customers unable to repay on time and generate NPLs. Hence, the Company has focused and emphasized on credit quality control, efficient debt monitoring, good internal control system and strict credit approval policy, in order to minimize risk from NPLs to a certain level that does not affect the overall operation of the Company.

The Company has the risk management process to control the risk caused by the NPLs operation as the follows.

 The Company controls the credit approval quality by checking the customer's payment behaviors with National Credit Bureau Co., Ltd. in order to screen out customers who are incapable of repayment. The credit scoring system is applied to assess the customer's quality as well.

 The Company controls the efficiency of the debt collection based on the number of deferred customers; and the strict debt collection policy to ensure the fastest recovery of overdue debts. Upon missing the first payment schedule, the customer will receive the first warning notice from the Company, and will also be contacted by a credit control officer. Following the second and the third delayed payments, the credit control officer will send out further notices and contact the customer and the guarantor. The penalty rate is in accordance with the Office of the Consumer Protection Board. If the customer fails to make 3 payments, the credit control officer will submit a report to the Collection Department in order to revoke the hire-purchase contract, which is scheduled for 30 days. If the customer does not contact the Company within this period, the Company will proceed with repossession of the contracted vehicle. If the Company is unable to repossess the vehicle, or if the repossessed vehicle can only be auctioned at the lower price than the outstanding debt amount, the Company will subsequently take legal action on the customer and his guarantor in order to minimize the loss as much as possible. Furthermore, the Company will put this customer on the Black List for future reference.

Furthermore, the Company has a reporting system for the current status of the credit quality as well as a credit monitoring process to prevent deferred payment. In the event of a customer delaying his payment, the Company will closely monitor the customer's behavior since the first delayed installment and collect all related information to use as guidelines for risk management on that customer.

### **Risk from Financing Second-hand Vehicles**

The Company's primary business is leasing new and second-hand vehicles which may face the risks of mistakes on vehicle inspection, second hand car pricing evaluation, including selling impounded car under the balanced values of such hire purchase but having to sell according to its present condition, which greatly depends on mileage, condition and brand popularity of such vehicles. As of 31<sup>st</sup> December 2018, the proportion of second-hand car hire purchase was at approximately 30% of the total hire-purchase and financial leasing value.

The Company implements a measure to minimize such risks with car quality inspection by experienced and expertise staffs together with the strict credit approval. Also, the Company selects second-hand car dealers who meet the standard, offer good quality cars at reasonable price and provide after-sales quality assurance. The Company also analyzes payment behaviors of the customers whom a dealer submits in for the hire purchase application.

### **Risk from Sales of Impounded Vehicles**

After impounding vehicles, the Company will sell them through auctions. In case the auction price is lower than an outstanding value, the Company can demand the remaining value from the customer or the guarantor. However, if the Company cannot claim the balanced debt, then the Company will have to bear the loss. The auctioned price depends primarily on the condition, mileage and the popularity of the repossessed vehicle model, as well as the market situation and the demand at that time. However, the risks of loss arising from selling the impounded second-hand car are generally less than selling a new car because the value against the lifetime of used car declines at higher rate during the early years and will gradually decline after using for longer years.

In 2017, the prices of second-hand cars started to enter the balance mode by gradually declining and continued so to 2018. However, the Company manages the risk from the sales of the impounded vehicles by monitoring the credit continuously and closely in order to prevent the outstanding installment which will finally leads to the impounding process. The impounded cars will be sold soonest to reduce the loss from decreasing price. Besides, the Company may bring the customers and guarantors to the lawsuits for the repayment of the loss after the repossession in order to minimize the Company's loss. The Company repossessed 611, 495 and 433 vehicles in 2016, 2017, and 2018 respectively. The amounts of loss from sales of the repossessed vehicles were 90.12 million, 59.01 million and 55.20 million Baht in 2016, 2017 and 2018 respectively.

### **Risk from Depending on the Specialists**

The Company's business relies on skilled and experienced employees specializing in second-hand vehicle inspection and pricing estimate. This provides the Company with advantages over competitors since the Company's staffs are the experts having experience in marketing and customer services. They build good relationships with car dealers continuously by rotating their station to the

dealer's offices who are the Company's business partners. A car dealer which is the Company's partner is selected and approved according to the consideration procedures and investigation process specified by the Company. In addition, the Company also emphasized the importance on payments to the dealers fast and on time.

Moreover, the Company encourages the staff to provide convenience in credit approval services to customers and dealers, including paying attention and continuously improving after sales services. Thus, the Company can manage to secure the existing customers and also expand its customer base to the new customer groups who usually get recommendations from both existing customers and dealers. Most existing customers, who have completed their installment payments and who are currently in contract but wish to switch to another car, usually come to use the Company's services again.

Losing such employees will most likely affect the short-term operation. Therefore, the Company sets a policy to retain such expert employees on working at the Company for long-term with various incentives and continuously organize the appropriate training and development programs to those employees.

#### **Risk of Potential Debts in the Future**

In the past 3 years, the Company continued to expand its credit business. As of 31<sup>st</sup> December 2016, 2017 and 2018, the Company had net hire purchase and financial leasing debtors of 32,747.54 million, 38,598.25 million and 46,411.63 million Baht, respectively. It is necessary for the Company to find source of funds or increase lending in the future for the business expansion, which may generate risks in potential future debts.

However, to manage such risks, the Company has been sourcing for funds from various sources, to prevent the risk of potential debt from capital market, money market, bond market, financial institutions and related companies. Hence, the Company has adequate funds for business expansion as planned. To support business operation, the Company has searched for sources of funds with low financial costs under its financial structures and liquidity risks, provided that the benefit of the shareholders and stakeholders is priority.

## Shareholders Structure and Dividend Payment Policy

### Shareholders

The Company's top ten major shareholders as of 31<sup>st</sup> January 2019 are in the following list:

No.	Name	No. of shares	%
1.	Thanachart Bank Public Company Limited	1,968,689,250	65.18
2.	Thai NVDR Co., Ltd.	100,041,392	3.31
3.	Mr. Charoensook Kititti	74,571,647	2.47
4.	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	54,002,400	1.79
5.	Mr. Phamorn Pholthep	50,250,000	1.66
6.	SCB DIVIDEND STOCK 70/30 LONG TERM EQUITY FUND	42,671,700	1.41
7.	Mrs. Naowanat Chamornman	32,300,000	1.07
8.	Mrs. Wilawan Rongwattanasophon	17,600,000	0.58
9.	Mrs. Siriwong Rongwattanasophon	15,588,045	0.52
10.	Krungsri Equity LTF	13,441,275	0.45
11.	Others	651,127,972	21.56
<b>Total</b>		<b>3,020,283,681</b>	<b>100.00</b>
Par value of 1 Baht per share			

### Dividend Payment Policy

The Company has a dividend payment policy that if there is no other necessary reason and the dividend payment does not have any significant effect on the Company's operations, the Company will pay dividend for not less than 50% of net profits as stated in the Company's regulations.

#### Dividend Payment to Shareholders

According to the shareholder meeting resolution of 2016 on 1<sup>st</sup> April 2016, the dividend resulting from 2015 performance would be paid to shareholders in cash for 0.18 Baht/ share, accounting for 58.09% of net profits.

According to the shareholder meeting resolution of 2017 on 4<sup>th</sup> April 2017, the dividend resulting from 2016 performance would be paid to shareholders in cash for 0.21 Baht/ share, accounting for 57.58% of net profits.

According to the resolution of the 2018 Annual General Meeting of Shareholders on 3<sup>rd</sup> April, 2018, the dividend paid for 2017 performance was paid in cash for 0.03 Baht / share and in common shares of the Company for 604,056,802 shares (at the par value of 1 Baht/ share), accounting for 0.25

baht/ share of the stock dividend payment to current shareholders at the ratio of 4 current shares to 1 stock dividend. Total dividend paid was 0.28 Baht/ share or 60.09% of net profits.

## Management Structure

The Committee and Executives of the Company comprises of the qualified professionals according to the Public Company Act and the Notification of the Securities and Exchange Commission.

## Board of Directors

As of 31<sup>st</sup> December 2018, the Company's Board of Directors comprised of 12 members as follows:

	Name	Position
1.	Mr. Virat Chinprapinporn	Chairman
2.	Mr. Kovit Rongwattanasophon	Director
3.	Mr. Charoensook Kititti	Director
4.	Mr. Anuwat Luengtaweekul	Director
5.	Mr. Praphan Anupongongarch	Director
6.	Mr. Ekasith Saktanakorn	Director
7.	Mr. Nakarin Anantachina	Director
8.	Mr.Thakol Nanthirapakorn, Ph.D.	Independent Director
9.	Mr. Suvit Arunanondchai	Independent Director
10.	Mr. Varavudh Varaporn	Independent Director
11.	Mr. Surapon Satimanont	Independent Director
12.	Mrs.Naree Boontherawara, Ph.D.	Independent Director

Mr. Ponlaphe Sakkayapapwicharnon was the Company's Secretary.

## Note: Changes in 2018

- According to the 2018 Annual General Meeting of Shareholders held on 3<sup>rd</sup> April, 2018, Asst. Prof. Naengnoi Chai-onnom retired from position and Mrs.Naree Boontherawara, Ph.D was approved to be appointed as the Company's Director/ Audit Director.
- Mr. Wuttichai Suraratchai resigned from the Company's Director/ Executive Director, effective on 1<sup>st</sup> October, 2018. The Board of Directors Meeting no. 4/2018 held on 12<sup>th</sup> November, 2018 had resolution to appoint Mr. Nakarin Anantachina to be the Company's Director/ Executive Director, in place of Mr. Wuttichai Suraratchai, effective from 12<sup>th</sup> November, 2018 onwards.

### **Authorized Directors on behalf of the Company**

The authorized directors on behalf of the Company as specified in the Company certificates were Mr. Virat Chinprapinporn , Mr .Kovit Rongwattanasophon , Mr. Charoensook Kititti , Mr. Anuwat Luengtaweekul , Mr. Praphan Anupongongarch, Mr. Ekasith Saktanakorn, and Mr. Nakarin Anantachina. 2 out of 7 of these Directors to co-sign and the company's seal.

### **Qualification of Directors**

1. Have knowledge, skills and experience in many aspects to support the Company's business operation and have special skills in specific area that brings beneficial effect to the Company. There must be at least one executive director who has experience in the Company's business, regardless of gender.
2. Do not have any qualification prohibited by law and related regulations.
3. Must not hold director position in other companies of the same business or competitive to the Company, no matter for his own or other's benefits unless it is informed to the shareholders meeting before the appointment.
4. Director, executive or relevant person can do the Company's normal business transaction under trade agreement in the way that a normal person would do with a counterpart in the same situation and without influenced bargaining power. This is not applied for transactions prohibited by legal notice or government order.

### **Authority of Board of Directors**

1. Delegate authority to committees, management, executives or other authorized persons within the Board of Directors' scope of authority.
2. Approve credit limit for some customer groups which are approved by Credit Analyst Department when it goes beyond the Executive Committee's scope of approval.
3. Committees can perform the Company's business transactions within their scope of authority. A Chairman or CEO and Managing Directors or at least two other Directors authorized by the Board can sign / co-sign with the Company's seal to do the transactions on behalf of the Company.
4. Can invite the Company's management and staff to be informed, give opinion, attend the meetings or submit documents as deemed necessary.

### **Scope of Authority of Board of Directors**

1. Perform with duty of care and duty of loyalty for the best benefits of the Company.
2. Define the Company's vision, mission, goals, important overall strategies, business plans, financial objectives and budgets, and supervise the business conduct to continue in the long run.
3. Supervise the business conduct in accordance with the law, objectives, regulations, shareholder meeting's resolutions and the good corporate governance.
4. Supervise and monitor the administration work of the Management to ensure the compliance with the assigned policy, except for the following issues that need approval from the shareholders meeting first, that is, the issues for which the law requires the shareholders meeting resolution, such as the capital

increase, capital decrease, debenture issue, the Company's business selling, buying or transfer, or merger with other businesses or persons, revision of memorandum of association or regulation and reward of directors, etc.

5. Supervise to ensure the fair treatment to all groups of stakeholders and the accurate, transparent and timely information disclosure.

6. Prepare the Financial Responsibility Report of the Board of Directors, displayed with the audit's report, including the significant issues according to the code of conduct for Directors of the listed companies to ensure that the Company's financial report is accurate, complete and credible. The Company follows the accounting standards by applying and practicing the appropriate accounting policy regularly.

7. Consider and appoint the sub-committees as the Board of Directors deems appropriate.

8. Support the creation of innovation that adds value to business, concerning the benefits or effects to customers or related parties and the social and environment responsibilities.

#### **Executive Committee**

As of 31<sup>st</sup> December 2018, the Company had 6 Executive as follows:

<b>Name</b>	<b>Position</b>
1. Mr. Virat Chinrapinporn	Chairman of Committee
2. Mr. Kovit Rongwattanasophon	CEO and Managing Director
3. Mr. Khomsan Boonyoiyad	Deputy Managing Director (Credit Operation and Marketing)
4. Mr. Boonchu Wongpakdee	Deputy Managing Director/ (Chief Financial Officer) (Corporate Strategy and Chief Financial Officer)
5. Mr. Ponlaphe Sakkayapapwicharnon	Senior Assistant Managing Director (Credit Control)
6. Mr. Sootchai Viriyalappa	Assistant Managing Director (Business Support)

#### **Note:**

- Definition of Executive was complied with the Office of the Securities and Exchange Commission.

- The Corporate Administration reports directly to Managing Director.

#### **The Secretary of the Company**

The Board of Directors Meeting no. 4/2013 held on 13<sup>th</sup> November 2013 had resolution to appoint Mr. Ponlaphe Sakkayapapwicharnon as the Secretary of the Company effective from 13<sup>th</sup> November 2013. The Board of Directors meeting no. 1/ 2018 held on 16<sup>th</sup> February, 2018 had the resolutions to appoint Miss Orapan Lertrujivanich to be the Assistant Company Secretary, effective on 16<sup>th</sup> February, 2018. Since she was qualified with appropriate maturity, qualification and experience. To be complied with the Good Corporate Governance of the Company and for the efficient administration.

The Secretary of the Company shall perform the duties as stated in section 89/15 and section 89/16 of the Securities and Exchange Act (No. 4) BE 2008 effective on 31<sup>st</sup> August 2008 and the Corporate Governance Policy of the Company with responsibility, caution, and honesty. He must be in compliance with the law, the Company's objectives and regulations, Committee Meeting Resolutions and the shareholders meeting resolution. The duties of the Secretary of the Company according to the law and the Company's assignment are as follows:

#### **Role and Responsibility of the Secretary of the Company**

1. Manage and be responsible for the activities of Board of Directors.
2. Provide the primary recommendation to the Directors regarding legal issues, rules and regulations, including the good corporate governance principles and the ethics which the Directors should practice, and monitor to ensure they were applied correctly and regularly. Any significant changes must be reported to the Directors.
3. Prepare documents and useful information for the new Directors and introduce the business nature and business direction to new Directors.
4. Arrange the shareholders meetings and Board of Directors meetings in compliance with the law, the Company's regulations and other practices.
5. Take minutes of shareholders meeting and Board of Directors meetings and follow up on the actions taken according to the meeting resolutions.
6. Arrange and keep Board of Directors registration documents, invitation letters to Board of Directors meetings, Board of Directors meeting minutes, the Company annual reports, invitation letters to shareholders meetings, shareholders meeting minutes and reports of conflict of interest transactions reported by directors or executives.
7. Manage to have the information and information report under responsibility revealed to Corporate Governance Department according to the official regulations.
8. Contact and communicate to general shareholders for their awareness of shareholder rights and the Company's news.
9. Continuously get training and development on legal, accounting or Company Secretary's duty.
10. Operate other activities required by Capital Marketing Supervisory Board.
11. Perform other duties assigned by Board of Directors.

#### **Remuneration for Directors and Executives**

##### **1. Remuneration in cash**

##### **Remuneration for Directors**

In 2018, the Company paid remuneration to 4 groups of directors, that is, Board of Directors, Audit Committee, Selection and Remuneration Committee, and Executive Committee, in total of 5,402,718.09 Baht. The remuneration payment was in the form of meeting allowance and premium for directors (accounting for 0.5% of dividend paid to shareholders from 2017 net profits) as follows:

Name of Directors	Meeting allowance					premium for directors	Total of remuneration payment (Baht)
	Company's Directors	Audit Committee	Selection & Remuneration Committee	Executive Committee	Total of meeting allowance (Baht)		
					(1)	(2)	(3) = (1) + (2)
Mr. Virat Chinprapinporn	120,000	-	-	-	120,000	363,434.08	482,434.08
Mr. Charoensook Kititti	75,000	-	-	-	75,000	201,352.27	276,352.27
Mr. Kovit Rongwattanasophon	100,000	-	-	-	100,000	302,028.40	402,028.40
Mr. Anuwat Luengtaweekul	100,000	-	50,000	-	150,000	251,690.33	401,690.33
Mr. Praphan Anupongongarch	100,000	-	-	110,000	210,000	302,028.40	512,028.40
Mr. Ekasith Saktanakorn*	100,000	-	-	-	100,000	50,338.07	150,338.07
Mr. Nakarin Anantachina	-	-	-	20,000	20,000	-	20,000.00
Mr.Thakol Nanthirapakorn,Ph.D.	100,000	120,000	-	-	220,000	302,028.40	552,028.40
Mr. Suvit Arunanondchai	100,000	100,000	60,000	-	260,000	251,690.33	511,690.33
Mr. Surapon Satimanont	75,000	75,000	-	-	150,000	251,690.33	401,690.33
Mr. Varavudh Varaporn	100,000	100,000	50,000	-	250,000	302,028.40	552,028.40
Mrs.Naree Boontherawara,Ph.D.	75,000	75,000	-	-	150,000	-	150,000.00
<b>Directors are retired in 2018</b>							
Asst. Prof.Naengnoi Chai-onnom	25,000	25,000	-	-	50,000	251,690.33	301,690.33
Mr. Wuttichai Suraratchai	75,000	-	-	90,000	165,000	302,028.40	467,028.40
<b>Directors are retired in 2017</b>							
Mr. Anuchart Deeprasert	-	-	-	-	-	251,690.33	251,690.33
<b>Total</b>	<b>1,145,000</b>	<b>495,000</b>	<b>160,000</b>	<b>220,000</b>	<b>2,020,000</b>	<b>3,382,718.09</b>	<b>5,402,718.09</b>

#### **Note: Changes in 2018**




According to the 2018 Annual General Meeting of Shareholders held on 3<sup>rd</sup> April, 2018, Asst. Prof. Naengnoi Chai-onnom retired from position and Mrs.Naree Boontherawara, Ph.D. was approved to be appointed as the Company's Director/ Audit Director.



Mr. Wuttichai Suraratchai resigned from the Company's Director/ Executive Director, effective on 1<sup>st</sup> October, 2018. The Board of Directors Meeting no. 4/2018 held on 12<sup>th</sup> November, 2018 had resolution to appoint Mr. Nakarin Anantachina to be the Company's Director/ Executive Director, in place of Mr. Wuttichai Suraratchai, effective from 12<sup>th</sup> November, 2018 onwards.

## **Change in 2017**

 Mr. Anuchart Deeprasert resigned from the Company's Director, effective on 16<sup>th</sup> October, 2017. The Board of Directors Meeting no. 5/2017 held on 16<sup>th</sup> October, 2017 had resolution to appoint Mr. Ekasith Saktanakorn to be the Company's Director, in place of Mr. Anuchart Deeprasert, effective from 16<sup>th</sup> October, 2017 onwards.

## **Remuneration for Executives**

In 2018, the Company had 6 Executives according to the definition of the Securities and Exchange Commission who received remuneration in form of monthly salary, annual bonus and provident fund.

	2018	2017	2016
Number of Executives (persons)	6	6	6
Total amount of Executive Remuneration (Baht)	39,523,500	32,685,500	26,124,600

## **2. Other Compensations**

### **Other compensations of Directors.**

The Company did not have any other compensation to Directors.

### **Other compensations of Executives.**

The Company set up the provident fund according to SET requirement. Executives and employees of the Company are entitled to membership of the provident fund. The Company's contribution to the provident fund is as follows:

- Members can allocate for their savings to the provident fund at the higher amount than the Company's contribution but must not be higher than 15% of their wages.

- The Company's saving contribution will be paid to the provident fund at the rate of 5% of wages.

The saving contribution for Executives that the Company paid to Provident Fund is in total as follows:

	2018	2017	2016
Number of Executives (persons)	6	6	6
Contribution to provident fund (Baht)	1,068,000	1,014,000	959,730

## **Remuneration for Employees**

The Company has a policy to consider remuneration for knowledge, skills and responsibilities of employees with equality. The remuneration is paid in the form of salary, annual bonus, social security contribution, and provident fund contribution. The consideration is based on employee's performance and the surveyed rate or remuneration of other equivalent companies in the same industry in SET.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>1. Mr. Virat Chinpraphinporn</b> Chairman Executive Director Authorized Director <b>Date of Appointment :</b> 28 <sup>th</sup> July 2002	58	- MBA Marketing, City University, USA - Bachelor of Business Administration Finance, Seattle University, USA  <b>Training &amp; Seminar</b> - Tourism Management Program for Executives:TME, class of 1/ 2017 TAT Academy - Executive Program in Business, Industry Development and Investment Development (3/2016) Institute of Business and Industrial Development (IBID) - Top Executive Program in Commerce and Trade (TEPCoT) Class 8/2015 Commerce Academy University of the Thai Chamber of Commerce. - Executive Program class of 16/2013 Capital Market Academy - DAP and DCP class of 40/2004 Thai Institute of Directors	6,300,000 0.21%	None	2003 - Present  2002 - Present  Nov 2018 - Present	Chairman / Executive Director Chairman Chairman of Director	Ratchthani Leasing PLC.  Baan Rock Garden PLC. RTN Insurance Broker Co.,Ltd.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>2. Mr. Kovit Rongwattanasophon</b> Director Chairman of Executive Director Managing Director Authorized Director <b>Date of Appointment :</b> 28 <sup>th</sup> July 2002	57	- Master of Business Administration Southeastern University, USA - Bachelor of Art (Political Science) Ramkhamhaeng University <b>Training &amp; Seminar</b> - DCP class of 263/2018 - DAP class of 19/2004 Thai Institute of Directors - Executive Program class of 25/2017 Capital Market Academy	10,351,450 0.34%	None	2002 - Present 1989 - Present Nov 2018 - Present	Chairman of Executive Director Managing Director Director	Ratchthani Leasing PLC. Ratchthani Leasing PLC. RTN Insurance Broker Co., Ltd.
<b>3. Mr. Charoensook Kitiiti</b> Director Authorized Director <b>Date of Appointment :</b> 28 <sup>th</sup> July 2002	80	<b>Training &amp; Seminar</b> - DCP class of 53/2005 - DAP class of 19/2004 Thai Institute of Directors - Modern Management Course Faculty of Commerce and Accountancy, Chulalongkorn University - Executive Development Course Faculty of Commerce and Accountancy Thammasat University	74,571,647 2.47%	None	2005 - Present 2001 - Present 1993 - Present 1989 - Present 1973 - Present	Chairman Chairman Chairman Director Chairman	City Mansion Bang Wah Co.,Ltd. Charoensook Crop Co.,Ltd. Realty and Property Management Co.,Ltd. Ratchthani Leasing PLC. Charoensook Hoonchiew Pharmacy Co.,Ltd.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>4. Mr.Wuttichai Suraratchai</b> Director Executive Director Authorized Director <b>Date of Appointment :</b> 24 <sup>th</sup> July 2006	55	- Master of Business Administration (MBA) Thammasat University - Bachelor of Accounting (First Class Honour) Thammasat University - Bachelor of Economics Ramkhamhaeng University  <b>Training &amp; Seminar</b> - DCP class of 173/2003 - DAP class of 60/2006 Thai Institute of Directors	None	None	2011 - Oct 2018	Executive Vice President	Thanachart Bank PLC.
					2006 - Oct 2018	Credit Risk Management Director/Executive Director	Ratchithani Leasing PLC.
					2009 - 2010	Senior Executive Vice President Credit Management	Siam City Bank PLC.
					2007 - 2008	Assistant Managing Director Credit Management	Siam City Bank PLC.
					2004 - 2007	Assistant Managing Director Medium sized corporate	Siam City Bank PLC.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>5. Mr. Nakarin Anantachina</b> Director Executive Director Authorized Director <b>Date of Appointment :</b> 12 <sup>th</sup> November 2018	50	- Master of Business Administration Thammasat University - Bachelor of Engineering Chulalongkorn University	None	None	Nov 2018 - Present	Director/Executive Director	Ratchthani Leasing PLC.
					2015 - Present	Senior Vice President of Credit Analysis	Thanachart Bank PLC.
					2011 - 2015	First Vice President/ Credit Analysis	Thanachart Bank PLC.
					2006 - 2011	First Vice President/ Credit Underwriter	Siam City Bank PLC.
					2005 - 2006	First Vice President/ Medium Corporate Dept.	Siam City Bank PLC.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>6. Mr. Anuwat Luengtaweekul</b> Director Member of the Nomination & Remuneration Committee Authorized Director <b>Date of Appointment :</b> 10 <sup>th</sup> November 2010	55	- Master of Business Administration Rangsit University - Bachelor of Science (Accounting) Kasetsart University  <b>Training &amp; Seminar</b> - Top Executive Program in Commerce and Trade (TEPCoT) class of 11/2018 Commerce Academy, University of the Thai Chamber of Commerce - Role of Compensation Committee (RCC) class of 21/2016 - How to Measure the Success of Corporate Strategy (HMS) class of 4/2014 - Successful Formulation & Execution of Strategy (SFE) class of 3/2009 - Director Certification Program (DCP) class of 24/2002 - Board and Performance Evaluation Program Thai Institute of Directors	None	None	2018 - Present	Executive Vice President, Retail & Small Business Banking	Thanachart Bank PLC.
					2017 - 2018	Executive Vice President, Retail & Small Business Distribution	Thanachart Bank PLC.
					2016 - Present	Independent Director/Audit Committee Member of the Nomination and Remuneration Committee	Information and Communication Networks Co.,Ltd.
					2012 - Present	Member of the	Ratchthani Leasing PLC.
					2010 - Present 2009 - 2017	Director Executive Vice President and Chief Financial Officer	Ratchthani Leasing PLC. Thanachart Bank PLC.
					2007 - 2009	Member of the Executive Committee and Executive Vice President	Thanachart Capital Public Co.,Ltd.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>7. Mr. Praphan Anupongongarch</b> Director Executive Director Authorized Director <b>Date of Appointment :</b> 10 <sup>th</sup> November 2010	55	- Master of Development Administration National Institute of Development Administration (NIDA) - Bachelor of Business Administration (Marketing), Sukhothaimathiraj University - Bachelor of Mathematical Science, King Mongkut Institute of Technology Thonburi  <b>Training &amp; Seminar</b> - Executive Program in Business, Industry Development and Investment Development (5/2018) Institute of Business and Industrial Development (IBID) - SFE class of 22/2014 - DCP class of 173/2012 Thai Institute of Directors	None	None	Present  2010 - Present 2016 - 2018  2010 - 2018  2014 - 2016  2010 - 2014	Chief Executive Officer and President Director Executive Vice President Automotive Lending Director/Executive Director Executive Vice President Automotive Lending Executive Vice President Secured Lending & Deposits	Thanachart Bank PLC.  Thanachart Insurance Co., Ltd. Thanachart Bank PLC.  Ratchthani Leasing PLC.  Thanachart Bank PLC.  Thanachart Bank PLC.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>8. Mr. Ekasith Saktanakorn</b> Director Authorized Director <b>Date of Appointment :</b> 16 <sup>th</sup> October 2017	48	- Master of Business Administration Butler University, USA - Bachelor of Economics Bangkok University  <b>Training &amp; Seminar</b> - DAP class of 150/2018 Thai Institute of Directors - Advance Insurance Institute Office of Insurance Commission (OIC) - Security Investment Consultant Program, Association of Thai Securities Companies - Life Insurance Broker License - Non-Life Insurance Broker License	None	None	2017 - Present 2014 - Present 2011 - 2013	Director Managing Director Marketing Director - Consumer Marketing & Sales	Ratchthani Leasing PLC. Thanachart Broker Co.,Ltd. Thanachart Bank PLC.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>9.Mr.Thakol Nunthirapakorn,Ph.D.</b> Independent Director Chairman of Audit Committee <b>Date of Appointment :</b> 28 <sup>th</sup> July 2002	73	- Ph.D. Degree (Accounting, MIS, Economics), University of Arkansas, USA - MBA (Quantitative Analysis) Northeast Louisiana University, USA - BS (Finance) West Liberty State, USA - High Vocational Certificate (Financial Banking) University of the Thai Chamber of Commerce <b>Training &amp; Seminar</b> - RCP class of 43/2018 - ACPG class of 36/2017 - ELP class of 3/2016 - DCP 228/2016 - Chairman Forum and IOD Breakfast Talk class of 2/2016 - ACP class of 8/2005 - DAP class of 8/2004 Thai Institute of Directors - TFRS9, IFRS16 SEC Office	463,755 0.02%	None	2015 - Present	Chairman of Board & Audit Committee (Chairman)	Ham Engineering Solutions PLC.
					2002 - Present	Independent Director/ Audit Committee (Chairman)	Ratchthani Leasing PLC.
					Present	Adjunct Professor Advisory Board Audit Committee (Chairman)	National Institute of Development Administration (NIDA)
					2014 - 2015	Audit Committee (Chairman)	Fire Victor PLC.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>10. Mr. Suvit Arunanondchai</b> Independent Director Audit Committee Nomination & Remuneration Committee (Chairman) <b>Date of Appointment :</b> 22 <sup>nd</sup> February 2011	69	- BA, Louisiana Tech University, USA - Program for Management Development (PMD 49) 1985 Harvard Business School Harvard University, USA  <b>Training &amp; Seminar</b> - Board Nomination and Compensation Program BNCP class of 5/2018 - Board Matters & Trends (BMT class of 3/2017) - Boardroom Success through Financing & Investment (BFI) class of 1/2017 - Successful Formulation and Execution of Strategy (SFE) class of 23/2015 - Role of The Compensation Committee (RCC) class of 18/2014 - Advanced Audit Committee Program (AACP) class of 15/2014 - Quality Financial Reporting class of 2/2006 - Audit Committee Program (ACP) class of 4/2005 - Director Diploma Examination (Fellow Member) - Director Certification Program (DCP) class of 14/2002 Thai Institute of Directors - Executive Program class of 8/2009 Capital Market Academy	None	None	2015 - Present	Independent Director/ Audit Committee/ Nomination & Remuneration Committee (Chairman)	Thai Nippon Rubber Industries PLC.
					2014 - Present	Independent Director/ Audit Committee/ Nomination & Remuneration Committee (Chairman)	Netbay PLC.
					2012 - Present	Nomination & Remuneration Committee (Chairman)	Ratchthani Leasing PLC.
					2011 - Present	Nomination & Remuneration Committee (Chairman) Director/Audit Committee	Ratchthani Leasing PLC.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>11. Mrs. Naree Boontharawara, Ph.D.</b> Independent Director Audit Committee <b>Date of Appointment :</b> 3 <sup>rd</sup> April 2018	64	<ul style="list-style-type: none"> <li>- Ph.D.in Economics University of Washington, USA</li> <li>- Master Degree in Economics Thammasat University</li> <li>- Bachelor Degree in Economics Thammasat University</li> </ul> <b>Training &amp; Seminar</b> <ul style="list-style-type: none"> <li>- Nomination and Remuneration Committee Program 2017</li> <li>- Advance Audit Committee Program (AACP) 2016</li> <li>- Director Certificate Program (DCP) class of 197/2014 Thai Institute of Directors</li> <li>- Certificate Financial Planner (CFP) 2009</li> <li>- Certificate of Executive Program 2006 NIDA Wharton Certificate Program, USA</li> <li>- Chief Financial Officer Certificate Program (CFO) 2004 Federation of Accounting Professions Under the Royal Patronage of His Majesty the King</li> </ul>	None	None	April 2018 - Present	Independent Director/ Audit Committee	Ratchthani Leasing PLC.
					2016 - Present	Investment Sub- Committee, Chairman	Social Security Office, Ministry of Labor
					2015 - Present	Independent Director/ Chairman of Audit Committee	Precise Corporation PLC.
					1999 - 2014	Senior VP/Group Head, Asset Management Group Strategy and Finance Division	The Stock Exchange of Thailand (SET)

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>12. Mr. Varavudh Varaporn</b> Independent Director Audit Committee Nomination & Remuneration Committee <b>Date of Appointment :</b> 14 <sup>th</sup> December 2009	70	- Master of Public (M.P.A.) Administration Chulalongkorn University - Bachelor of Laws (LL.B.) Thammasat University  <b>Training &amp; Seminar</b> - AACP class of 25/2017 - DAP class of 82/2010 - RCC class of 19/2014 Thai Institute of Directors	None	None	2012 - Present	Nomination & Remuneration Committee	Ratchthani Leasing PLC.
					2009 - Present	Director/ Audit Committee	Department of Lands, Ministry of Interior
					2005 - 2008	Advisor on Performance Efficiency	Department of Lands, Ministry of Interior
					2003 - 2004	Vice President	Department of Lands, Ministry of Interior
<b>13. Mr. Surapon Satimanont</b> Independent Director Audit Committee <b>Date of Appointment :</b> 28 <sup>th</sup> July 2002	57	- M.A. Business Webster University, USA - Master of Comparative – Jurisprudence Howard University, USA - Master of Laws (LL.M.) Southern Methodist University, USA - Bachelor of Laws Ramkhamhaeng University  <b>Training &amp; Seminar</b> - ITG class of 7/2018 - DCP class of 40/2004 Thai Institute of Directors - Anti - Corruption for Executive 2014 Thanachart Bank PLC.	9,373,976 0.31%	None	2018 - Present	Director	S&Manont Co.,Ltd.
					2018 - Present	Director/Audit Committee	JSSR Group Co.,Ltd.
					2017 - Present	Director/Audit Committee	HYBRID Energy Co.,Ltd.
					2015 - Present	Audit Committee	Sumitomo Mitsui Trust Bank (Thai) PLC.
					2015 - Present	Fund Committee	Anethyst Asia Focused Fund
					2007 - Present	Director/Audit Committee	2 S Metal Public Co.,Ltd.
					2005 - Present	Director/Chairman of Audit Committee	Baan Rock Garden PLC.
					2002 - Present	Director/Audit Committee	Ratchthani Leasing PLC.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>14. Mr. Khomsan Boonyoiyad</b> Deputy Managing Director	53	- BBA, Industrial Management Siam University  <b>Training &amp; Seminar</b> - Executive Program, Faculty of Commerce & Accounting Thammasat University	None	None	2017 - Present	Vice President	Thai Hire-Purchase Association
					2009 - Present	Deputy Managing Director, Marketing	Ratchthani Leasing PLC.
					2015 - 2017	Director and Secretary	Thai Hire-Purchase Association
					2002 - 2008	Assistant Managing Director Credit	Ratchthani Leasing PLC.
					1997 - 2002	Credit Department Head	Ratchthani Leasing PLC.
<b>15. Mr. Boonchu Wongpakdee</b> Deputy Managing Director <b>Chief Financial Officer</b>	43	- Master of Business Administration, Accounting for Planning and Control Kasetsart University - Bachelor of Business Administration (Accounting) Kasetsart University  <b>Training &amp; Seminar</b> - Director Accreditation Program (DAP) class of 155/2018 - Boardroom Success through Financing & Investment (BF) class of 2/2017 Thai Institute Directors - Chief Financial Officer Certification Program (CFO) class of 15/2011 Federation of Accounting Professions under the Royal Patronage of His Majesty the King	None	None	2016 - Present	Deputy Managing Director (Chief Financial Officer)	Ratchthani Leasing PLC.
					2011 - 2016	Senior Assistant Managing Director (Accounting & Finance)	Ratchthani Leasing PLC.
					2004 - 2011	Department of Director of Accounting	Baan Rock Garden PLC.
					2003 - 2004	Accounting & Finance Manager	Baan Rock Garden PLC.
					2000 - 2003	Assistant Manager Accounting & Finance	Linklaters (Thailand) Co.,Ltd.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>16. Mr. Ponlaphe Sakayapapwicharnon</b> Senior Assistant Managing Director Company Secretary	48	<ul style="list-style-type: none"> <li>- Master of General Management College of Management Mahidol University</li> <li>- Bachelor of Business Administration, Marketing, Assumption University</li> </ul> <b>Training &amp; Seminar</b> <ul style="list-style-type: none"> <li>- CSP class of 20/2006</li> <li>- EMT class of 5/2006</li> </ul> Thai Institute of Directors	7,500,035 0.25%	None	2017 - Present	Senior Assistant Managing Director	Ratchthani Leasing PLC.
					2013 - Present 2002 - 2016	Company Secretary Assistant Managing Director, Audit and Monitoring Director	Ratchthani Leasing PLC. Ratchthani Leasing PLC.
					Nov 2018 - Present	Director	RTN Insurance Broker Co.,Ltd.
<b>17. Mr. Sootchai Viriyalappa</b> Assistant Managing Director	59	<ul style="list-style-type: none"> <li>- Bachelor of Art (Political Science) Ramkhamhaeng University</li> </ul>	None	None	1981 - Present	Assistant Managing Director, Finance	Ratchthani Leasing PLC.
<b>18. Ms. Unchan Srisom</b> Department Director : Accounting and Strategic Planning	42	<ul style="list-style-type: none"> <li>- Bachelor of Business Administration (Accounting) Sukhothai Thammathirat</li> <li>- Bachelor of Business Administration (Finance) Rajamangala University of Technology Thanyaburi</li> </ul> <b>Training &amp; Seminar</b> <ul style="list-style-type: none"> <li>- Micro MBA Chula class of 58 Faculty of Commerce and Accountancy, Chulalongkorn University</li> </ul>	None	None	2017 - Present	Department Director : Accounting and Strategic Planning	Ratchthani Leasing PLC.
					2012 - 2017 2014 - 2017	Accounting Manager Strategic Planning Manager	Ratchthani Leasing PLC. Ratchthani Leasing PLC.
					2010 - 2012	Assistant Accounting Manager	NCC Image Co.,Ltd.

**List of Company's Directors, Executives, Authorized Persons, and Company Secretary**

Name – Last Name Position / Effective Date	Age (years)	Education / Training Record	Shareholding in the Company (%)	Family relationship of Directors and Executives	Work Experience		
					Period	Position	Company Name
<b>19. Ms. Orapan Lertrujitwanich</b> Assistant manager Office of the Director Assistant Company Secretary	27	<ul style="list-style-type: none"> <li>- Master of Business Administration Thammasat University</li> <li>- Bachelor of Business Administration (Accounting) (First-Class Honour) Rajamangala University of Technology Rattanakosin</li> </ul> <b>Training &amp; Seminar</b> <ul style="list-style-type: none"> <li>- Effective Minutes Tasking (EMT) class of 42/2018 Thai Institute of Directors</li> <li>- Company Secretary Program (CSP) class of 81/2017 Thai Institute of Directors</li> <li>- IR Fundamental Course Stock Exchange of Thailand (SET)</li> <li>- Liquidity Risk Management class of 3/2018 Thai Institute of Banking and Finance Association</li> </ul>	None	None	2018 - Present	Assistant Company Secretary	Ratchthani Leasing PLC.
					2017 - Present	Assistant Manager Office of the Director	Ratchthani Leasing PLC.
						Assistant Secretary of the Risk Management Committee	Ratchthani Leasing PLC.
					2013 - 2017	Acting Assistant Manager Office of the Director	Ratchthani Leasing PLC.

## Change in Shareholding of Directors and Executives Report in 2017-2018

(as of 31<sup>st</sup> December 2018)

No	Name	Position	No. of shares held as of 31st Dec. 2018	No. of shares held as of 31st Dec. 2017	Change in No. of shares held Increase (decrease)	% of shares held in the Company (%)
1.	Mr. Virat Chinprapinporn Spouse and minor child	Chairman/ Executive Director -	6,300,000 -	5,040,000 -	1,260,000 -	0.21 -
2.	Mr. Kovit Rongwattanasophon Spouse and minor child	Director/ Chairman of Executive Committee/ Managing Director -	10,351,450 -	8,601,160 -	1,750,290 -	0.34 -
3.	Mr. Charoensook Kititti Spouse and minor child	Director -	74,571,647 1,796,515	59,657,318 1,437,212	14,914,329 359,303	2.47 0.06
4.	Mr. Anuwat Luengtaweekul Spouse and minor child	Director/ Nomination & Remuneration Director -	- -	- -	- -	- -
5.	Mr. Praphan Anupongongarch Spouse and minor child	Director/ Executive Director -	- -	- -	- -	- -
6.	Mr. Ekasith Saktanakorn Spouse and minor child	Director -	- -	- -	- -	- -
7.	Mr. Nakarin Anantachina Spouse and minor child	Director/ Executive Director -	- -	- -	- -	- -
8.	Mr.Thakol Nanthirapakorn,Ph.D. Spouse and minor child	Independent Director/ Chairman of Audit Committee -	463,755 -	371,004 -	92,751 -	0.02 -
9.	Mr. Suvit Arunanondchai Spouse and minor child	Independent Director/ Audit Director/ Chairman of Nomination & Remuneration Committee -	- -	- -	- -	- -
10.	Mr. Surapon Satimanont Spouse and minor child	Independent Director/ Audit Director -	9,373,976 -	7,499,181 -	1,874,795 -	0.31 -

## Change in Shareholding of Directors and Executives Report in 2017-2018

(as of 31<sup>st</sup> December 2018)

No	Name	Position	No. of shares held as of 31st Dec. 2018	No. of shares held as of 31st Dec. 2017	Change in No. of shares held Increase (decrease)	% of shares held in the Company (%)
11.	Mr. Varavudh Varaporn	Independent Director/ Audit Director/ Nomination & Remuneration Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-
12.	Mrs.Naree Boontharawara, Ph.D.	Independent Director/ Audit Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-
13.	Mr. Khomsan Boonyoiyad	Deputy Managing Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-
14.	Mr. Boonchu Wongpakdee	Deputy Managing Director/ Chief Financial Officer	-	-	-	-
	Spouse and minor child	-	-	-	-	-
15.	Mr. Ponlaphe Sakkayapapwicharnon	Senior Assistant Managing Director	7,500,035	5,500,028	2,000,007	0.25
	Spouse and minor child	-	-	-	-	-
16.	Mr. Sootchai Viriyalappa	Assistant Managing Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-
17.	Ms. Unchan Srisom	Accounting and Strategic Planning Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-

Note : The number of shares changed in 2018, partly due to the company paid stock dividends to shareholders

## Corporate Governance

### Good Corporate Governance Policy

The Board of Directors has realized the importance of business operation based on the good corporate governance under the guidelines of the Stock Exchange of Thailand. Therefore, the Board of Directors has agreed to assign the Board of Directors to perform and take responsibilities as the Corporate Governance Committee, as well as determining the agenda on the topic of corporate good governance as the regular meeting agenda of the Board of Directors.

The Board of Directors is the one who initiates, sets up and approves the Corporate Governance Policy in written, including Business Ethics and code of conduct for directors, executives and staff, which everyone shall take as practices in work and in treatment to all stakeholders. They are publicized in the Company website ([www.ratchthani.com](http://www.ratchthani.com))

The Board of Directors designate the regular review of the Corporate Governance Policy, Business Ethics and charter of Committees every year or at least once a year to ensure its compliance with the SET's policy and ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard) which is applied as deemed appropriate. If there is any non-compliance, the Company needs to declare the reason and/or the substituted measure that the Company uses as the guideline of every director, executive and staff.

Some issues that are not in compliance with the Good Corporate Governance principles but the Company has policy to work its best as deemed appropriate are as follows:

Non-compliance issues	Reason/ Necessity
The Company did not have a policy to limit the period of Independent Director position for no longer than 9 years.	The Board saw that each Director joining the Company was high potential with knowledge, ability, and judgment of decision making. His/her working experience with the Company made him/her have deep understanding in the Company's business and was able to set business strategy to help the Company grow continuously. Every Director had complete qualification which was even higher than the requirement set by the Office SEC.
The number of Independent Directors was not higher than 50% of the Board of Directors.	The Board of Directors thought that the number of Independent Directors depended on the responsibility and efficiency of the operation which was in compliance with the SEC criteria. Although the number of Independent Directors was not higher than 50% of Board of Directors members, the Independent Directors were able to balance the executive authority, performed their duties independently from the Management and gave their opinions in all matters independently. Thus, the Board agreed to maintain the number of Independent Directors as such.

**The Good Corporate Governance Principles according to SET guideline are divided into 5 categories as follows:**

### **1. Rights of Shareholders**

The Board of Directors realized the ownership rights which were executed through the Board of Directors who were appointed to use the rights, on behalf of shareholders, to make decision on significant changes of the Company. Thus, the Board of Directors encouraged shareholders to use their basic shareholder rights, such as buying, selling or transferring shares, taking profits sharing, receiving sufficient information of the Company. Shareholders should be aware of the criteria and procedure of meeting attendance, have information of each agenda sufficient for consideration before attending the meeting and have opportunities to ask and send questions to the committee before the meeting. Moreover, the Board of Directors was aware of the importance of shareholder rights and shall not do any action that could violate or diminish those rights.

As for the shareholders meeting arrangement, the Board of Directors recognized the shareholders rights and shall not hold the meeting on long holidays or public holidays. As for the place of the meetings, the Annual General Meeting of Shareholders in 2018 was held at the meeting room of Sinnsathorn Tower, 11<sup>th</sup> Floor, Krung Thonburi Road, Khlong Ton Sai Sub-district, Khlong San District, Bangkok, which is the Company's head office location, nearby the BTS station and the expressway exit, concerning the transportation convenience for attending shareholders.

The Company sent the meeting invitation letters enclosed with the documents of each agenda to the shareholders 14 days prior to the meeting date, in accordance with the Company's regulations, and have them disclosed on the Company's website. In 2018, the Company publicized the meeting invitation letter for the 2018 Annual General Shareholders Meeting on 2<sup>nd</sup> March, 2018. The objectives on each agenda, and reasons with recommendations of the Board of Directors of Directors were included. Moreover, the Company has set the policy to facilitate and support all investor groups, including institutional investors, to participate in the shareholders' meeting.

The Company received 100 full scores of the Annual General Meeting of Shareholders Quality Assessment, considered as "Excellent and Worthy as an Example" from the Annual General Meeting (AGM) of Shareholders Quality Assessment Program by Thai Investors Association for 4 consecutive years (2015-2018.)

### **2. Equitable Treatment to Shareholders**

Shareholders Meetings Management The Company held the 2018 Annual General Meeting of Shareholders on 3<sup>rd</sup> April, 2018 at the meeting room of Sinnsathorn Tower, 11<sup>th</sup> Floor, Krung Thonburi Road, Khlong Ton Sai Sub-district, Khlong San District, Bangkok.

Invitation Letter of Shareholders Meeting The Company recognizes the importance of equitable treatment to all shareholders. Thus, the Company shall disclose significant, correct, timely, and transparent information to shareholders regularly. The Company sent the invitation letter of the shareholders meeting including related documents on each agenda to the shareholders 14 days prior to the meeting date, in accordance with the Company's regulations, as well as announced such invitation letter in the newspaper and the Company's website. The objective and reason with the recommendations of the Board of Directors on each agenda were attached for the review of the shareholders. In addition, the Company has offered the alternatives for the shareholders to authorize the Independent Directors of the Company to be their representatives in case that the shareholders could not attend the meeting.

Shareholders Meeting Day The Shareholders Meeting was set to be at the Company's head office which has convenient transportation and proper and sufficient registration area. The attending shareholders could register at least 2 hours before the meeting. The Company prepared duty stamps for the shareholders who gave or obtained the power of attorney, as well as the light meals for the shareholders. In this meeting, the Chairman notified the details of quorum and the Company Secretary explained the voting method, the vote counting, and the vote casting procedure, and disclosed the vote counts on each agenda. The meeting gave the shareholders opportunity to ask questions or give opinion adequately and properly. In the 2018 Annual General Meeting of Shareholders, there were 11 Directors attending the meeting, consisting of the Chairman of the Board of Directors, the Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee, Managing Director, Chief Financial Officer, the Company's auditors, the Company Secretary and the Board of Directors Secretary, including independent legal consultants.

After Shareholders Meeting Day The Company informed the meeting resolutions through the Stock Exchange of Thailand Portal on the same day after the meeting was finished. The Company submitted the minutes of the Annual General Meeting of Shareholders and disclosed such minutes on the Company's website ([www.ratchthani.com](http://www.ratchthani.com)) within 14 days from the meeting day.

#### **Measure for Conflict of Interest Transaction**

In case that the Company or subsidiaries (if any) have any connecting transactions or acquire or release the Company's significant securities as per SET criteria, the Company must follow the SET principles. In case that the Company needs agreement from shareholders to do connection transactions or acquire or release the Company's significant securities, the Company must receive not less than one third of total votes of attending shareholders or proxies of shareholders who are entitled to vote while the vote of shareholders who are stakeholders are not counted.

### **Measure for Inside Information Control**

The Company designated that its Directors and Executives must report the changes in their securities holding to the Office of Securities and Exchanges Commission. Section 59 of the Securities and Exchange Act BE 1992 prohibits any director, executive or function having inside information to disclose such information to external persons who are not related to the duty in the Company and to sell or buy the Company's securities during 15 days before the end of each quarter until the following 2 day of the information disclosure day when the Company discloses its financial statement and status to the Stock Exchange of Thailand.

### **3. Rights of the stakeholders**

The Company recognizes the importance of the rights of all stakeholder groups, both the internal stakeholders, such as the Company's executives and employees, and the external stakeholders, such as shareholders, customers, partners, creditors, competitors, government sector, and other related regulatory agencies, no matter where those rights originate from, either by legal designation or by mutual agreement in the society, community and environment. The Company has realized that the good relationship and cooperation from these stakeholders can enhance its competitiveness and add values to the Company which lead to its long-term success. The significant details are as follows:

#### **3.1 Shareholders**

The Company is committed to conduct business for the good result in continuously growing profits, concerning the risk management and good internal control system. The Company has also built the competitive competency to give the shareholders the appropriate return on investment and to create long-term added value. The information shall be disclosed correctly, completely, timely and transparently. Shareholders shall receive convenience to fully use their rights. The Company has been treating its shareholders under the good corporate governance principles.

#### **3.2 Customers**

The Company is committed to willingly provide customer services to serve customers' needs with equality and fairness. Customers are taken care of with quality, standard, fast and punctual services. Customer's information shall be kept confidential unless required for disclosure by law or permitted in written by customers. Information technology is applied for customer support to create highest customer satisfaction.

#### **3.3 Partners**

The Company clearly set the policy and principles of the fair treatment to trade partners, especially for the trade partner selection. The selection criteria were based on the comparison of conditions, prices, qualities and services, which were transparent and could be examined. The Company shall follow the agreement to develop and maintain long term partnership while keeping the value of products and services up to the requirement. The ultimate objective is to build the efficient long term business partnership.

### **3.4 Creditors**

The Company shall strictly practice according to the contract and obligation towards creditors, in the aspects of spending objectives, payment and any other matters agreed upon the creditors. The Company shall disclose the financial information and statement to creditors completely, correctly and sufficiently. The capital management strategy is determined to prevent the Company from the lack of liquidity and to be ready to pay back to creditors on time regularly.

### **3.5 Competitors**

The Company focuses on conducting business with ethics and fairness under the rules, regulations and legal framework. The Company shall not blame or destroy trade competitors, shall not seek for confidential information of trade competitors with dishonest or inappropriate methods and shall not do any action that violate human rights or intellectual property of any person.

### **3.6 Society, Community, Environment**

The Company conducts business with the care for society, community and environment by being in compliance with the law and regulations in various aspects in order to avoid taking advantages of the social community. The Company concerns on the responsibility of and recognizes the value of social benefits and environment preservation. CSR activities have been conducted with employee participation to support the society and community development.

### **3.7 Government Sector and Related Regulatory Agencies**

The Company conducts business in compliance with the rules and regulations of official requirements and related regulatory agencies and cooperates with the practices of government sector's policy. The Company is not involved with or conducting business with any company or any person violating the law and shall not do any action in any case that can cause the corruption in government sectors.

### **3.8 Employees**

The Company realized that every employee is valuable and plays important role in business driving. So the Company has continuously supported the development and training programs for employees of all levels. Moreover, the Company provides employees with equal treatment, appropriate and fair remuneration and welfare. The welfare for employees includes annual physical check-up, provident fund to promote employees' savings for their insurance after retirement, and good working environment for employees' safety and efficiency.

Furthermore, the Company set up the channels to receive customer's suggestion and complaints and for stakeholders to file their complaints on violated rights. Those channels include the Company's website ([www.ratchthani.com](http://www.ratchthani.com)), Call Center services, electronics mails ([callcenter@thani.co.th](mailto:callcenter@thani.co.th)), etc.

The department in charge will follow up on the complaints and contact back to the complainants or customers and will improve the services to better meet customer's demand and satisfaction.

As for the whistle blowing or complaints relating to the corruption, there is a special channel which is responsible by Internal Audit department. The Company has the policy and measure to protect the whistle blowers as mentioned in Anti-Corruption section. Such cases will be directly reported to the Audit Committee and the Board of Directors respectively.

#### **4. Information Disclosure and Transparency**

The Company recognizes the importance of the information disclosure that can have effect on the change of the Company's securities prices or the investment decision making or the benefits of shareholders. The shareholders, general investors, and institutional investors shall acknowledge the significant news fast, equally and sufficient for decision making. Meanwhile, the confidentiality of business details and key strategies must not be disclosed since they can affect the Company's competitive competency. Moreover, the Company requires its directors and executives to report their securities selling and buying to the Board of Directors meetings every quarter. All directors and executives are also required to report their or related persons' stakes concerning the Company's administration and management to the Company.

##### **4.1 Information Disclose according to Listed Company Regulations**

The Company gives importance to the information disclosure that is correct, complete, credible, regular, and timely. This applies to the significant information concerning the performance and financial statement according to the SEC and SET Acts.

The information shall be disclosed in the Annual Information Form 56-1 and Annual Report 56-2 and also in other channels, such as the Company's website ([www.ratchthani.com](http://www.ratchthani.com)) in both Thai and English languages. This will help shareholders or investors access to the information easily, conveniently, thoroughly and equally. The Management Discussion and Analysis: MD&A is also provided with the quarterly and annually financial statement disclosure in the SET Portal.

As for the 2018 financial statement, the Company appointed EY Office Co., Ltd. to be its auditor. This auditor appointment and audit fees were approved by the 2018 Annual General Meeting of Shareholders. The appointed company is an independent company certified by the Office of the Security and Exchange Commission. The auditor certified the financial statements of the Company with no condition.

##### **4.2 Investor Relations Function**

The Company assigned the Office of Managing Directors and Strategic Planning to be responsible for the Investor Relations and the Company's secretarial functions. They can be reached for the Company's information request, including financial information and general information for shareholders, analysts, general investors, credit rating institutions and related regulatory agencies. The contact can be made through the telephone number 02-431-9000 ext. 2167 or e-mail: [irthani@thani.co.th](mailto:irthani@thani.co.th).

### **Investor Relations Activities in 2018**

1. “Analyst Meetings” There were 4 Analyst Meetings conducted in 2018, with 40-60 participants per meeting, to provide information of the quarterly operation performance to the analysts, institutional investors and general investors by the Company’s top executives.

2. “Company Visit” There were 12 “Company Visit” meetings conducted in 2018. In most cases, the Company was contacted by securities companies which brought investors or analysts, both domestic and international, to meet the Company’s top executives to discuss and request for detail information in order to better understand the Company’s business operation.

3. “Conference Call” There were 5 conference calls made in 2018 to provide further detail of information after the information was publicized to investors and analysts, both domestic and international.

4. “Roadshow” There were 2 roadshows with 40-50 participants/roadshow offering the Company’s information about business performance, industry and trend for business in each period of time.

### **5. Responsibilities of the Board of Directors**

#### **Board of Directors Structure**

The number of directors of the Company is in compliance with the legal regulations and good corporate governance principles of SET, including the appropriateness of the type, size and complication of business, in order to support the efficiency of the Board of Directors’ performance as the following details:

Status	Executive Director	Non-executive Director	Audit Committee
Director representing shareholders	2	5	-
Independent Director	-	5	5

The Board of Directors have 12 members. 5 Audit Directors were Independent Directors, accounting for 41.66% of the total number of directors, and 5 Non–Executive Directors representing shareholders, accounting for 41.66% of the total number of directors. The total number of Non-Executive Directors were 10, accounting for 83.33% of total number of directors. The Company appointed the Board of Directors assuring that no individual or group of individuals has the absolute decision making power in order to ensure the management’s efficiency and to create the balance mechanism. In addition, the Company has the clear management structure as shown in the Management Structure section. The management and decision making power is decentralized to appropriate levels of each functional area in order that the authority of decision making and management does not depend only on the Chief Executive Officer and Managing Director.

### **The Divided Roles & Responsibilities of Board of Directors and Management**

The Company has the roles and responsibilities of Board of Directors and Management divided clearly as follows:

<b>Conducted by Board of Directors</b>	<b>Conducted by Board of Directors and Management</b>	<b>Board of Directors assigned Management to take responsibility</b>
1. Set objectives, policy, goal and key concept for corporate business conduct	1. Set strategy, measure and annual business plan.	1. Execute the strategy and policy set by Board of Directors.
2. Supervise directors and executives to perform their duty of care and duty of loyalty to the corporate for the Company's benefits.	2. Manage the sufficient appropriateness of the internal control system and the risk management	2. Make decision on the procurement, personnel recruitment, etc. according to the policy framework.
3. Supervise the business conduct to ensure its compliance with the law, objectives, regulations, shareholders meeting resolutions and good corporate governance principles.	3. Designate the authority scope and budget that are appropriate for Management's responsibility.	3. Manage all areas to be in accordance with the law, rules, and related regulations within the authority and budget assigned by Board of Directors.

### **The separated roles and duties of Chairman of the Board of Directors and Managing Directors**

Chairman of the Board of Directors is not the same person as the Chief Executive Officer and Managing Director in order to separate the duties of the policy designation, supervision and management of the routine administration work. (Please see detail of the scope of authority in "Management Structure" section.)

#### **Scope of Authority of Chairman of the Board of Directors**

1. Have authority to order, plan and control the Company's operations to be in compliance with the policy set by the Board of Directors.
2. Have authority to appoint and manage the sub-committees for the sake of benefits and efficiency of the good and transparent management.
3. Have authority to consider and define the wage rate, remuneration, and bonus for the executives and employees.
4. Set up the organization and administration structure to cover all details of the recruitment, training, hiring and termination of the Company's employees.
5. Have authority to consider the employee welfare to be appropriate with the situation, conventional practice and applicable law.

6. Monitor and evaluate the operation and performance according to the policy set by the Board of Directors and consider and recommend the amendment to the Board of Directors as deemed appropriate.

7. Conduct other duties as periodically assigned by the Board of Directors.

The power of attorney of the Chairman of the Board above shall not include the authority that entitles the Chairman to approve any transaction of his own, any stakeholders, or any other persons who may have conflict of interest in any area with the Company. Any connecting transactions regarding the Company's assets acquired or sold need to get approval from shareholders as being in compliance with the requirement of SET.

#### Scope of Authority of Managing Director

Managing Director has authority to manage as assigned by the Board of Directors or Chairman of the Board which shall be under the Company's rules and regulations. The key points of Managing Director's authority are as follow:

1. Set the mission, objectives, direction, and policy of the Company and oversee the overall operations.

2. Have authority to hire, appoint, discharge, terminate employees and determine the wages of all employees of the Company.

3. Have authority to issue the orders, regulations, announcement, memorandum to ensure that the operation comply with the Company's policy for the Company's benefits and proper discipline in the organization.

4. Conduct activities related to the Company's general administration.

Moreover, the Managing Director or any person authorized by Managing Director does not have any authority to do any connecting transactions, transactions regarding the Company's assets acquired or sold, and/or any transaction or issue of people with conflicts, stakeholders, or any other persons who have may conflict of interest in any area with the Company and the Company's subsidiaries (if any). In such case, such transaction or issue need to be proposed to the Audit Committee for comments and to the Board of Directors and/ or Shareholders Meeting (case by case) for consideration and approval.

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

The Company requires the Board of Directors Meeting to be held for at least once every 3 months and extra meeting as necessary. The Company Secretary and the Assistant Company Secretary shall prepare the meeting invitation letter, enclosed with the meeting agenda and relevant documents, to the Board members at least 5 days prior to the Board of Directors Meeting date so that the Board members have sufficient time to study the information before attending the meeting. The Company has set the meeting schedule of Board of Directors meetings and other committees' meetings in advance every year and have all Directors informed so that they can manage their schedules to attend the meetings.

In 2018, the meetings of the boards are as follows:

List of Directors	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Executive Board	Audit Committee	Corporate Governance Committee
	(4 Times)	(4 Times)	(2 Times)	(12 Times)	(12 Times)	(4 Times)
Mr. Virat Chinprapinporn	4	-	-	12	12	4
Mr. Charoensook Kititti	3	-	-	-	-	3
Mr. Kovit Rongwattanasophon	4	-	-	11	11	4
Mr. Anuwat Luengtaweekul	4	-	2	-	-	4
Mr. Praphan Anupongongarch	4	-	-	11	11	4
Mr. Ekasith Saktanakorn	4	-	-	-	-	4
Mr. Nakarin Anantachina	-	-	-	2	2	-
Mr.Thakol Nanthirapakorn,Ph.D.	4	4	-	-	-	4
Mr. Suvit Arunanondchai	4	4	2	-	-	4
Mr. Surapon Satimanont	3	3	-	-	-	3
Mr. Varavudh Varaporn	4	4	2	-	-	4
Mrs.Naree Boontherawara,Ph.D	3	3	-	-	-	3
<u>Directors are retired in 2018</u>						
Asst. Prof. Naengnoi Chai-onnom	1	1	-	-	-	1
Mr. Wuttichai Suraratchai	3	-	-	9	9	3

**Note : Changes in 2018**

✚ According to the 2018 Annual General Meeting of Shareholders held on 3<sup>rd</sup> April, 2018, Asst.Prof.Naengnoi Chai-onnom retired from position and Mrs.Naree Boontherawara.Ph.D. was approved to be appointed as the Company's Director/ Audit Director.

✚ Mr. Wuttichai Suraratchai resigned from the Company's Director/ Executive Director, effective on 1<sup>st</sup> October, 2018. The Board of Directors Meeting no. 4/2018 held on 12<sup>th</sup> November, 2018 had resolution to appoint Mr. Nakarin Anantachina to be the Company's Director/ Executive Director, in place of Mr. Wuttichai Suraratchai, effective from 12<sup>th</sup> November, 2018 onwards.

Moreover, in 2018, the Board of Directors held the meeting between the Audit Committee (who are Independent Directors) and the auditor with no representative from the Management once on 16<sup>th</sup> February 2018.

**Development of Directors and Executives**

The Board of Directors has a policy to encourage Directors Executives, Company Secretary, and Assistant Company Secretary to continuously develop their knowledge and support them to attend the training courses for Directors, Executives, Company Secretary, and Assistant Company Secretary as much as possible. Every member of the Board of Directors has passed the Board of Directors programs organized by Thai Institute of Directors (IOD).

In 2018, the Directors, Executives, Company Secretary, and Assistant Company Secretary attended the training courses or seminars to enhance their working skills and develop their knowledge continuously as follows:



## Directors

No.	Name	Position	Training Program/ Seminar	Institution
1	Mr.Thakol Nunthirapakorn, Ph.D.	Independent Director/ Chairman of Audit Committee	Role of the Chairman Program (RCP) class 43/2018	Thai Institute of Directors (IOD)
2	Mr. Suvit Arunanondchai	Independent Director/ Audit Committee/ Chairman of Nomination and Remuneration Committee	Strategic Board Master Class (SBM) 4/2018	Thai Institute of Directors (IOD)
			Board Nomination and Compensation Program (BNCP) class 5/2018	Thai Institute of Directors (IOD)
			IOD Dinner Talk Seminar 2/2018 (Social Responsibility : Partnership in Education)	Thai Institute of Directors (IOD)
			SBM and FBG Alumni Dinner Seminar (Leading Digital Transformation)	Thai Institute of Directors (IOD)
3	Mr. Praphan Anupongongarch	Director/ Executive Committee	Executive Management with Industrial Business Development and Investment , class 5/ 2018	Institute of Business and Industrial Development (IBID)
4	Mr. Anuwat Luengtaweekul	Director / Nomination and Remuneration Committee	Top Executive Program in Commerce and Trade, class 11/2018 (TEPCoT 11)	Commerce Academy, University of The Thai Chamber of Commerce
5	Mr. Surapol Satimanon	Independent Director/ Audit Committee	IT Governance and Cyber Resilience Program (ITG) class 7/2018	Thai Institute of Directors (IOD)
6	Mr. Kovit Rongwattanasophon	Director/ Managing Director	Director Certification Program (DCP) class 263/2018	Thai Institute of Directors (IOD)
7	Mr. Ekasith Saktanakorn	Director	Director Accreditation Program (DAP) class 150/2018	Thai Institute of Directors (IOD)



## Executive

No.	Name	Position	Training Program/ Seminar	Institution
1	Mr. Boonchu Wongpakdee	Deputy Managing Director (Chief Financial Officer)	Director Accreditation Program (DAP) class 155/2018	Thai Institute of Directors (IOD)



## Top Management in Accounting and Finance and Accounting Controller

No.	Name	Position	Training Program/ Seminar	Institution
1	Mr. Boonchu Wongpakdee	Deputy Managing Director (Chief Financial Officer)	The Final countdown to TFRS 9 Focus Group Seminar (Participants are hire-purchase business group.)	Thailand Federation of Accounting Professions Under The Royal Patronage of His Majesty The King (TFAC)
			The Overview of Financial Reporting Standards Seminar, class 3/2018	Thailand Federation of Accounting Professions Under The Royal Patronage of His Majesty The King (TFAC)
			Management Accounting for Planning and Decision Making seminar, class 3/2018	Thailand Federation of Accounting Professions Under The Royal Patronage of His Majesty The King (TFAC)
			TFRS all drafts in 2018 seminar, class 2/2018	Thailand Federation of Accounting Professions Under The Royal Patronage of His Majesty The King (TFAC)
2	Ms.Unchan Srisom	Financial Director/ Planning and Strategy	The Final countdown to TFRS 9 Focus Group Seminar	Thailand Federation of Accounting Professions Under The Royal Patronage of His Majesty The King (TFAC)
			Professional Hire-purchase Accountant with TFRS9 for Hire-purchase and Leasing Business Seminar	Thai Hire-Purchase Association
			Seminar on preparation and analysis of consolidated financial statements prepared according to TFRS 10	CPA Solution Co.,Ltd.



## Company Secretary and Assistant Company Secretary

No.	Name	Position	Training Program/ Seminar	Institution
1	Ms. Orapan Lertrujivanich	Assistant Company Secretary	Effective Minutes Taking (EMT) Course, class 42/2018	Thai Institute of Directors (IOD)
			Open House Company Secretary 2018) (Role of Company Secretary in supporting the good corporate governance for the organization)	Thai Institute of Directors (IOD)
			IR Fundamental Course	Stock Exchange of Thailand (SET)
			CVC The new investment strategy to inspire Innovation to catch up with the business world	Stock Exchange of Thailand (SET)
			Liquidity Risk Management Course, class 3/2018	Thai Institute of Banking and Finance Association

### **Performance Evaluation of Board of Directors**

The Company conducts the self-evaluation for the Board of Directors and Committees regularly every year, aiming to focus on the reflection of performance efficiency according to the good corporate governance. In 2018, there were 3 forms of evaluation: self-evaluation of the committee as a group, self-evaluation of the committee as an individual, and self-evaluation of the sub-committee as a group. This is for the committees to consider and review their performance and to further improve their area of improvement.

#### **Performance Self-evaluation Procedure for the Board of Directors as a group, an individual, and sub-committee:**

1. The Company Secretary and/or the Assistant Company Secretary prepare the evaluation form according to the Thai Institute of Directors and SET guidelines which also are in accordance with Thanachart Group and adjust the form to suit the Company and cover the roles and responsibilities of the Board of Directors in all aspects. The Board of Directors do self-evaluation.
2. The Company Secretary and/or the Assistant Company Secretary summarize the self-evaluation on performance of the Board of Directors as a group, an individual, and sub-committee.
3. The Company Secretary and/or the Assistant Company Secretary report the self-evaluation on performance of the Board of Directors as a group, an individual, and sub-committee to the Board of Directors to improve their performance efficiency.

Criteria for Self-evaluation on Performance of the Board of Directors as a group, an individual, and sub-committee are as follow:

1. Self-evaluation on performance of the Board of Directors as a group has 6 main topics: 1) The structure and qualification of the Board of Directors, 2) Roles, duties, and responsibilities of the Board of Directors, 3) The meeting of the Board of Directors, 4) The duty performing of Director, 5) The relationship with the management, 6) The self-development of Director and the development of Executive.

2. The self-evaluation of the Board of Directors as an individual has 3 main topics: 1) The structure and qualification of the Board of Directors, 2) The Meeting of The Board of Directors, 3) Roles, duties, and responsibilities of the Board of Directors.

3. The self-evaluation of the sub-committee has 6 main topics: 1) The structure and qualification of the sub-committee, 2) Roles, duties, and responsibilities of the sub-committee, 3) The meeting of the sub-committee, 4) The duty performing of the sub-committee, 5) The relationship with the management, 6) The self-development of the sub-committee.

The scores range from 0-4: Fully Disagree or No action on that topic to Fully Agree or Excellent action on that topic. In 2018, the detail of each evaluation is as follows:

Evaluation Form	Average scores (Full 4 points)	%
Self-evaluation on performance of the Board of Directors as a group Form	3.94	98.47
Self-evaluation on performance of the Board of Directors as an individual Form	3.89	97.16
Self-evaluation on performance of sub-committee as a group Form (Audit Committee)	3.99	99.72
Self-evaluation on performance of sub-committee as a group Form (Nomination and Remuneration Committee)	3.79	94.79

### **Performance Evaluation of Managing Director**

The Company set the performance evaluation of Managing Director once a year, January – December period, following the procedure. The Remuneration and Nomination Committee set the criteria, consider and evaluate performance by comparing to the Key Performance Indicator (KPI) that were set according to the strategy and goal each year. The ability to execute and manage was also evaluated. Nevertheless, the result of the performance evaluation of Managing Director is considered individual confidential information and shall not be disclosed.

## Sub-committee

### Audit Committee

As of 31<sup>st</sup> December 2018, the Audit Committee consisted of 5 Independent Directors as follows:

Name	Position
1. Mr.Thakol Nanthirapakorn,Ph.D.	Chairman of Audit Committee
2. Mr. Suvit Arunanondchai	Audit Director
3. Prof. Naengnoi Chai-Onnom	Audit Director
4. Mr. Varavudh Varaporn	Audit Director
5. Mrs.Naree Boontherawara,Ph.D.	Audit Director

Mr. Boonchu Wongpakdee is the Secretary of Audit Committee.

#### **Note : Changes in 2018**

According to the 2018 Annual General Meeting of Shareholders held on 3<sup>rd</sup> April, 2018, Asst. Prof. Naengnoi Chai-onnom retired from position and Mrs.Naree Boontherawara.Ph.D. was approved to be appointed as the Company's Director/ Audit Director.

### **Scope of Authority of Audit Committee**





#### **1. Financial Report**

- ✚ Examine the financial report, consider the completion of the information under the Audit Committee's awareness and assess the appropriateness of the accounting principles used in the financial report.
- ✚ Examine the significant issues of the accounting and financial reports, including the complicated or not normal transactions and the transactions that need judgment in decision making.
- ✚ Bring questions to the management and the auditor about the audit result, the significant risks of financial reports and the plan to reduce such risks.
- ✚ Examine the efficiency of the internal control of budgeting process.



#### **2. Internal Control**

- ✚ Examine to ensure that the management has applied the internal control system, including the information technology system and the direction to communicate the significance of the internal control, risk management, and anti-corruption measure to all over the Company.
- ✚ Examine to be assured that the recommendations on the internal control that the internal auditor and the auditor proposed have been implemented by the management.





### **3. Internal Audit**

-  Examine and approve the internal audit charter, annual plan, and necessary personnel and resources for the operations.
-  Examine the activities and operation plan of the internal audit to ensure the internal auditor can perform independently.
-  Examine the effectiveness of the internal audit performance according to the internal audit standard.
-  Consider and approve the nomination, appointment, withdrawal, transfer or termination of internal auditor.



### **4. Auditor**

-  Consider the nomination, appointment and termination of the Company's auditor and audit fee and propose to the Board of Directors to get appointment from the Annual General Meeting of Shareholders. Evaluate the auditor's performance on the yearly basis.
-  Have meetings with auditors with no presence of the management for the discussion at least once a year.

### **5. Regulatory Compliance**

-  Consider the business conduct to be in compliance with the law, related regulations and the changes proposed by the management regularly.
-  Consider the business conduct to be in compliance with the law, regulations related to the anti-corruption regularly.
-  Examine the findings or notices of the corporate governance function by internal auditor and the follow-up result and report to the Board of Directors.
-  Examine the effectiveness of the practice monitoring system according to the law and regulations and the result of non-complying case via internal auditor.

### **6. Risk Management**

-  Examine the sufficiency of the Corporate Governance Policy and the related duties of the Risk Management of the Company.
-  Examine the efficiency of the Company's Risk Management and Anti-Corruption Risk Management.

### **7. Other Responsibilities**

Take action as assigned by Board of Directors.

### **Qualification of Audit Committee**

1. The Audit Committee must comprise of Independent Director who is appointed by Board of Directors or Shareholders meetings. An Audit Director is appointed to be the Chairman of Audit Committee.

2. Audit Director must not be the Director who is appointed by Board of Directors to make decision on the business operation of the Company, parent companies, subsidiaries, associated companies, subsidiaries of the same level, major shareholders, or authority persons of the Company.

3. Audit Director must not be the Director of the parent companies, subsidiaries, or subsidiaries of the same level that are listed companies.

4. Audit Committee must comprise of at least 3 Directors. At least one Director must graduate from Accounting and/or Finance and has knowledge and experience sufficient for being able to examine the credibility of financial statements.

5. Audit Committee must also have other qualifications as required by the Office of Securities and Exchange Commission.

In addition to the qualification and specific characteristics of Audit Committee, there are also other qualification and specific characteristics of Independent Directors that Audit Committee must have as follows:

### **Independent Directors**

Independent Directors not only have the same role and duty as other Directors in the Board of Directors but also have special role and duty in maintaining their independence in giving opinions or suggestions for the benefits of all related stakeholders without being influenced by any group of individuals.

Independent Directors hold the meetings among Committee 5 Independent Directors, with no presence of Executives or other persons related to the Company or not having neutrality for the meeting, to study the detail of the Board of Directors meeting agenda before attending the Board of Directors meeting. The recommendations shall be defined before being proposed to the Board of Directors for the improvement of the business management and operation which will finally bring the development and efficiency to the Company for the benefits of all shareholders.

### **Definition of Independent Director**

Independent Director means a person who has complete qualification and independence as designated in the Corporate Governance Policy of the Company and as being in compliance with the Stock Exchange of Thailand's regulations and the Offices of Securities and Exchange Commission as follows:

### **Qualification of Independent Director**

1. Hold the shares of no more than 0.5% of total number of shares with voting rights of the Company, parent companies, subsidiaries, associated companies, major shareholders, or persons with authority of the Company. This includes the shares held by any person related to the Independent Director.

2. Is not or has never been the director who is a part of management, employee, staff, consult with monthly salary or a person with authority of the Company, parent companies, subsidiaries, associated companies, subsidiaries at same level, major shareholders, or persons with authority of the Company unless being refrained from the mentioned aspects for not less than 2 years before the date of Independent Director appointment.

3. Has no relationship by blood or by law in the aspects of father, mother, spouse, brother/ sister, child, including the spouses of the child, executive, major shareholder, person who has authority or will be proposed to be executive or to have authority of the Company or its subsidiaries.

4. Does not or never have business relationship with the Company, parent companies, subsidiaries, associated companies, major shareholders or authority persons, unless being refrained from the mentioned aspects for not less than 2 years before the date of Independent Director appointment.

5. Is not or has never been the auditor of the Company, parent companies, subsidiaries, associated companies, major shareholders or authority persons, and is not the significant shareholder, authority person or partner of the auditing office for which the auditor of the Company, parent companies, subsidiaries, associated companies, major shareholders or authority persons works for, unless being refrained from the mentioned aspects for not less than 2 years before the date of Independent Director appointment.

6. Is not or has never been any professional service provider, including legal consultant or financial consultant who received service fee for over two million baht per year from the Company, parent companies, subsidiaries, associated companies, major shareholders or authority persons and is not the significant shareholder, authority person or partner of such professional service provider unless being refrained from the mentioned aspects for not less than 2 years before the date of Independent Director appointment.

7. Is not a Director who is appointed to represent the Board of Director, major shareholders or any shareholders related to the major shareholders.

8. Does not conduct any business of the same nature and competitive to the business of the Company or subsidiaries or is not a significant partner of the partnership or a director who is a part of management, employee, staff, paid consultant or holds shares of over 1% of total shares with voting rights of other companies which conduct business with the same nature and competitive to the business of the Company or subsidiaries.

9. Has no other characteristics that prevent him/her from giving free opinions on the Company's operations.

## Executive Board

As of 31<sup>st</sup> December 2018, the Company's Executive Board comprised of 4 members as follows:

Name	Position
1. Mr. Kovit Rongwattanasophon	Chairman of Executive Board
2. Mr. Virat Chinprapinporn	Executive Director
3. Mr. Praphan Anupongongarch	Executive Director
4. Mr. Nakarin Anantachina	Executive Director

Mr. Boonchu Wongpakdee was the Secretary of the Executive Board.

### **Note : Changes in 2018**

-  Mr. Wuttichai Suraratchai resigned from the Company's Director/ Executive Director, effective on 1<sup>st</sup> October, 2018. The Board of Directors Meeting no. 4/2018 held on 12<sup>th</sup> November, 2018 had resolution to appoint Mr. Nakarin Anantachina to be the Company's Director/ Executive Director, in place of Mr. Wuttichai Suraratchai, effective from 12<sup>th</sup> November, 2018 onwards.

### **Scope of Authority of Executive Board**

1. Manage the Company's operation to be in line with the objectives, regulations, shareholders meeting resolutions and Board of Directors meeting resolutions, in compliance with the law, regulations and principles of official agencies and related regulatory agencies.
2. Consider and approve credit limit of the Company, general expenses for which the Management does not have policy, the buying and selling of securities for which the Management does not have principles or which is not a normal transaction. If the issues are beyond the scope of authority or exceed the approved budget, the Executive Board shall propose the issues to the Board of Directors.
3. Consider and approve the risk management direction, scope of authority of authorized persons and the management of business continuity of the Company.
4. Manage the liquidity and interest rates.
5. Before proposing to the Board of Directors for approval, thoroughly consider the policy, strategy, business plan, annual budget, important issues creating big changes to the Company, and the issues that should be approved case by case or based on the criteria set by Board of Directors, such as credit approval, etc.
6. Consider and approve the human resource management of the Company, such as annual bonus payment, salary increase of employees, etc.
7. Consider and approve the measure, regulations, procedures and improvement of regulations in the business conduct. Monitor and evaluate the operation according to the Company's policy in order to be able to make recommendations to the Board of Directors for the policy improvement as deemed appropriate.
8. Have authority to consider and order the Management to take actions that will be beneficial to the Company and are not against the law.

9. Have authority to authorize any Director(s) in the Executive Board or any other person to take any action under the control of the Executive Board or as the Executive Board deems appropriate and within the period set by the Executive Board. The Executive Board can cancel, withdraw, change or amend the authority given to any authorized person in that period as deemed appropriate.

10. Perform any other duties as assigned by the Board of Directors. The authorization to the Executive Board as mentioned above must be under the legal principles and the Company's rules and regulations and the related law. If there is any transaction involved with any Executive Director or a person with conflict of interest to the Company or its subsidiaries, which is not normal or does not comply with the trade condition, that involved Executive Director does not have the right to approve such transaction and must report the case to the Board of Directors, in compliance with the rules and regulations of SET.

### **Nomination and Remuneration Committee**

As of 31<sup>st</sup> December 2018, the Company had 3 members of Nomination and Remuneration Committee as follows:

Name	Position
1. Mr. Suvit Arunanondchai	Chairman of Nomination and Remuneration Committee
2. Mr. Varavudh Varaporn	Nomination and Remuneration Director
3. Mr. Anuwat Luengtaweekul	Nomination and Remuneration Director

Ms. Rungtip Chaipatanapruck was the Secretary of Nomination and Remuneration Committee.

### **Scope of Authority of Nomination and Remuneration Committee**

#### **1. Nomination**

- ✚ Set up the policy, criteria and process of nomination to propose for the Board of Director's consideration and approval.
- ✚ Select and propose the nominated persons qualified for the positions for the Board of Directors' approval.
- ✚ Supervise to ensure that each committee has appropriate size and composition for the corporate and be in compliance with the changing environment. The Board of Directors and each subcommittee must comprise of the persons who have knowledge, capability and skills qualified for the positions.

#### **2. Remuneration**

- ✚ Set the policy, criteria for the remuneration and other benefits of the Board of Directors, Directors of subcommittees and the Chief Executive Officer and Managing Director and propose for the Board of Directors' approval.
- ✚ Manage for the Board of Directors, Directors of subcommittees and Chief Executive Officer and Managing Director to receive appropriate remuneration for their roles and responsibilities which are reasonable for their performance.

- ✚ Set guideline for performance evaluation of the Chief Executive Officer and Managing Director for the annual remuneration adjustment (salary increase, bonus, other remuneration) and propose for the Board of Directors' approval.
- ✚ Review the structure of remuneration and other benefits of the Board of Directors, Directors of subcommittees and the Chief Executive Officer and Managing Director to make them suitable for the roles and responsibilities and be competitive with the market situation.

### 3. Other matters

Consider other matters as assigned by the Board of Directors.

### Corporate Governance Committee

As of 31<sup>st</sup> December 2018, the Corporate Governance Committee comprised of 12 members as follows:

	Name	Position
1.	Mr. Virat Chinprapinporn	Chairman of the Corporate Governance Committee
2.	Mr. Kovit Rongwattanasophon	Corporate Governance Director
3.	Mr. Charoensook Kititti	Corporate Governance Director
4.	Mr. Anuwat Luengtaweekul	Corporate Governance Director
5.	Mr. Praphan Anupongongarch	Corporate Governance Director
6.	Mr. Ekasith Saktanakorn	Corporate Governance Director
7.	Mr. Nakarin Anantachina	Corporate Governance Director
8.	Mr.Thakol Nanthirapakorn,Ph.D	Corporate Governance Director
9.	Mr. Suvit Arunanondchai	Corporate Governance Director
10.	Mr. Varavudh Varaporn	Corporate Governance Director
10.	Mr. Surapon Satimanont	Corporate Governance Director
12.	Mrs.Naree Boontherawara,Ph.D	Corporate Governance Director

Mr. Ponlaphe Sakkayapapwicharnon was the Secretary of the Corporate Governance Committee.

#### **Note: Changes in 2018**

- ✚ According to the 2018 Annual General Meeting of Shareholders held on 3<sup>rd</sup> April, 2018, Asst. Prof. Naengnoi Chai-onnom retired from position and Mrs.Naree Boontherawara. Ph.D.was approved to be appointed as the Company's Director/ Audit Director.
- ✚ Mr. Wuttichai Suraratchai resigned from the Company's Director/ Executive Director, effective on 1<sup>st</sup> October, 2018. The Board of Directors Meeting no. 4/2018 held on 12<sup>th</sup> November, 2018 had resolution to appoint Mr. Nakarin Anantachina to be the Company's Director/ Executive Director, in place of Mr. Wuttichai Suraratchai, effective from 12<sup>th</sup> November, 2018 onwards.

### **Scope of Authority of Corporate Governance Committee**

1. Set the policy and principles for the good corporate governance of the Company.
2. Examine and make recommendation on the good corporate governance of the Company to the Board of Directors in order to build the good corporate governance according to the SET principles.
3. Thoroughly consider the Corporate Governance Policy and business code of conduct of the Company and regularly update the significant content to be modern and universal. The principles must be in compliance with the code of conduct to be proposed for the Board of Directors' approval.
4. Appoint the working team to support the operation as deemed appropriate.
5. Perform other actions as assigned by the Board of Directors.

### **Risk Management Committee**


Since the Executive Board of the Company has duty to control, supervise and consider the Company's transactions which also need the consideration of the related risk factors, the Board of Directors thus assigns the Executive Board to perform the duty of the Risk Management Committee as another role.

As of 31<sup>st</sup> December 2018, the Company's Risk Management Committee comprised of 4 members as follows:

Name	Position
1. Mr. Kovit Rongwattanasophon	Chairman of Risk Management Committee
2. Mr. Virat Chinprapinporn	Risk Management Director
3. Mr. Praphan Anupongongarch	Risk Management Director
4. Mr. Nakarin Anantachina	Risk Management Director

Mr. Kunjanat Siwa was the Secretary of the Risk Management Committee.

#### **Note: Changes in 2018**

-  Mr. Wuttichai Suraratchai resigned from the Company's Director/ Executive Director, effective on 1<sup>st</sup> October, 2018. The Board of Directors Meeting no. 4/2018 held on 12<sup>th</sup> November, 2018 had resolution to appoint Mr. Nakarin Anantachina to be the Company's Director/ Executive Director, in place of Mr. Wuttichai Suraratchai, effective from 12<sup>th</sup> November, 2018 onwards.

### **Scope of Authority of the Risk Management Committee**

1. Consider the Risk Management Policy and assess the acceptable level of risk before proposing for the Board of Directors' approval.
2. Assess both internal and external factors that could have significant effect on the business operations and take them into consideration for the Risk Management measure improvement.

3. Set the measures that can manage the risks to be suitable to the internal and external situations in order to prevent the potential damages in the future.

4. Consider the risks in overall to assess if the risk management measures are suitable and applicable for the efficient implementation.

5. Consider and approve the risk assessment tools or measures that are appropriate and reliable.

## **Nomination and Appointment of Directors and Senior Executives**

### **Nomination of the Company's Directors**

The Company has the Nomination and Remuneration Committee to perform the duty of selection and proposing the persons qualified for the Company's Directors positions. The Nomination and Remuneration Committee also considers and approves the remuneration package and proposes to the Board of Directors for approval before proposing to the Shareholders Meetings for approval, as follows.

### **Board of Directors**

The Company's Board of Directors has not less than 5 members who were appointed by shareholders meeting based on the criteria and procedures, that is, one shareholder's number of votes equals to his/her number of shares held. Each shareholder can use all votes for one Director or many Directors but cannot divide the vote counts and give more for someone and give less to another. The person who receives the respectively highest vote counts will be selected to be the Directors, totaling to the number of Directors needed in that vote casting. In the case that the number of the persons getting the score tied is higher than the number of needed positions, the chairman of the meeting shall be the one who makes the decision. The case other than this must follow the Company's regulations.

The Board of Directors Appointment can come under 2 conditions as follows:

1) Appointed to replace the Director who leaves by his/her term end.

2) Appointed during the term since the position is vacant.

- The first condition needs to get approval from the shareholders meetings. The second condition can be approved by the Board of Directors as proposed by the Nomination and Remuneration Committee.

- Independent Directors must have qualifications that meet the criteria set by the Office of Securities and Exchange Commission or related official agencies.

### **Audit Committee**

The Board of Directors appointed the Audit Committee on 5<sup>th</sup> September 2002 to help the Company's corporate governance. The Board of Directors Meeting approved the Audit Committee establishment and approved the appointment of Independent Directors for Audit Directors. The Audit Committee shall be the important tool for the Board of Directors in corporate governance and in managing

the operation to have the correct standard, transparency and be in compliance with the official regulations for the good internal control, credible reporting system and benefits for all related stakeholders.

#### **The Appointment of Audit Committee**

The Board of Directors appoints at least 3 Directors who have qualification according to the regulatory agencies requirement to perform the Audit Committee which has authority as assigned by the Board of Directors, has independence to perform duty and reports directly to the Board of Directors.

#### **Nomination and Remuneration Committee**

The Board of Directors approved the appointment of Nomination and Remuneration Committee on 10<sup>th</sup> August 2012 to help make recommendation on the policy, scheme and criteria for the nomination and remuneration of Directors, members of subcommittees and Chief Executive Officer and Managing Director in order to ensure that the nomination and remuneration practices follow the good corporate governance principles and in line with the corporate vision, mission and values.

#### **The Appointment of Nomination and Remuneration Committee**

The Board of Directors appoints at least 3 Directors who are Non-Executive Directors to perform as the Nomination and Remuneration Committee and reports directly to the Board of Directors.

#### **Executive Board**

The Board of Directors appoints the Executive Board comprising of Directors who are Executives or represent major shareholders. The Executive Board shall report directly to the Board of Directors.

#### **The Appointment of Executive Board**

The Board of Directors appoints a number of Directors as deemed appropriate to be an Executive Board and appoints the Chief Executive Officer and Managing Director to be the chairman of the board. The Executive Board has duty to control and manage the Company's operation as assigned by the Board of Directors.

#### **Corporate Governance Committee**

The Board of Directors gives importance to the good corporate governance to be compliance with the good practices of the listed company. The good governance information shall be disclosed in the annual report. The Company approves the appointment of the establishment of the Corporate Governance Committee. The good corporate governance issues shall be included in the agenda of the meeting invitation letter.

### **Risk Management Committee**

The Board of Directors appoints the Risk Management Committee to perform the duty of designating the Risk Management Policy for the whole organization and proposing to the Board of Directors for consideration and approval. The Risk Management Committee supervises the management to practice according to the policy and regularly reports to the Board. The Risk Management Committee reviews or assesses the effectiveness of the risk management at least once a year and every time the risk level is changed and should also be alert to the early warning sign and all the malfunction reports.

### **Succession Plan Chief Executive Officer**

The Board of Directors assigned the Nomination and Remuneration Committee to prepare the succession plan for the Chief Executive Officer and Managing Director and top executives positions in order to be ready and to develop the potential persons for the top executive positions in the future for the continuous growth of the Company.

### **Audit fee**

In 2018, the Company paid the audit fee to EY Office Limited which was the Company's auditor as follows:

1. Audit Fee, in total of 1,480,000 Baht per year
2. No other service fee

In 2017, the Company paid the audit fee to EY Office Limited which was the Company's auditor as follows:

1. Audit Fee, in total of 1,300,000 Baht per year, including:
2. No other fee

In 2016, the Company paid the audit fee to EY Office Limited which was the Company's auditor as follows:

1. Audit Fee, in total of 1,250,000 Baht per year, including:
2. No other fee

In 2015, the Company paid the following fees to its auditor, EY Office Limited which was the Company's auditor as follows:




1. Audit Fee, in total of 1,200,000 Baht per year, including:
2. No other fee

## Internal Control and Risk Management



Ratchthani Leasing Public Company Limited has executed strategic management, risk management and good internal control which result in the Company's competency to conduct business properly and efficiently.

The good internal control system is an important management tool to achieve the Company's goals. The internal control framework of the Committee of Sponsoring Organization of the Tread way Commission (COSO) is applied for the Company's management, which is summarized as follows:


### 1. Internal Environment

-  The Board of Directors and the management designated code of conduct and business ethics for the Board of Directors, management and staff to implement.
-  The Board of Directors consists of Independent Directors in the proportion of 41.67% of total Directors, which is higher than the minimum legal requirement. As a result, the Board can effectively work on assessment and decision making on the internal control system independently, without influence from the management.
-  The Board of Directors and the management established the Company structure, chain of command, appropriate responsibilities and segregation of duties so that the good internal control can be implemented according to its specified objectives.

### 2. Risk Assessment

-  The Company analyzed and identified risks that effect the business operation and specific risk response in the corporate levels and functional levels including the risks of fraudulent or inappropriate conduct.
-  The Company specified clear objective of the operations, financial and non-financial reporting, and the practices in compliance with related laws, and identified the level of risks that are acceptable and align with the business operation.

### 3. Control Activities

-  The Company organized the internal control activities to reduce the potential risks to the acceptable level including preventive control, such as segregation of duties, the level access to

data and information control of each authorization level, the appropriate authorization of business operations and transactions, and physical assets control, etc.

- ✚ The Company designated the Business Continuity Policy and management plan in case the uncontrollable emergency occurred. The plan has been testing regularly to ensure that the Company can operate its business continually.

#### **4. Information and Communication**

- ✚ The Company implemented an efficient information system to provide accurate, complete, and timely information for business decisions making.
- ✚ The Company has communication channels to inform any information to staff via electronic email and central bulletin board where information and knowledge can be shared among the staffs.
- ✚ The Company has an investor relations channel on the Company's website to communicate to investors and has communication channel for stakeholders through the Audit Committee via [auditcom@thani.co.th](mailto:auditcom@thani.co.th).
- ✚ The Company has determined the channels for notification of fraud and corruption actions, in compliance with the Anti-Corruption Policy as an alliance of Thai Private Sectors on Collective Action against Corruption, on the Company's website. Such notification shall be directly reported to the audit supervisor of Thanachart Bank.

#### **5. Monitoring and Assessment**

- ✚ The Company's significant issues have regularly been assessed and the results have continuously been monitored by the Audit Committee through the independent internal auditor of the Company.
- ✚ The Company assigned the management to identify any defects on the assessment of the Company's independent internal auditors and to define the solutions appropriately and in time.

In the Board's Meeting in 2017, the Board of Directors evaluated the internal control system under the guidelines of the Office of the Securities and Exchange Commission. The result was that the Company had appropriate and effective internal control system.

## **The Internal Audit**

The Company has no Internal Audit Department but does assign an independent external auditor to perform the duty of internal auditor and to report the performance of internal audit practices directly to the Audit Committee and the management performance of departments to the Managing Director.

The Company assigns the chief of Internal Audit and Regulatory Compliance of the Thanachart Group to be the independent internal auditor of the Company, who report directly to the Audit Committee and has duty on examining and assessing the efficiency and the effectiveness of the internal control system and information system. The independent internal auditor examines the compliance with the Anti-Corruption Policy practices to ensure that normal business operations and financial activities of the Company are conducted according to the guidelines and have adequate efficiency. The independent internal auditor examines the practices to ensure the compliance with the laws and related regulations of the Company (Compliance Control). Moreover, the annual internal audit plan must be proposed and approved by the Audit Committee under the criteria of the risk based audit approach and the audit guidelines under the internal control practices of the Committee of Sponsoring Organization of the Tread way Commission (COSO).

## Related Party Transactions

In 2017 and 2018, the Company had related party transactions with persons with a conflict of interest. After consideration, the Audit Committee believed that such transactions were reasonable as normal transactions or they supported the Company's normal business with general trade conditions, except special transactions. The appropriateness of transactions and the committee's opinions are detailed as follows

<i>Name of Related Parties</i>	<i>Relationship with the Company</i>	<i>Business Type</i>
Thanachart Bank Public Company Limited	Parent company	Commercial bank
Baan Rock Garden Public Company Limited	Have common directors and shareholders	Property development
Citywood Company Limited	Have common directors and shareholders	Furniture manufacturer
Thanachart Insurance Public Company Limited	Affiliates	Insurance

## Loan and Outstanding from Related Persons or Businesses

	Outstanding as at 31 <sup>th</sup> December (Unit : Thousand Baht)	
	2018	2017
<b><u>Cash at bank</u></b>		
Thanachart Bank Public Company Limited	120,028	134,157
<b><u>Other asset - deposit</u></b>		
Thanachart Bank Public Company Limited	70	65
<b><u>Interest receivable</u></b>		
Thanachart Bank Public Company Limited	15	14
<b><u>Short-term loans</u></b>		
Thanachart Bank Public Company Limited	1,030,000	1,570,000
Baan Rock Garden Public Company Limited	113,000	220,000
Citywood Company Limited	-	-
Management, directors and related persons	10,000	6,000
<b><u>Liabilities under hire purchase agreement</u></b>		
Thanachart Bank Public Company Limited	-	-
<b><u>Debentures</u></b>		
Thanachart Bank Public Company Limited	-	31,000
Thanachart Insurance Company Limited	400,000	350,000
<b><u>Long-term loans</u></b>		
Management, directors and related persons	28,000	28,000
<b><u>Overdraft</u></b>		
Thanachart Bank Public Company Limited	-	-

	Outstanding as at 31 <sup>st</sup> December (Unit : Thousand Baht)	
	2018	2017
<b>Accrued interest</b>		
Thanachart Bank Public Company Limited	237	265
Thanachart Insurance Company Limited	4,816	4,424
<b>Accrued expense</b>		
Thanachart Bank Public Company Limited	5	5

### Related Party Transactions

Related Party Transactions	For Year (Unit : Thousand Baht)		Price Setting Policy	Reason/ Appropriateness
	2018	2017		
Thanachart Bank Public Company Limited				
Interest Expenses	32,002	37,471	As stipulated in agreements	Related party transactions were in accordance with normal business and supported the operation of the Company group to maximize the Company's benefit. Conditions of Such transactions were set based on market price and were approved by Audit Committee and Board of Directors.
Bank fee expenses	5,325	6,604	As stipulated in agreements	
Premises and equipment expenses	340	311	As stipulated in agreements	
Service fee expenses	3,268	5,712	As stipulated in agreements	
Interest receivable	973	763	The same rates as charged to general customers	
Baan Rock Garden Public Company Limited				
Interest expenses	3,594	4,308	As mutually agreed	Related party transactions were in accordance with normal business and supported the operation of the Company group, to maximize the Company's benefit. Conditions of Such transactions were set based on market price and were approved by Audit Committee and Board of Directors.
Thanachart Insurance Company Limited				
Interest expenses	10,677	10,147	As stipulated in prospectus	Related party transactions were in accordance with normal business and supported the operation of the Company group, to maximize the Company's benefit. Conditions of Such transactions were set based on market price and were approved by Audit Committee and Board of Directors.
Insurance Interest expenses	2,452	1,517	As stipulated in agreements	
Management, directors and related persons				
Interest expenses	1,085	1,095	As mutually agreed	Related party transactions were in accordance with normal business and supported the operation of the Company group, to maximize the Company's benefit. Conditions of Such transactions were set based on market price and were approved by Audit Committee and Board of Directors.

## **Necessity and Appropriateness**

Presently, related party transactions are in accordance with a normal business and support the operation of the Company group, to maximize the Company's benefit. The related party transactions are necessary and reasonable. For price setting, market prices or costs plus proper profits, such as rental fee, are taken into consideration. Such cost is forecasted from rental fee plus proper profits according to the referenced market prices. The Company will revise costs and profit rate annually. The Company will propose to the Audit Committee to consider reasons and appropriateness of prices. Prior approvals of the Board of Directors or shareholders are required on the case by case basis.

## **Measures or procedure on approving related party transactions**

For the approval procedure of related party transactions due to a normal business such as bank fee, the Company will determine conditions in line with a normal business i.e. market prices applied to general customers, or actual costs plus proper profits according to the referenced market prices. For other related party transactions, the Company will determine conditions in line with a normal business i.e. marketing prices applied to general customers with proper conditions. This aims to maximize the benefits of the Company and shareholders. Prior approvals of the Board of Directors or shareholders are required, as a case may be. The Audit Committee or auditors or experts will consider reasons of transactions and appropriateness of prices. The opinions will be proposed to the Board of Directors or shareholders for consideration, as a case may be.

Accordingly, in terms of compliance with information disclosure and acquisition or sales of major assets, the Company will comply with the laws on securities and exchange, regulations, notifications, orders, or requirements of the Stock Exchange of Thailand, including accounting standards stipulated by the Federation of Accounting Professions.

## **Policy on further related party transactions**

According the Securities and Exchange Act BE 2535 (1992) section 89/12 and the Capital Market Supervisory Board Notification, Tor Jor 21/2551 (2017) regarding the principles for doing connected transactions, including the amendment in the future, required the transactions of connected persons as defined by law, that is, the transactions between the Company and its directors, executives or related persons must be approved by the shareholders meeting first, except for the exempted transactions, such as the trade agreement which normal people will do with contract partners in the same situation using the trade negotiation power without any influences as the directors, executives or related persons as the case may be and which is the fair and at arm's length trade agreement that is approved by the Committee or comply with the approved principles.

For this matter, the Board of Directors meeting on 12th November, 2018 had a resolution to approve the principles of trade agreement when doing the interpersonal transactions of related persons to

be in compliance with the legal requirement as mentioned above. The principles are as follow, “The Management can do any transactions or actions or trade agreements that have characteristics of the interpersonal transactions of related persons as defined by the Securities and Exchange Commission. Such transactions or actions must be common with the general practices that normal people will do with contract partners in the same situations, using the trade negotiation power without any influences as the Executive Directors or related persons (“general trade agreement transaction”.) They include the transactions being continued from the past and that may happen in the future. The Management can set the regulation framework as the guideline for the operations and submit the summary report of such transactions to the meetings of the Audit Committee and the Board of Directors within the reasonable time.

In the future, related party transactions will comprise transactions due to a normal business i.e., bank fee, etc. Such transactions shall bring benefits to the Company and shall be in line with the approval measures or procedures mentioned above.

## Analysis and Management Discussion



### Company's performances

#### - Overview of the past performance

In 2016, the Company had a net profit of 881.16 million Baht, increasing from the previous year for 132.49 million Baht or 17.70%. The total revenue for the year 2016 was 2,985.19 million Baht, increasing from the previous year by 203.31 million Baht or 7.31 %, as a result of the Company's focus on retaining and taking care of customers constantly. The Company's financial expenses were 946.99 million Baht, decreasing from the previous year by 69.40 million Baht or 6.83%, as a result of the sourcing of loans with low finance cost to keep the gap of interest spread at the level that kept the Company's constant profitability.

In 2017, the Company had a net profit of 1,125.81 million Baht, increasing from the previous year for 244.66 million Baht or 27.77 %. The total revenue for the year 2017 was 3,307.24 million Baht, increasing from the previous year by 322.04 million Baht or 10.79 %, as a result of the Company's focus on retaining and taking care of customers constantly. The Company's financial expenses were 882.41 million Baht, decreasing from the previous year by 64.59 million Baht or 6.82 %, as a result of the sourcing of loans with low finance cost to keep the gap of interest spread at the level that kept the Company's constant profitability.

In 2018, the Company had the net profits of 1,640.71 million baht, increasing from the previous year by 514.90 million Baht or 45.74%. The total revenue of 2018 was 3,827.37 million Baht, increasing from the previous year by 520.14 million Baht or 15.73%. This was the result of the market expansion and the current customer retention. The financial expenses were 869.80 million baht, decreasing from the previous year by 12.61 million Baht or 1.43%. It continued to be decreased as a result of the low funding cost to keep the gap of interest spread at the level that constantly kept the Company's profitability.

In the end of 2018, the Company invested in RTN Insurances Brokers Co., Ltd. ("RTN Insurances Broker") which conducts non-life insurance, life insurance, and related business, accounting for 100% of total paid-up capital (including direct and indirect shareholding.) The objective was to provide services to hire-purchase customers and financial leasing customers of the Company to satisfy their needs and sustain customer service efficiency. This would support the Company to provide the full services in hire-purchase and financial leasing services business, leading to the continuous and steady growth.

#### - Revenue

In the year 2016, the Company still focused on retaining its leasing base to retain its market share. This resulted in total revenues of 2,985.19 million Baht, increasing from 2015 by 203.31 million Baht or equal to 7.31% (from the increase in hire purchase and financial leasing debtors from the year 2015 at the amount of 3,827.26 million Baht or 13.23%).

The main components of 2016 revenues were consisted of the interest income from hire purchase and financial leasing of 2,484.52 million Baht or equal to 83.23% of total revenues and the

revenues from fees and services fees of 273.16 million Baht and other incomes of 227.51 million Baht or equal to 9.15% and 7.62% respectively.

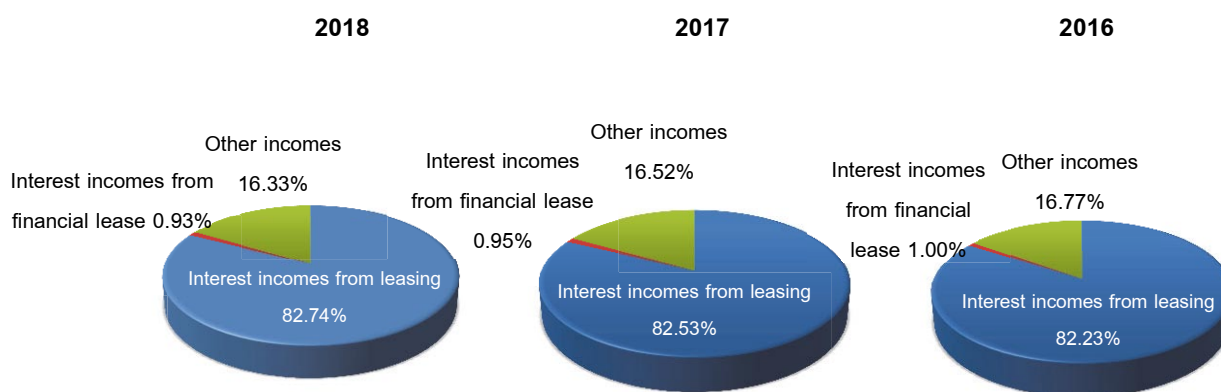
In 2017, the Company focused on retaining its leasing base to retain its market share. This resulted in total revenues of 3,307.24 million Baht, increasing from 2016 by 322.04 million Baht or equal to 10.79 % (from the increase in hire purchase and financial leasing debtors from the year 2016 at the amount of 5,850.71 million Baht or 17.87%).

The main components of 2017 revenues were consisted of the interest incomes from hire purchase and financial leasing at the amount of 2,760.61 million Baht or equal to 83.48% of total revenues and the revenues from fees and services fees of 301.66 million Baht and other incomes of 244.97 million Baht or equal to 9.12% and 7.40% respectively.

In 2018, the Company expanded the hire-purchase credit for commercial cars in Fleet customer group and continuously sustained the current credit customer group in order to increase its market shares. The result was the total revenues of 3,827.37 million Baht, increasing from the year 2017 by 520.14 million Baht or 15.73%, (hire-purchase receivables and financial debtors increased from the year 2017 by 7,813.40 million Baht or 20.24%.)

The main sources of 2018 revenues consisted of the interest incomes from hire-purchase contracts and financial leasing contracts at the amount of 3,202.27 million Baht, accounting for 83.67% of total revenues, the fees and services income at the amount of 342.15 million Baht and other incomes at the amount of 282.95 million Baht, accounting for 8.94% and 7.39% respectively.

The proportion of the interest incomes from hire-purchase contracts and financial leasing contracts to the other incomes (meaning fees and services incomes and other incomes) of the Company in 2018, 2017 and 2016 is as follows:



#### **- Expenses**

For the year 2016, the Company's financial expenses were 947.00 million Baht. Sales and administrative expenses were 439.56 million Baht. Bad debts and doubtful debts were 496.36 million Baht and income taxes were 221.11 million Baht.

In 2016, the finance costs were amounted to 947.00 million Baht, decreasing by 69.40 million Baht or 6.83% compared to the year 2015, as a result of the sourcing loans with low finance costs to

retain the difference on the interest spread at the level that kept the Company's profitability constantly. As a result, the ratio of interest expenses in 2016 was decreased from the previous year to the level of 3.64%.

The selling and administrative expenses for the year 2016 were amounted to 439.56 million Baht, increasing from 2015 by 31.40 million Baht, or 7.69%, which came from the main expenses, that is, the increasing employee expenses approximately of 23.82 million Baht.

Bad debts and doubtful debts for the year 2016 were amounted to 496.35 million Baht, increasing from 2015 by 84.42 million Baht, representing 20.49%. The normal reserve of the Company, compared to the previous year was decreased by 17.24 million Baht. However, the Company has considered increasing the general reserve from the previous year's same period at the amount of 140 million Baht (to prepare its reserve according to the accounting standard of IFRS 9 which will be effective in 2019. As a result, the overview of bad debts and doubtful debts was increasing compared to the same period of the previous year)

In 2017, the financial expenses of the Company were 882.41 million Baht, the selling and administrative expenses were 495.74 million Baht, bad debts and doubtful debts were 523.43 million Baht and income tax was 279.84 million Baht.

The finance costs in 2017 were 882.41 million Baht, decreasing by 64.59 million Baht or 6.82% compared to the year 2016, which came from sourcing loans with low finance costs to retain the difference of the interest spread at the level that kept the Company's constant profitability. As a result, the ratio of interest expenses in 2017 was decreased from the previous year to the level of 2.90%.

The selling and administrative expenses for the year 2017 were amounted to 495.74 million Baht, increasing from 2016 by 56.15 million Baht, or 12.77%, which came from the main expenses, that is, the increasing employee expenses approximately of 27.24 million Baht.

Bad debts and doubtful debts for the year 2017 were amounted to 523.43 million Baht, increasing from 2016 by 27.07 million Baht, representing 5.45 %. The normal reserve of the Company, compared to the previous year was decreased by 32.92 million Baht. However, the Company has considered increasing the general reserve from the previous year's same period at the amount of 60 million Baht (to prepare its reserve according to the accounting standard of IFRS 9 which will be effective in 2019. As a result, the overview of bad debts and doubtful debts was increasing compared to the same period of the previous year)

In 2018, the Company had financial expenses of 869.80 million Baht, sales and administrative expenses of 503.56 million Baht, bad debts and doubtful accounts of 402.60 million Baht and income tax of 410.70 million Baht.

The financial cost of 2018 was 869.80 million Baht, decreasing by 12.61 million Baht or 1.43% compared to the year 2017, as a result of the low financial cost sourcing and the debt structure management to keep the interest rate spread at the profitable level. The interest expense ratio in 2018 was decreased from the previous year to 2.40%.

The sales and administrative expenses in 2018 were 503.56 million Baht, increasing from 2017 by 7.82 million Baht or 1.58%. The main costs of the sales and administrative expenses were the employee expenses, the loss from the asset devalue of seized cars and the office expenses.

The bad debts and doubtful accounts in 2018 were 402.60 million Baht, decreasing from the same period of the previous year by 120.83 million Baht, accounting for 23.08%. The Company's regular reserve, compared to the year 2017's, was slightly decreased by 10.83 million baht. The Company considered increasing the general reserve for 170.00 million Baht, decreasing from the previous year by 110.00 million Baht (to prepare for the reserve according to the IFRS9 accounting standards. As a result, the overview of the expenses of bad debts and doubtful debts were decreased compared to the same period of the previous year.

**- Net profit**

	2018	2017	Increase (Decrease)	%
Net Profit (MB)	1,640.71	1,125.81	514.90	45.74
Net Profit Ratio (%)	42.87	34.04	8.83	25.94
Yield (%)	7.20	7.40	(0.20)	(2.70)
Cost of fund (%)	2.40	2.90	(0.50)	(17.24)
Interest Spread (%)	4.80	4.50	0.30	6.67

In 2018, the Company had net profits of 1,640.71 million Baht, increasing from 2017 by 514.90 million Baht or by 45.74%. The Company had the net profit margin of 42.87%, increasing by 25.94% from the previous year, resulted from the target achievement of credit expansion. The competition in the credit market continued to be aggressive from the previous year and resulted in the decreasing interest rate from 7.40% in 2017 to 7.20%, accounting for 2.70% decrease. However, the Company could still manage the financial costs to continue being decreased and, as a result, the interest rate decreased from the previous year to 2.40%, which made the Company able to increase the interest rate spread to 4.80%.

**- Financial Status**

Total Assets	2018	2017	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Total Assets	47,531.06	39,491.79	8,039.27	20.36
Hire-Purchase Account Receivable, Net	45,865.59	38,122.87	7,742.72	20.31
Financial Lease- Account Receivable, Net	546.04	475.38	70.66	14.86
Hire-Purchase Account Receivable to Total Assets (%)	96.50	96.53	(0.03)	(0.03)
Foreclosed Assets	78.79	60.17	18.62	30.95

The key component of the Company's asset structure is hire-purchase debtors. In 2017, the Company had the total hire-purchase debtors of 38,112.87 million Baht (net after deduction of allowance for doubtful accounts), or 96.53 % of the total assets.

In 2018, the Company's total assets were 47,531.06 million Baht, increasing by 20.36 % compared to 2017. The proportion of hire-purchase accounts receivable (net after deduction of allowances for doubtful accounts) in 2017 was 96.50 % of the total assets, closed to the previous year. The Company still emphasized on providing hire-purchase leasing which was its core business, taking care of customers to retain its market share; therefore, the Company has maintained its competitive competency constantly.

**- Credit Quality and Allowance for Doubtful Accounts**

**- Hire-Purchase Account Receivable**

The hire-purchase accounts receivables, at the end of 2018, 2017, and 2016 were recorded at 45,865.59 million Baht, 38,122.86 million Baht and 32,311.69 million Baht, respectively. The details are summarized as follows:

Unit : Thousand Baht	2018	2017	2016
Hire-purchase account receivable	53,801,060	44,916,703	38,012,676
<u>Less</u> Deferred Interest	<u>(5,811,544)</u>	<u>(4,958,385)</u>	<u>(4,284,783)</u>
Total	47,989,516	39,958,318	3,3727,893
<u>Less</u> Allowances for doubtful accounts	<u>(2,123,924)</u>	<u>(1,835,452)</u>	<u>(1,416,196)</u>
Net account receivables	<u>45,865,592</u>	<u>38,122,866</u>	<u>32,311,697</u>

The classifications of hire-purchase account receivables less deferred interest incomes were shown in the following table.

Period of Overdue	As of 31 <sup>st</sup> December 2018				
	Number of Customers	Allowances for Doubtful Accounts Rate	Account Receivables Less Deferred Hire-purchase Interest	Net Account Receivables Less Deferred Hire-purchase Interest and Collateral	Allowances for Doubtful Accounts
			(Unit : 1,000 Baht)	(Unit : 1,000 Baht)	(Unit : 1,000 Baht)
Normal receivables	44,764	1%	36,814,839	2,698,044	26,980
1-month overdue	7,486	1%	5,136,893	322,637	3,226
2-3 month overdue	6,496	2%	4,256,588	203,832	4,077
4-6 month overdue	1,013	20%	642,667	642,667	128,534
7-12 month overdue	361	50%	188,423	188,423	94,212

As of 31 <sup>st</sup> December 2018					
Period of Overdue	Number of Customers	Allowances for Doubtful Accounts Rate	Account Receivables Less Deferred Hire-purchase Interest	Net Account Receivables Less Deferred Hire-purchase Interest and Collateral	Allowances for Doubtful Accounts
			(Unit : 1,000 Baht)	(Unit : 1,000 Baht)	(Unit : 1,000 Baht)
Over 12-month overdue	444	100%	171,140	171,140	171,140
Account receivables under court judgment	744	100%	447,875	447,875	447,875
Account receivables under negotiation agreement	172	100%	97,456	97,456	97,456
Receivables from sales of property foreclosed/damages	812	100%	233,635	233,635	233,635
Uncollected surplus allowance for doubtful accounts					916,789
<b>Total</b>	<b>62,292</b>		<b>47,989,516</b>	<b>5,005,709</b>	<b>2,123,924</b>

As of 31 <sup>st</sup> December 2017					
Period of Overdue	Number of Customers	Allowances for Doubtful Accounts Rate	Account Receivables Less Deferred Hire-purchase Interest	Net Account Receivables Less Deferred Hire-purchase Interest and Collateral	Allowances for Doubtful Accounts
			(Unit : 1,000 Baht)	(Unit : 1,000 Baht)	(Unit : 1,000 Baht)
Normal receivables	39,776	1.00%	30,521,366	2,274,544	22,746
1-month overdue	6,947	1.00%	4,274,293	279,576	2,796
2-3 month overdue	6,028	2.00%	3,514,297	155,558	3,111
4-6 month overdue	987	20.00%	617,532	617,532	123,507
7-12 month overdue	387	50.00%	188,655	188,655	94,328
Over 12-month overdue	420	100.00%	168,363	168,363	168,363
Account receivables under court judgment	722	100.00%	381,390	381,390	381,390
Account receivables under negotiation agreement	215	100.00%	97,167	97,167	97,167
Receivables from sales of property foreclosed/damages	687	100.00%	195,255	195,255	195,255
Uncollected surplus allowance for doubtful accounts					746,789
<b>Total</b>	<b>56,169</b>		<b>39,958,318</b>	<b>4,358,040</b>	<b>1,835,452</b>

Period of Overdue	As of 31 <sup>st</sup> December 2016				
	Number of Customers	Allowances for Doubtful Accounts Rate	Account Receivables Less Deferred Hire-purchase Interest	Net Account Receivables Less Deferred Hire-purchase Interest and Collateral	Allowances for Doubtful Accounts
			(Unit : 1,000 Baht)	(Unit : 1,000 Baht)	(Unit : 1,000 Baht)
Normal receivables	36,653	1.00%	24,955,947	1,900,466	19,005
1-month overdue	6,733	1.00%	3,784,749	236,351	2,363
2-3 month overdue	6,338	2.00%	3,475,762	143,834	2,877
4-6 month overdue	1,085	20.00%	598,580	598,580	119,716
7-12 month overdue	448	50.00%	214,818	214,818	107,409
Over 12-month overdue	428	100.00%	164,158	164,158	164,158
Account receivables under court judgment	603	100.00%	276,417	276,417	276,417
Account receivables under negotiation agreement	244	100.00%	113,211	113,211	113,211
Receivables from sales of property foreclosed	424	100.00%	144,251	144,251	144,251
Uncollected surplus allowance for doubtful accounts					466,789
<b>Total</b>	<b>52,956</b>		<b>33,727,893</b>	<b>3,792,086</b>	<b>1,416,196</b>

Note: The allowance for doubtful account receivable and payable overdue for 4 months up did not deduct the collaterals.

**- Financial Lease Accounts Receivable**

As of 31 <sup>st</sup> December 2018 (Unit : Thousand Baht)					
Financial lease accounts receivable	Account Receivables Less Deferred Financial lease Interest	Account Receivable Ratio	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Unscheduled Due	380	519,348	31,911	1%	319
1-month overdue	13	20,503	1,292	1%	13
2-3-month overdue	4	6,523	24	2%	-
4-6 month overdue	-	-	-	20%	-
7-12 month overdue	-	-	-	50%	-
12 month overdue	4	7,787	7,7787	100%	7,787

Account receivables under court judgment	1	915	915	100%	915
Account receivables under negotiation agreement	1	766	766	100%	766
Total		555,842	42,695		9,800

As of 31 <sup>st</sup> December 2017 (Unit : Thousand Baht)					
Financial lease accounts receivable	Account Receivables Less Deferred Financial lease Interest	Account Receivable Ratio	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Unscheduled Due	317	452,869	26,080	1%	261
1-month overdue	10	16,700	1,186	1%	12
2-3-month overdue	3	3,643	159	2%	3
4-6 month overdue	-	-	-	20%	-
7-12 month overdue	2	4,892	4,892	50%	2,446
12 month overdue	4	4,575	4,575	100%	4,575
Total	336	482,679	36,892		7,297

As of 31 <sup>st</sup> December 2016 (Unit : Thousand Baht)					
Financial lease accounts receivable	Account Receivables Less Deferred Financial lease Interest	Account Receivable Ratio	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Unscheduled Due	276	410,464	20,855	1%	209
1-month overdue	10	17,499	1,421	1%	14
2-3-month overdue	4	8,100	-	2%	-
3-6 month overdue	-	-	-	20%	-
7-12 month overdue	-	-	-	50%	-
12 month overdue	4	4,581	4,581	100%	4,581
Total	294	440,644	26,857		4,804

In 2016, the Company set aside an allowance for doubtful accounts and financial lease receivables at the amount of 1,420.99 million Baht, increasing by 420.64 million Baht, or 42.05%

compared to the year 2015, resulted from the regular reserve of the Company which continued expansion constantly and the allowance for doubtful accounts in excess of additional potential uncollectible accounts.

In 2017, the Company set aside an allowance for doubtful accounts and financial lease receivables of Baht 1,842.75 million, increasing by 421.76 million Baht, or 29.68 % compared to the year 2016. The Company's regular reserved compared to the one in the previous year was decreased by 32.92 million Baht. The Company considered increasing the general reserve from the previous year's same period at the amount of 60 million Baht to prepare its reserve according to the accounting standard of IFRS no. 9 which will be effective in 2019. As a result, the overview of the expenses of bad debts and doubtful debts were increased compared to the same period of the previous year.

As of 31<sup>st</sup> December, 2018, the Company set aside an allowance for doubtful accounts and financial lease receivables of 2,133.72 million Baht, increasing by 290.97 million Baht, or 15.79 % compared to the year 2017. The Company's regular reserve compared to the one in the previous year was decreased by 10.83 million Baht. The Company considered increasing the general reserve at the amount of 170.00 million Baht, which was decreased from 110 million Baht in the previous year in order to prepare its reserve according to the IFRS no. 9 accounting standards. As a result, the overview of the expenses of bad debts and doubtful debts were decreased compared to the same period of the previous year.

The Company has the policy on amortization of loan debtors from the account when the court had judgment that debtors and guarantors pay their debts to the Company and the Company is unable to confiscate their properties or execute the judgment. The amortization of loan debtors as bad debts will lead to the decrease in the allowance for doubtful accounts and bad debt recovery will be recorded in the other incomes. For the year 2018, 2017, and 2016, the Company had written off bad debts at the amount of 111.62 million Baht, 101.68 million Baht, and 75.73 million Baht respectively.

The above table shows that account receivables whose net of interest was not recognized as income in the year 2018, 2017, and 2016 were mainly the regular debtors with less than 3 period overdue, whose amount were in total of 46,754.69 million Baht, 38,783.17 million Baht, and 32,654.34 million Baht respectively, representing of 96.31%, 95.90 % and 95.57 % of the total hire-purchase debtors and financial lease debtors respectively. This reflected that most debtors of the Company were in the normal level.

#### **- Adequacy of Allowance for Doubtful Accounts**

The Company sets an allowance for doubtful accounts for the hire-purchase and finance leases based on the estimated losses from potential uncollectible accounts. Based on the current status of outstanding receivables, the debtors overdue for less than 3 periods are recorded to an allowance for doubtful accounts of the principal balance net of collaterals and for the debtors overdue for more than 3 periods are recorded to an allowance for doubtful accounts without collaterals and for the debtors under the compromise agreement by the law are recorded to an allowance for doubtful accounts without collaterals as well.

Moreover, the Company took caution by considering on recording an allowance for doubtful debts in excess of potential uncollectible accounts and increasing efficiency in the debt collection in compliance with the expansion of the credit portfolio. In 2018, 2017, and 2016, the Company had non-performing loans (NPL) from hire-purchase debtors and financial lease debtors at the amount of 1,780.66 million Baht, 1,657.92 million Baht, and 1,516.02 million Baht, respectively. The allowances for doubtful accounts were 2,133.72 million Baht, 1,842.75 million Baht, and 1,420.99 million Baht, respectively.

As of 31<sup>st</sup> December, 2018, 31<sup>st</sup> December, 2017, and 31<sup>st</sup> December, 2016, the Company had allowances for doubtful accounts of 119.18 %, 111.16 %, and 93.73% of the non-performing loans, respectively. If the Company considers credit approval carefully and precisely and strictly monitoring on debtors, it believes that the allowances for doubtful accounts will remain appropriate, adequate and effective, under the normal operations of the Company.

- **Total Liabilities**

	<b>As of 31<sup>st</sup> December 2018</b>	<b>As of 31<sup>st</sup> December 2017</b>	<b>As of 31<sup>st</sup> December 2016</b>
	<b><u>Million Baht</u></b>	<b><u>Million Baht</u></b>	<b><u>Million Baht</u></b>
Total Liabilities	40,336.10	33,864.49	28,355.48
Short-term Loan and Overdraft	21,981.88	17,202.01	19,959.22
Long-term Loan	100.00	339.00	1,188.97
Long-term Bond	17,201.58	15,549.60	6,528.42
Other Liabilities	1,052.64	773.88	678.84

Note: Short-term Loan and overdraft amounts include a portion of the payment within 1 year.

Total liabilities as of 31st December, 2018, 31st December, 2017, and 31st December, 2016, amounted to 40,336.10 million Baht, 33,864.50 million Baht, and 28,355.48 million Baht, respectively. Total debts as of 31st December, 2018 were increased by 19.11 % from the end of 2017. Total debts in 2017 were increased by 19.43 % from the end of 2016. Thus, the Company's total debts were increased, which came from the provision of loans, both short term and long term, to support the leasing services of the Company.

As of 31st December, 2018, total liabilities of the Company mainly consisted of short-term loans of 21,981.88 million Baht, long-term loans of 100.00 million Baht, and long-term debentures of 17,201.58 million Baht.

Other current liabilities were mainly composed of the following items: corporate tax payable, other liabilities, car insurance premium payable of the receivable accounts, deferred transfers and accrued interest payables. As of 31st December, 2018, the other liabilities amounted to 1,052.64 million Baht, increasing from the year 2017 by 278.76 million Baht or 36.02%.

#### **- Shareholders' Equity**

On 1<sup>st</sup> April 2016, the Annual General Meeting of the Shareholders passed the resolution to allocate the 2015 net profit of 37.50 million Baht to be the legal reserve. The meeting resolution also approved the dividend payment in cash at the par value of 0.18 Baht to existing shareholders, in total of 434.92 million Baht, or 58.09% of net profits in 2015.

In 2016, the shareholders' equity of the Company was at 5,009.39 million Baht, increasing from the year 2015 by approximately 445.13 million Baht or 9.75 %. The increase was resulted from the annual net profits of 881.16 million Baht and the dividend payment in cash of 434.92 million Baht, including the legal reserve of 45.00 million Baht.

On 1<sup>st</sup> April 2017, the Annual General Meeting of the Shareholders passed the resolution to allocate the 2016 net profits of 45.00 million Baht to be the legal reserve and approved the dividend payment in cash at the rate of 0.21 Baht/share to the existing shareholders, in total of 507.41 million Baht or 57.58% of the 2016 net profits.

In 2017, the shareholders' equity of the Company was 5,627.30 million Baht, increasing from the year 2016 by approximately 617.91 million Baht or 12.33%. The increase was resulted from the annual net profits of 1,125.81 million Baht and the dividend payment in cash of 507.41 million Baht, including the legal reserve of 14.00 million Baht.

On 3rd April, 2018, the Annual General Meeting of Shareholders had a resolution to approve the allocation of 2017 net profits at the amount of 14.00 million baht to the legal reserve and the reduction of registered capital from 2,416,227,333 baht to 2,416,227,209 Baht (at the par value of 1.00 baht/share.) The stock dividend payment on 29th April, 2015 left the Company with 124 remaining shares. The Company registered the decreasing number of shares with the Ministry of Commerce on 10th April, 2018 and approved the increase of registered capital from 2,416,227,209 Baht to new registered capital of 3,020,284,011 Baht by issuing 604,056,802 common shares (at the par value of 1.00 baht/share) in order to support the Company's dividend payment in common shares. The dividend payment was paid at the rate of 0.25 baht/share to the current shareholders at the ratio of 4 current shares to 1 stock dividend. In case that the common shares for dividend were calculated into the fractions of share, the Company would pay them in cash to the shareholders. The Company registered the new capital with the Ministry of Commerce on 11th April, 2018 and paid stock dividend in cash at the rate of 0.03 baht/share to the shareholders, in total of 676,543,618.52 Baht.

As of 31st December, 2018, the Company held 7,194.96 million Baht as a shareholder, increasing from 2017 by 1,567.66 million Baht, accounting for 27.86%. This was the result of the 2018 net profits after the legal reserve and dividend payment.

- **Liquidity**

<b>Cash flow</b>	<b>As of 31<sup>st</sup> December 2018</b>	<b>As of 31<sup>st</sup> December 2017</b>	<b>As of 31<sup>st</sup> December 2016</b>
	<b><u>Million Baht</u></b>	<b><u>Million Baht</u></b>	<b><u>Million Baht</u></b>
Cash flow from (for) operations	(5,225.21)	(3,969.21)	(1,970.26)
Cash flow from (for) investment activities	(6.82)	(4.79)	(47.11)
Cash flow from (for) funding activities	5,255.55	4,046.53	1,971.37
Net cash flow increase (decrease)	23.53	72.53	(46.01)
Cash & cash at bank	213.95	190.42	117.88

In 2016, the Company's net cash was 117.88 million Baht. The net cash flow of 46.01 million Baht was decreased from the year 2015 which had the net cash flow at the amount of 163.89 million Baht. The net current cash received from the funding activities was 1,971.37 million Baht resulted from financing activities to support the leasing business expansion. The net cash flow spent on normal leasing operations was 1,970.26 million Baht. The net cash flow spent on investment activities was 47.11 million Baht.

In 2017, the Company had cash of 190.42 million Baht. The net cash flow was increased by 72.53 million Baht from the year 2016 which had cash at the amount of 117.88 million Baht, resulted from financing activities to support the Company's leasing business. The net cash flow spent on normal leasing operations was 3,969.21 million Baht. The net cash flow spent on the investment activities was 4.79 million Baht.

As of 31st December, 2018, the Company had cash of 213.95 million Baht. The net cash flow was increased by 23.53 million Baht from the end of 2017 which had cash at the amount of 190.42 million Baht, resulted from the net cash flow gained from financing activities to support the Company's leasing business at the amount of 5,255.55 million Baht. The net cash flow spent on normal leasing operations was 5,225.21million Baht. The net cash flow spent on the investment activities was 6.82 million Baht.

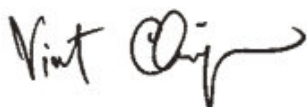
## Responsibilities of the Board of Directors for Financial Report

The Board of Directors of Ratchthani Leasing Public Company Limited is responsible for consolidated financial statements of the Company and its subsidiaries and separate financial statements of the Company, including the information and information disclosure and the financial presentation in 2018 annual report. Such financial statements were regularly prepared according to the financial reporting standard and appropriate accounting policy. The discretion and estimates were used carefully and reasonably as needed. The information disclosure in the financial statement appendix was sufficient. Such financial statements passed the check and comment from the independent Certified Public Accountants of the Company with no condition.

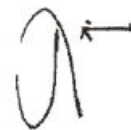
The Board of Directors realized the importance of the duties and responsibilities that must continuously be in accordance with the good corporate governance policy in order to conduct the business with efficiency, transparency and credibility and established proper and effective control system, risk management system and internal control system of various aspects in order to rationally assure that the accounting information was correctly and completely recorded and adequate to sustain the Company's assets as well as to prevent any frauds or significantly irregular operations.

Moreover, The Board of Directors has appointed the Audit Committee comprising of the independent directors to review accounting policies, take responsible on the quality of financial statements, review the adequacy of the internal control system and internal audit, including the risk management system as well as consider the disclosure of connected transactions. The opinions of the Audit Committee on such issues were displayed in the Audit Committee Report in the annual report.

The Board of Directors has viewed that the overall internal control system of the Company was at satisfactory level and the internal audit could ensure that the consolidated financial statements of the Company and its subsidiaries and the separate financial statements of the year ending 31st December 2018 was reliable along with the financial reporting standards and was conducted precisely according to the related laws and regulations.



(Mr. Virat Chinrapinporn)  
Chairman of the Board of Directors



(Mr. Kovit Rongwattanasophon)  
Managing Director

## **Report of Audit Committee**

The Audit Committee of Ratchthani Leasing Public Company Limited is appointed by the Board of Directors, which comprises qualified independent directors who are professionals in many aspects and have knowledge and experiences sufficient to perform the duty of examining financial statements. 5 Independent Directors, comprising of Mr.Thakol Nunthirapakorn,Ph.D. as Chairman of Audit Committee, Mr. Suvit Arunanondchai, Mr. Varavudh Varaporn, Mrs.Naree Boontharawara,Ph.D. , and Mr. Surapol Satimanont as Audit Directors.Mr. Boonchu Wongpakdee, CFO, is the Secretary of Audit Committee.

All members of the Audit Committee are not executives or employees of the Company and possess qualifications as required by the regulations of the Stock Exchange of Thailand and the Office of Securities and Exchange Commission. The Audit Committee has been assigned to supervise and review the Company's information related to the financial report and financial information disclosure, internal control system and regulatory practices in compliance with the relevant regulatory agencies. The Audit Committee also has duty to promote the Company's good corporate governance.

In 2018, the Audit Committee held 4 meetings with the certified auditor, the Company's internal auditor, management and executives from relevant departments to consider and review the financial statements, connected transactions, listen to the explanation and give suggestion beneficial to the accuracy, completion and reliability of financial reports including the efficiency improvement of the internal control. The resolutions of each meeting shall be summarized to the Board of Directors on the significant issues for acknowledgement and undertaking for improvement. The implementation of the Audit Committee is mainly summarized as follows:

### **The Accuracy, Completion and Reliability of Financial Reports**

The Audit Committee reviewed the quarterly and annual financial statements of the Company by consulting with the auditor and management of finance and accounting department. Besides, the Audit Committee arranged the meetings with the auditor, excluding the participation of the management, to consider on the independence of the auditor in performing his duties and expressing his opinion to ensure that the financial statements had been conducted in accordance with General Accepted Accounting Principles, with correct key information and adequate, accurate, reliable information disclosure. In addition, the committee observed and acknowledged the solution approach beneficial to the Company, including promoting on preparing its financial statements according to the International Accounting Standards (IAS), and International Financial Reporting Standards (IFRS) to comply with the guidelines defined by Federation of Accounting Professions under The Royal Patronage and the Securities and Exchange Commission (SEC).

### **The Sufficiency and Examination of Internal Control System**

The Audit Committee reviewed the internal control system to ensure the Company has good and efficient internal control system including anti-corruption control system. To consider on such system, the committee monitored the internal control system together with the independent internal auditor on planning and approval of the annual audit plan, including the sufficiency and suitability of employees, and independence in conducting the internal audit. The Audit Committee followed up on the performance and corrective actions according to the audit report on any significant issues continuously. This shall lead to good internal control system, efficient risk management, and good corporate governance.

### **Compliance with Regulations, Laws or Other Relevant Requirements**

The Audit Committee has reviewed and monitored the operation of the Company in accordance with the rules and regulations of the Office of Securities and Exchange Commission and the Stock Exchange of Thailand including the laws or other requirements relevant to the Company's business to ensure that the Company has complied with such regulations completely.

### **Risk Management**

In the previous year, the Audit Committee reviewed the Company's various aspects of the risk management, considered and proposed the risk factors which had significant effects on the Company's operations and business plan to the Board of Directors.

### **Auditor**

The Audit Committee selected, nominated for appointment and proposed the auditor remuneration of 2018. The Audit Committee considered qualification, independence, performance and appropriate remuneration rate for auditor and proposed to the Board of Directors before further proposing to the shareholder's meetings.

### **Connected Transactions or Transaction with Conflict of Interest**

The Audit Committee considered and examined the connected transactions, or transactions with conflict of interest by considering the necessity, reasonability, transparency, information disclosure, including other requirements received from the Company before proposing to the Board of Directors for such transactions approval.

The Audit Committee considered and agreed that the Company has prepared the reports and disclosed the accurate financial information properly, adequately and in accordance with the generally

accepted accounting principles. The internal control system and the examination of internal control system were effective, adequate, and appropriately organized. The risk management was efficient. The Company's operations were in compliance with the relevant regulations strictly. The auditor was supported to perform his/her duties on expressing an opinion on the financial reports independently. In addition, the connected transactions and any conflicts of interest were undertaken with transparency, reasonability and sufficient disclosure.



(Mr. Thakol Nunthirapakorn, Ph. D.)

Chairman of the Audit Committee

Ratchthani Leasing Public Company Limited

Report and financial statements

31 December 2018

## **Independent Auditor's Report**

To the Shareholders of Ratchthani Leasing Public Company Limited

### **Opinion**

I have audited the accompanying financial statements of Ratchthani Leasing Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Ratchthani Leasing Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Ratchthani Leasing Public Company Limited and its subsidiary and of Ratchthani Leasing Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. 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 judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

***Allowance for doubtful accounts for hire purchase and financial lease receivables***

As discussed in Note 4.5 to the consolidated financial statements, the estimation of allowance for doubtful accounts for hire purchase and financial lease receivables was based on the estimated possible loss from uncollectible receivables, taking into account the status of outstanding receivables and various assumptions. The management is required to exercise considerable judgement in estimating allowances for loss that are expected to be incurred for each debtor and determining the timing of the recognition of such allowances. Furthermore, the estimation of allowance for doubtful accounts is significant because, as at 31 December 2018, the Group had hire purchase and financial lease receivables - net of Baht 46,412 million (representing 98% of total assets) and allowance for doubtful accounts of Baht 2,134 million. Therefore, I focused on the audit of the adequacy of the allowance for doubtful accounts.

I assessed and tested the internal controls relevant to the collection of debts, the calculation of debtor aging and the determination of allowance for doubtful accounts for hire purchase and financial lease receivables and the recording of related accounting entries by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also assessed the methods, key information and assumptions used by the Group in calculating the allowance for doubtful accounts by reviewing key information to its sources, and performing comparative analysis on the assumptions that the Group used and the historical data. In addition, I evaluated the consistency of the application of assumptions, performed sampling tests on the data used in calculation of the allowance, and tested the calculation of debtor aging and allowance for doubtful accounts.

### ***Recognition of interest income***

The Group's policy on the recognition of interest income is discussed in Note 4.1 to the financial statements. In 2018, the Group's revenue mainly consisted of interest income from hire purchase and financial lease receivables amounting to Baht 3,202 million (representing 84 percent of total revenue). The interest income was derived from hire purchase and financial lease agreements with a large number of customers, most of whom are retail customers. In addition, revenue recognition relies primarily on data processing by information technology systems. Therefore, I focused on the audit of the amount and timing of interest income recognition.

I assessed and tested the Group's information technology system controls and the internal controls related to the processes of loan origination, loan collection and calculation for interest income recognition by making enquiry of responsible executives, gaining an understanding of the designed internal controls and selecting representative samples to test the operation of the designed controls that respond to the amount and timing of the revenue recognition in the Group's financial statements. Moreover, I applied a sampling method to select hire purchase and financial lease agreements to assess whether the recording of loans and the interest revenue recognition were consistent with the conditions of the relevant agreements, and in compliance with the Group's policy. In addition, I performed analytical procedures on the revenue figures recognised throughout the period and, on a sampling basis, tested the cessation of recognition of interest revenue and examined the accounting entries for interest income recorded through journal vouchers.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group'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 management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.







Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

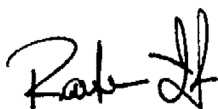
-  Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting 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's internal control.
-  Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
-  Conclude on the appropriateness of management's 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'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 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 to cease to continue as a going concern.
-  Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 those charged with governance 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 those charged with governance 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 those charged with governance, I determine those matters that were of most significance in the audit of the 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.

I am responsible for the audit resulting in this independent auditor's report.



*Ratana Jala*

Certified Public Accountant (Thailand) No.3734

EY Office Limited

Bangkok: 18 February 2019

**Ratchthani Leasing Public Company Limited and its subsidiary**

**Statements of financial position**

**As at 31 December 2018**

(Unit: Baht)

		Consolidated financial	Separate financial	
		statement	statements	
	Note	2018	2018	2017
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	6	213,946,721	211,706,565	190,417,050
Current portion of hire purchase receivables - net	7	15,868,935,849	15,868,935,849	13,519,866,418
Current portion of financial lease receivables - net	8	172,473,000	172,473,000	151,761,072
Other receivables		66,772,805	66,772,805	54,486,777
Property foreclosed - net	11	78,792,948	78,792,948	60,173,292
Undue input vat		294,526,783	294,526,783	163,279,578
Other current assets		7,144,072	7,143,450	5,741,727
<b>Total current assets</b>		<b>16,702,592,178</b>	<b>16,700,351,400</b>	<b>14,145,725,914</b>
<b>Non-current assets</b>				
Restricted bank deposit		1,000,000	-	-
Hire purchase receivables - net of current portion	7	29,996,656,399	29,996,656,399	24,602,999,914
Financial lease receivables - net of current portion	8	373,568,683	373,568,683	323,621,425
Other long-term investment		210,585	210,585	243,717
Investment in subsidiary	9	-	3,999,700	-
Investment properties	12	19,326,498	19,326,498	19,326,498
Land, building and equipment - net	13	113,880,964	113,150,708	119,954,638
Intangible assets - net	14	5,255,941	5,225,981	8,863,368
Deferred tax assets - net	15	317,038,970	317,038,970	269,599,341
Other non-current assets		1,529,001	1,529,001	1,457,168
<b>Total non-current assets</b>		<b>30,828,467,041</b>	<b>30,830,706,525</b>	<b>25,346,066,069</b>
<b>Total assets</b>		<b>47,531,059,219</b>	<b>47,531,057,925</b>	<b>39,491,791,983</b>

The accompanying notes are an integral part of the financial statements.

**Ratchthani Leasing Public Company Limited and its subsidiary**

**Statements of financial position (continued)**

**As at 31 December 2018**

(Unit: Baht)

		Consolidated financial statement	Separate financial statements	
	Note	2018	2018	2017
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Short-term loans from financial institutions	16			
Related parties		1,030,000,000	1,030,000,000	1,570,000,000
Unrelated parties		15,000,348,233	15,000,348,233	11,246,297,949
Short-term loans	17			
Related persons and related parties		123,000,000	123,000,000	226,000,000
Unrelated persons and unrelated parties		205,500,000	205,500,000	160,500,000
Other payables	18	456,174,869	456,174,869	269,550,267
Accrued interest		132,590,667	132,590,667	123,181,824
Current portion of hire purchase and financial lease payables	19	4,287,994	4,287,994	3,372,477
Current portion of long-term loans	20			
Related persons and related parties		28,000,000	28,000,000	-
Unrelated persons and unrelated parties		161,000,000	161,000,000	899,967,692
Current portion of debentures	21			
Related persons and related parties		299,933,092	299,933,092	-
Unrelated persons and unrelated parties		5,134,098,502	5,134,098,502	3,099,248,141
Income tax payable		231,602,956	231,602,956	177,867,334
Other current liabilities		190,998,301	190,949,831	166,945,032
<b>Total current liabilities</b>		<b>22,997,534,614</b>	<b>22,997,486,144</b>	<b>17,942,930,716</b>
<b>Non-current liabilities</b>				
Hire purchase and financial lease payables				
- net of current portion	19	7,403,825	7,403,825	7,400,748
Long-term loans - net of current portion	20			
Related persons and related parties		-	-	28,000,000
Unrelated persons and unrelated parties		100,000,000	100,000,000	311,000,000
Debentures - net of current portion	21			
Related parties		99,903,384	99,903,384	380,721,880
Unrelated parties		17,101,679,981	17,101,679,981	15,168,876,310
Provision for long-term employee benefits	22	29,575,478	29,575,478	25,566,390
<b>Total non-current liabilities</b>		<b>17,338,562,668</b>	<b>17,338,562,668</b>	<b>15,921,565,328</b>
<b>Total liabilities</b>		<b>40,336,097,282</b>	<b>40,336,048,812</b>	<b>33,864,496,044</b>

The accompanying notes are an integral part of the financial statements.

**Ratchthani Leasing Public Company Limited and its subsidiary**

**Statements of financial position (continued)**

**As at 31 December 2018**

(Unit: Baht)

		Consolidated financial statement	Separate financial statements	
	Note	2018	2018	2017
<b>Shareholders' equity</b>				
Share capital	23			
Registered				
3,020,248,011 ordinary shares of Baht 1 each				
(31 December 2017: 2,416,227,333 shares of Baht 1 each)		3,020,284,011	3,020,284,011	2,416,227,333
Issued and fully paid-up				
3,020,283,681 ordinary shares of Baht 1 each				
(31 December 2017: 2,416,227,209 shares of Baht 1 each)		3,020,283,681	3,020,283,681	2,416,227,209
Share premium		319,888,163	319,888,163	319,888,163
Retained earnings				
Appropriated - statutory reserve	24	303,000,000	303,000,000	242,000,000
Unappropriated		3,551,789,797	3,551,837,269	2,649,180,567
<b>Equity attributable to owners of the Company</b>		<b>7,194,961,641</b>	<b>7,195,009,113</b>	<b>5,627,295,939</b>
Non-controlling interests of the subsidiary		296	-	-
<b>Total shareholders' equity</b>		<b>7,194,961,937</b>	<b>7,195,009,113</b>	<b>5,627,295,939</b>
<b>Total liabilities and shareholders' equity</b>		<b>47,531,059,219</b>	<b>47,531,057,925</b>	<b>39,491,791,983</b>
		-	-	-

The accompanying notes are an integral part of the financial statements.

**Ratchthani Leasing Public Company Limited and its subsidiary**

**Statements of comprehensive income**

**For the year ended 31 December 2018**

(Unit: Baht)

		Consolidated financial statement	Separate financial statements	
	Note	2018	2018	2017
<b>Profit or loss:</b>				
<b>Revenues</b>				
Hire purchase interest income		3,166,734,029	3,166,734,029	2,729,352,670
Financial leases interest income		35,534,123	35,534,123	31,257,277
Fees and service income		342,151,043	342,151,043	301,656,520
Other income		282,947,992	282,945,471	244,968,582
<b>Total revenues</b>		<b>3,827,367,187</b>	<b>3,827,364,666</b>	<b>3,307,235,049</b>
<b>Expenses</b>				
Selling expenses		161,572,184	161,572,184	174,449,872
Administrative expenses		341,986,176	341,936,179	321,290,777
Bad debts and doubtful accounts	10	402,597,088	402,597,088	523,432,570
<b>Total expenses</b>		<b>906,155,448</b>	<b>906,105,451</b>	<b>1,019,173,219</b>
<b>Profit before finance cost and income tax expenses</b>		<b>2,921,211,739</b>	<b>2,921,259,215</b>	<b>2,288,061,830</b>
Finance cost		(869,799,426)	(869,799,426)	(882,406,185)
<b>Profit before income tax expenses</b>		<b>2,051,412,313</b>	<b>2,051,459,789</b>	<b>1,405,655,645</b>
Income tax expenses	15.2	(410,704,885)	(410,704,885)	(279,842,742)
<b>Profit for the year</b>		<b>1,640,707,428</b>	<b>1,640,754,904</b>	<b>1,125,812,903</b>
<b>Other comprehensive income:</b>				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Actuarial loss		(693,440)	(693,440)	(622,858)
Less: Income tax effect	15.2	138,688	138,688	124,572
<b>Other comprehensive income for the year (loss)</b>		<b>(554,752)</b>	<b>(554,752)</b>	<b>(498,286)</b>
<b>Total comprehensive income for the year</b>		<b>1,640,152,676</b>	<b>1,640,200,152</b>	<b>1,125,314,617</b>

The accompanying notes are an integral part of the financial statements.

**Ratchthani Leasing Public Company Limited and its subsidiary**

**Statements of comprehensive income (continued)**

**For the year ended 31 December 2018**

(Unit: Baht)

		Consolidated financial statement	Separate financial statements	
	Note	2018	2018	2017
<b>Profit or loss attributable to (loss):</b>				
Equity holders of the Company		1,640,707,432	1,640,754,904	1,125,812,903
Non-controlling interests of the Subsidiary		(4)		
		<u>1,640,707,428</u>		
<b>Total comprehensive income (loss) attributable to:</b>				
Equity holders of the Company		1,640,152,680	1,640,200,152	1,125,314,617
Non-controlling interests of the Subsidiary		(4)		
		<u>1,640,152,676</u>		
<b>Earnings per share</b>	26			
Basic earnings per share		0.54	0.54	0.37
Weighted average number of ordinary shares (Share)		<u>3,020,283,681</u>	<u>3,020,283,681</u>	<u>3,020,283,601</u>

The accompanying notes are an integral part of the financial statements.

# Ratchthani Leasing Public Company Limited and its subsidiary

## Statements of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statement							
	Issued and fully paid-up share capital	Share premium	Retained earnings		Equity attributable to owners of the Company		Non-controlling interests of the Subsidiary	
			Appropriated - statutory reserve	Unappropriated				
<b>Balance as at 1 January 2018</b>	2,416,227,209	319,888,163	242,000,000	2,649,180,567	5,627,295,939	-	5,627,295,939	
Profit for the year	-	-	-	1,640,707,432	1,640,707,432	(4)	1,640,707,428	
Other comprehensive income for the year (loss)	-	-	-	(554,752)	(554,752)	-	(554,752)	
Total comprehensive income for the year	-	-	-	1,640,152,680	1,640,152,680	(4)	1,640,152,676	
Increase in non-controlling interest of the subsidiary from investing in subsidiary	-	-	-	-	-	300	300	
Appropriate statutory reserve (Note 24)	-	-	61,000,000	(61,000,000)	-	-	-	
Dividend paid (Note 23)	604,056,472	-	-	(676,543,450)	(72,486,978)	-	(72,486,978)	
<b>Balance as at 31 December 2018</b>	3,020,283,681	319,888,163	303,000,000	3,551,789,797	7,194,961,641	296	7,194,961,937	

The accompanying notes are an integral part of the financial statements.

**Ratchthani Leasing Public Company Limited and its subsidiary**  
**Statements of changes in shareholders' equity (continued)**  
**For the year ended 31 December 2018**

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Appropriated - statutory reserve	Unappropriated	Total shareholders' equity
<b>Balance as at 1 January 2017</b>	2,416,227,209	319,888,163	228,000,000	2,045,273,539	5,009,388,911
Profit for the year	-	-	-	1,125,812,903	1,125,812,903
Other comprehensive income for the year (loss)	-	-	-	(498,286)	(498,286)
Total comprehensive income for the year	-	-	-	1,125,314,617	1,125,314,617
Appropriate statutory reserve (Note 24)	-	-	14,000,000	(14,000,000)	-
Dividend paid (Note 23)	-	-	-	(507,407,589)	(507,407,589)
<b>Balance as at 31 December 2017</b>	<b>2,416,227,209</b>	<b>319,888,163</b>	<b>242,000,000</b>	<b>2,649,180,567</b>	<b>5,627,295,939</b>
<b>Balance as at 1 January 2018</b>	2,416,227,209	319,888,163	242,000,000	2,649,180,567	5,627,295,939
Profit for the year	-	-	-	1,640,754,904	1,640,754,904
Other comprehensive income for the year (loss)	-	-	-	(554,752)	(554,752)
Total comprehensive income for the year	-	-	-	1,640,200,152	1,640,200,152
Appropriate statutory reserve (Note 24)	-	-	61,000,000	(61,000,000)	-
Dividend paid (Note 23)	604,056,472	-	-	(676,543,450)	(72,486,978)
<b>Balance as at 31 December 2018</b>	<b>3,020,283,681</b>	<b>319,888,163</b>	<b>303,000,000</b>	<b>3,551,837,269</b>	<b>7,195,009,113</b>
					-

The accompanying notes are an integral part of the financial statements.

**Ratchthani Leasing Public Company Limited and its subsidiary**
**Cash flows statements**
**For the year ended 31 December 2018**

(Unit: Baht)

	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
<b>Cash flows from operating activities</b>			
Profit before income tax	2,051,412,313	2,051,459,789	1,405,655,645
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities			
Depreciation and amortisation	22,825,891	22,825,891	23,883,322
Bad debts and doubtful accounts	402,597,088	402,597,088	523,432,570
Gain on sales of land, building and equipment	(1,990,185)	(1,990,185)	(821,121)
Impairment loss on property foreclosed	2,979,649	2,979,649	9,196,548
Impairment loss on investment (reversal)	33,132	33,132	(30,975)
Increase in provision for long-term employee benefits	3,634,648	3,634,648	3,059,333
Impairment loss on other assets - output vat paid in advance	1,064,542	1,064,542	1,578,128
Interest income	(3,202,268,152)	(3,202,268,152)	(2,760,609,947)
Interest expenses	869,799,426	869,799,426	882,406,185
Profit from operating activities before changes in operating assets and liabilities	150,088,352	150,135,828	87,749,688
Operating assets (increase) decrease			
Hire purchase receivables	(8,827,667,194)	(8,827,667,194)	(6,943,740,337)
Financial lease receivables	(74,056,249)	(74,056,249)	(42,845,211)
Other receivables	(13,351,173)	(13,350,570)	(3,120,393)
Property foreclosed	378,296,059	378,296,059	350,612,261
Other current assets	(132,648,928)	(132,648,928)	(140,863,339)
Other non-current assets	(71,832)	(71,832)	655,000
Operating liabilities increase (decrease)			
Other payables	186,342,355	186,305,601	(4,556,229)
Other current liabilities	24,016,515	24,004,799	29,352,303
Cash flows used in operating activities	(8,309,052,095)	(8,309,052,486)	(6,666,756,257)
Cash received from interest	3,488,114,041	3,488,114,041	3,009,764,813
Cash paid for income tax	(404,270,223)	(404,270,204)	(312,220,482)
<b>Net cash flows used in operating activities</b>	<b>(5,225,208,277)</b>	<b>(5,225,208,649)</b>	<b>(3,969,211,926)</b>

The accompanying notes are an integral part of the financial statements.

**Ratchthani Leasing Public Company Limited and its subsidiary**

**Cash flows statements (continued)**

**For the year ended 31 December 2018**

(Unit: Baht)

	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
<b>Cash flows from investing activities</b>			
Increase in restricted bank deposits	(1,000,000)	-	-
Cash received from available-for-sale investments	-	-	800,002,000
Cash paid for available-for-sale investments	-	-	(800,002,000)
Cash paid for investing in subsidiary	-	(3,999,700)	-
Cash paid for acquisition of land, building and equipment	(7,656,226)	(6,925,970)	(3,857,536)
Cash paid for acquisition of intangible assets	(307,990)	(278,030)	(3,026,550)
Proceeds from sales of land, building and equipment	2,147,253	2,147,253	2,096,826
<b>Net cash used in investing activities</b>	<b>(6,816,963)</b>	<b>(9,056,447)</b>	<b>(4,787,260)</b>
<b>Cash flows from financing activities</b>			
Increase in short-term loans from financial institutions	3,037,086,459	3,037,086,459	1,617,081,758
Decrease in short-term loans	(58,000,000)	(58,000,000)	(356,500,000)
Cash received from long-term loans	50,000,000	50,000,000	50,000,000
Repayment for long-term loans	(1,000,000,000)	(1,000,000,000)	(500,000,000)
Cash received from issuance of long-term debentures	7,074,507,108	7,074,507,108	12,112,878,788
Repayment for long-term debentures	(3,100,000,000)	(3,100,000,000)	(7,670,000,000)
Repayment for hire purchase and financial lease payables	(4,419,047)	(4,419,047)	(4,338,997)
Cash received from establishing the subsidiary	300	-	-
Dividend payment	(72,486,979)	(72,486,979)	(507,407,589)
Cash paid for interest	(671,132,930)	(671,132,930)	(695,181,238)
<b>Net cash flows from financing activities</b>	<b>5,255,554,911</b>	<b>5,255,554,611</b>	<b>4,046,532,722</b>
<b>Net increase in cash and cash equivalents</b>	<b>23,529,671</b>	<b>21,289,515</b>	<b>72,533,536</b>
Cash and cash equivalents at beginning of year	190,417,050	190,417,050	117,883,514
<b>Cash and cash equivalents at end of year</b>	<b>213,946,721</b>	<b>211,706,565</b>	<b>190,417,050</b>

**Supplement cash flows information**

**Non-cash item**

Properties foreclosed received for debts settlement	500,092,079	500,092,079	363,287,081
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The accompanying notes are an integral part of the financial statements.

## **Ratchthani Leasing Public Company Limited and its subsidiary**

### **Notes to consolidated financial statements**

**For the year ended 31 December 2018**

#### **1. Corporate information**

Ratchthani Leasing Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Thanachart Bank Public Company Limited, a public limited company existing under Thai laws. The parent company of the Group is Thanachart Capital Public Company Limited, a public limited company also existing under Thai laws. The Company is principally engaged in the providing financial services specifically hire-purchase and leasing. The Company’s registered address is 77/35-36, 11 UP Floor, Sinsatorn Tower, Krungdhonburi, Klongtonsai, Klongsarn, Bangkok.

#### **2. Basis of preparation of the financial statements**

##### **2.1 Basis of preparation of the financial statement**

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

##### **2.2 Basis of consolidation**

- (a) The consolidated financial statements include the financial statements of Ratchthani Leasing Public Company Limited and RTN Insurance Broker Company Limited (“the subsidiary”), which is domiciled in Thailand and is principally engaged in insurance brokerage. The Company holds 100% of the subsidiary’s shares.
- (b) The Company is deemed to have control over an investee or a subsidiary if it has rights, or is exposed, to variable return from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- (c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiary are prepared using the same significant accounting policies as those adopted by the Company.

- (e) Material balances and significant transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.

### **2.3 Separate financial statements**

The Company has prepared its separate financial statements, which present investment in a subsidiary under the cost method.

## **3. New financial reporting standards**

### **3.1 Financial reporting standards that became effective in the current year**

During the year, the Company and its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary' financial statements.

### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiary believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

#### **TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
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

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts

with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model. The management of the Company and its subsidiary believe that this standard will not have any significant impact on the financial statements when it is initially applied.

### **3.3 Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiary is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

a) Interest income under hire purchase and financial lease

Interest income under hire purchase and financial lease are recognised on an accrual basis by using effective interest method.

The Company ceases accruing income for receivables which installment payment has been defaulted for more than three installments past the due date. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received.

Interest income received in advance, represents discounts on interest granted to the debtors by dealers, is recognised as income based on the effective interest method in the same manner as interest income recognised on hire purchase receivable.

b) Fees and service income

Fees and service income are recognised when services have been rendered.

##### **4.2 Expense recognition**

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis.

b) Commission and expenses charged on hire purchase/financial leases

Initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts. The Company recognised all deferred initial direct expenses as expenses when the receivables are more than three installments overdue.

Unearned income on hire purchase/financial leases is presented net of commission expenses and initial direct costs at the inception of the contracts.

#### 4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and cash at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

#### 4.4 Hire purchase and financial lease receivables

Hire purchase and financial lease receivables are stated at the contract value net of unearned income, which is presented after netting initial direct costs at the inception of the contracts.

#### 4.5 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts for hire purchase and financial lease receivables based on the amount of debts that may not be collectible, determined by analysis of the current status of the receivables. Allowance for doubtful accounts is provided based on the loan balances net of collateral value for receivables overdue by no more than 3 installments, and without deducting collateral value for receivables that overdue by more than 3 installments, receivables under debt compositions and legal receivables.

	<u>Provisioning rate (%)</u>
Normal loans and past due not more than 1 installment	1
Past due more than 1 installments	2
Past due more than 3 installments	20
Past due more than 6 installments	50
Past due more than 12 installments	100

Bad debt and doubtful accounts are recognised in profit or loss in the statement of comprehensive income. The Company has a policy to write-off receivables when a court has ordered a debtor to make payment of a debt but the debtor is unable to do so. Amounts written off as bad debts are deducted from allowance for doubtful accounts, and bad debt recovery is recognised as other income.

#### 4.6 Property foreclosed

Property foreclosed is stated at the lower of cost or net realisable value.

Gain (loss) on disposal of property foreclosed is recognised in part of profit or loss when disposal. Impairment loss of property foreclosed are recognised as expenses in part of profit or loss.

#### 4.7 Investments

a) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for loss on impairment (if any).

b) Investments in subsidiary is accounted for in the separate financial statements using the cost method.

#### **4.8 Investment properties**

Investment properties are initially measured at cost. Subsequent to initial recognition, investment properties are stated at cost less allowance for loss on impairment (if any).

#### **4.9 Land, building and equipment and depreciation**

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets (if any).

Depreciation of building and equipment is calculated with reference to their costs on the straight-line basis over the following estimated useful lives:

Condominium units	-	20 years
Building improvement	-	5 years
Furniture, fixtures and equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and building improvement in process.

An item of land, building and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is recognised in part of profit or loss when the asset is derecognised.

#### **4.10 Intangible assets**

Intangible assets are initially measured at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss.

The Company and its subsidiary amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expenses are recognised as expenses in part of profit or loss.

Intangible assets with finite useful lives have useful lives of approximately 5 - 10 years.

#### **4.11 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiary, whether directly or indirectly, or which are under common control with the Company and its subsidiary.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiary that gives them significant influence over the Company and its subsidiary, key management personnel, directors, and officers with authority in the planning and direction of the Company and its subsidiary operations.

#### **4.12 Long-term leases**

Leases that transfer substantially all the risks and rewards of ownership to the Company and its subsidiary are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as liabilities, while the interest element is charged to profit or loss over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Long-term leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Moreover, payments made under operating leases are recognised as expenses in part of profit or loss over the term of the leases on the straight-line basis.

#### **4.13 Impairment of assets**

At the end of each reporting period, the Company and its subsidiary performs impairment reviews in respect of the land, building and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.14 Employee benefits**

a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

#### **4.15 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### **Current tax**

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiary recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company and its subsidiary review and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

## **4.16 Provisions**

Provisions are recognised when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **4.17 Fair value measurement**

Fair value is the price that would be received from sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiary apply a quoted market price in an active market to measure their assets and liabilities, except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiary measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1    Use of quoted market prices in an observable active market for such assets or liabilities

Level 2    Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3    Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiary determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

### **Allowance for doubtful accounts for hire purchase/financial lease receivables**

In determining an allowance for doubtful accounts for hire purchase and financial lease receivables, the management needs to make judgement and estimates the probable loss based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Fair value of financial instruments**

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

### **Land, building and equipment and depreciation**

In determining depreciation of building and equipment, the management is required to make estimates of the useful lives and residual values of the building and equipment and to review estimate useful lives and residual values when there are any changes.

### **Intangible assets**

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

### **Deferred tax assets**

Deferred tax assets are recognised for deductible temporary differences to the extent that it is probable that taxable profit will be available against which the temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

### Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### Litigation

The Company has contingent liabilities as a result of litigation. The Company's management has used judgement to assess the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## 6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statement	2018	2017
Cash	6,890	6,890	7,915
Bank deposits	207,057	204,817	182,502
Total	213,947	211,707	190,417

As at 31 December 2018, bank deposits in saving accounts carried interests between 0.37 and 0.80 percent per annum (2017: between 0.37 and 0.80 percent per annum).

## 7. Hire purchase receivables

- 7.1 As at 31 December 2018 and 2017, hire purchase receivables generally have terms 24 - 60 months and are payable in equal installments payment, with interest charged at fixed rates throughout the contracts. The balances of hire purchase receivables are classified by due date per the contract, as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	2018			
	Amounts due under the agreements			
	Due within 1 year <sup>(1)</sup>	1 - 5 years	Due over 5 years	Total
Hire purchase receivables	20,958,736	32,830,639	11,685	53,801,060
Less: unearned financial income <sup>(2)</sup>	(2,992,097)	(2,819,257)	(190)	(5,811,544)
Present value of the minimum lease payment receivables	17,966,639	30,011,382	11,495	47,989,516
Less: Allowance for doubtful accounts <sup>(3)</sup>	(2,097,703)	(26,198)	(23)	(2,123,924)
Hire purchase receivables - net	15,868,936	29,985,184	11,472	45,865,592

<sup>(1)</sup> The current portion of hire purchase receivables included receivables for which revenue recognition has ceased.

<sup>(2)</sup> Presented net of deferred initial direct costs of hire-purchase.

<sup>(3)</sup> Current portion of allowance for doubtful accounts included additional provision for uncollectible receivables.

(Unit: Thousand Baht)

	Separate financial statements			
	2017			
	Amounts due under the agreements			
	Due within 1 year <sup>(1)</sup>	1 - 5 years	Due over 5 years	Total
Hire purchase receivables	17,911,882	26,999,656	5,165	44,916,703
Less: unearned financial income <sup>(2)</sup>	(2,578,406)	(2,379,933)	(46)	(4,958,385)
Present value of the minimum lease payment receivables	15,333,476	24,619,723	5,119	39,958,318
Less: Allowance for doubtful accounts <sup>(3)</sup>	(1,813,610)	(21,833)	(9)	(1,835,452)
Hire purchase receivables - net	13,519,866	24,597,890	5,110	38,122,866

<sup>(1)</sup> The current portion of hire purchase receivables included receivables for which revenue recognition has ceased.

<sup>(2)</sup> Presented net of deferred initial direct costs of hire-purchase.

<sup>(3)</sup> Current portion of allowance for doubtful accounts included additional provision for uncollectible receivables.

7.2 As at 31 December 2018 and 2017, the balances of hire purchase receivables are classified by aging of installments past due and allowance for doubtful accounts as follows:

(Unit: Thousand Baht)

Consolidated and Separate financial statements					
2018					
Age of receivables	Number of contracts	Hire purchase receivables - net of unearned financial income	Hire purchase receivables - net of unearned financial income and collateral value <sup>(1)</sup>	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	44,764	36,814,839	2,698,044	1%	26,980
Past due not more than 1 installment	7,486	5,136,893	322,637	1%	3,226
Past due more than 1 installments	6,496	4,256,588	203,832	2%	4,077
Past due more than 3 installments	1,013	642,667	642,667	20%	128,534
Past due more than 6 installments	361	188,423	188,423	50%	94,212
Past due more than 12 installments	444	171,140	171,140	100%	171,140
Court judge receivables	744	447,875	447,875	100%	447,875
Receivables under compromise agreement	172	97,456	97,456	100%	97,456
Receivables from sales of property foreclosed /recoverable damages receivables	812	233,635	233,635	100%	233,635
Total	62,292	47,989,516	5,005,709		1,207,135
Allowance for doubtful accounts - additional provision for uncollectible receivables					916,789
Total					2,123,924

<sup>(1)</sup> Hire purchase receivables that are more than 3 installments past due, court judge receivables, receivables under compromise agreement, receivables from sales of property foreclosed and recoverable damages receivables are presented after deduction of unearned financial income, without deducting collateral value.

(Unit: Thousand Baht)

Separate financial statements					
2017					
Age of receivables	Number of contracts	Hire purchase receivables - net of unearned financial income	Hire purchase receivables - net of unearned financial income and collateral value <sup>(1)</sup>	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	39,776	30,521,366	2,274,544	1%	22,746
Past due not more than 1 installment	6,947	4,274,293	279,576	1%	2,796
Past due more than 1 installments	6,028	3,514,297	155,558	2%	3,111
Past due more than 3 installments	987	617,532	617,532	20%	123,507
Past due more than 6 installments	387	188,655	188,655	50%	94,328
Past due more than 12 installments	420	168,363	168,363	100%	168,363
Court judge receivables	722	381,390	381,390	100%	381,390
Receivables under compromise agreement	215	97,167	97,167	100%	97,167
Receivables from sales of property foreclosed /recoverable damages receivables	687	195,255	195,255	100%	195,255
Total	56,169	39,958,318	4,358,040		1,088,663
Allowance for doubtful accounts					
- additional provision for uncollectible receivables					746,789
Total					1,835,452

<sup>(1)</sup> Hire purchase receivables that are more than 3 installments past due, court judge receivables, receivables under compromise agreement, receivables from sales of property foreclosed and recoverable damages receivables are presented after deduction of unearned financial income, without deducting collateral value.

**7.3** As at 31 December 2018, the Company had hire purchase receivables amounting to approximately Baht 2,271 million, for which revenue recognition has ceased (2017: Baht 2,158 million).

**7.4** As at 31 December 2018, the Company had non-performing loans (receivables overdue more than 3 installments) amounting to approximately Baht 1,781 million (2017: Baht 1,648 million).

- 7.5** During the year ended 31 December 2018, receivables under 390 hire purchase contracts amounting to Baht 305 million negotiated restructuring by modification of terms, whereby repayment schedules were extended. The remaining periods to maturity of these receivables under the new contracts are as follows:

Period	Consolidated and Separate financial statements	
	Number of contracts	Outstanding loan balances
		(Thousand Baht)
Defaulted after reschedule	145	120,851
Due in over 1 year	238	181,649
Premature settlement	7	2,584
Total	390	305,084

As at 31 December 2018, there remained 1,294 hire purchase receivable contracts for which modifications of terms had been negotiated, with outstanding balances totaling Baht 629 million.

- 7.6** The notification of the Institute of Certified Accountants and Auditors of Thailand, approved by the Office of the Securities and Exchange Commission, lays down an accounting guideline for the consumer finance business. This requires that full allowance be recorded for doubtful accounts without taking collateral value into account and recognition of revenue cease for accounts receivable which are overdue by more than three installments, and general allowance be provided for accounts receivable which are not overdue or overdue by no more than three installments, or use an alternative method where the Company believes that this would be more appropriate. The Company estimates allowance for doubtful accounts based on consideration of the current status of receivables, their ability to make payment, and historical loss experience, and believes that rates currently used to set allowance for doubtful accounts are appropriate.

## 8. Financial lease receivables

- 8.1 As at 31 December 2018 and 2017, the average contract period of the Company's financial lease receivables are 36 - 60 installments and equally installment payment with interest charged at the fixed rate as specified in the contracts. The balances of financial lease receivables are classified by period due as follows:

(Unit: Thousand Baht)

	Consolidated and Separate financial statements		
	2018		
	Amounts due under the agreements		
	Within 1 year <sup>(1)</sup>	1 - 5 years	Total
Financial lease receivables	215,421	411,433	626,854
Less: Unearned financial income <sup>(2)</sup>	(33,394)	(37,618)	(71,012)
Present value of the minimum lease payments receivables	182,027	373,815	555,842
Less: Allowance for doubtful accounts	(9,554)	(246)	(9,800)
Financial lease receivables - net	172,473	373,569	546,042

<sup>(1)</sup> The current portion of financial lease receivables included receivables for which revenue recognition has ceased.

<sup>(2)</sup> Presented net of deferred initial direct costs of financial leases.

(Unit: Thousand Baht)

	Separate financial statements		
	2017		
	Amounts due under the agreements		
	Within 1 year <sup>(1)</sup>	1 - 5 years	Total
Financial lease receivables	188,040	356,133	544,173
Less: Unearned financial income <sup>(2)</sup>	(29,186)	(32,308)	(61,494)
Present value of the minimum lease payments receivables	158,854	323,825	482,679
Less: Allowance for doubtful accounts	(7,093)	(204)	(7,297)
Financial lease receivables - net	151,761	323,621	475,382

<sup>(1)</sup> The current portion of financial lease receivables included receivables for which revenue recognition has ceased.

<sup>(2)</sup> Presented net of deferred initial direct costs of financial leases.

**8.2** As at 31 December 2018 and 2017, the balances of financial lease receivables are classified by aging of installments past due and allowance for doubtful accounts as follows:

(Unit: Thousand Baht)

Consolidated and separate financial statements					
2018					
Age of receivables	Number of contracts	Financial lease receivables - net of unearned financial income	Financial lease receivables - net of unearned financial income and collateral value <sup>(1)</sup>	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	380	519,348	31,911	1%	319
Past due not more than 1 installment	13	20,503	1,292	1%	13
Past due more than 1 installments	4	6,523	24	2%	-
Past due more than 3 installments	-	-	-	20%	-
Past due more than 6 installments	-	-	-	50%	-
Past due more than 12 installments	4	7,787	7,787	100%	7,787
Court judge receivables	1	915	915	100%	915
Receivables under compromise agreement	1	766	766	100%	766
Total	403	555,842	42,695		9,800

(1) Financial lease receivables that are more than 3 installments past due are presented after deduction of unearned financial income, without deducting collateral value.

(Unit: Thousand Baht)

Separate financial statements					
2017					
Age of receivables	Number of contracts	Financial lease receivables - net of uneared financial income	Financial lease receivables - net of uneared financial income and collateral value <sup>(1)</sup>	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	317	452,869	26,080	1%	261
Past due not more than 1 installment	10	16,700	1,186	1%	12
Past due more than 1 installments	3	3,643	159	2%	3
Past due more than 3 installments	-	-	-	20%	-
Past due more than 6 installments	2	4,892	4,892	50%	2,446
Past due more than 12 installments	4	4,575	4,575	100%	4,575
Total	336	482,679	36,892		7,297

<sup>(1)</sup> Financial lease receivables that are more than 3 installments past due are presented after deduction of uneared financial income, without deducting collateral value.

**8.3** As at 31 December 2018, the Company had financial lease receivables for which revenue recognition has ceased, and had non-performing loans amounting to approximately Baht 9 million (2017: Baht 9 million).

## 9. Investment in subsidiary

Detail of investments in subsidiary as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2018	2017	2018	2017	2018	2017
			(%)	(%)		
RTN Insurance Broker Company Limited	4,000	-	100	-	4,000	-

#### 10. Allowance for doubtful accounts

Movements of allowance for doubtful accounts of hire purchase and financial lease receivables for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	For the year ended 31 December	For the years ended 31 December	
	2018	2018	2017
Balance beginning of the year	1,842,749	1,842,749	1,421,000
Add: Doubtful account increase during the year	402,597	402,597	523,433
Less: Bad debt written - off	(111,622)	(111,622)	(101,684)
Balance end of the year	2,133,724	2,133,724	1,842,749

## 11. Property foreclosed

(Unit: Thousand Baht)

	Consolidated and Separate financial statements			
	For the year ended 31 December 2018			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Cost	100,931	551,901	(530,301)	122,531
Less: Allowance for impairment	(40,758)	(2,980)	-	(43,738)
Net	60,173	548,921	(530,301)	78,793

(Unit: Thousand Baht)

	Separate financial statements			
	For the year ended 31 December 2017			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Cost	88,256	439,360	(426,685)	100,931
Less: Allowance for impairment	(31,561)	(9,197)	-	(40,758)
Net	56,695	430,163	(426,685)	60,173

## 12. Investment properties

The investment properties represent land which currently undetermined future use. As at 31 December 2018, the fair value of investment properties amounted to Baht 35 million determined based on market price performed by an independent valuer. (2017: Baht 35 million)

### 13. Land, building and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
For the year ended 31 December 2018							
	Land	Condominium units	Building improvement nt	Furniture, fixtures and equipment	Motor vehicles	Building improvement in process	Total
<b>Cost</b>							
1 January 2018	5,890	94,215	27,967	38,929	27,327	912	195,240
Additions	-	-	618	3,054	5,310	4,012	12,994
Disposals/written off	-	-	-	(633)	(5,199)	-	(5,832)
31 December 2018	5,890	94,215	28,585	41,350	27,438	4,924	202,402
<b>Accumulated depreciation</b>							
1 January 2018	-	24,131	11,524	24,476	15,155	-	75,286
Depreciation for the year	-	4,711	4,456	4,965	4,778	-	18,910
Disposals/written off	-	-	-	(630)	(5,045)	-	(5,675)
31 December 2018	-	28,842	15,980	28,811	14,888	-	88,521
<b>Net book value</b>							
31 December 2018	5,890	65,373	12,605	12,539	12,550	4,924	113,881
<b>Depreciation charge for the year</b>							18,910

(Unit: Thousand Baht)

Separate financial statements							
For the year ended 31 December 2018							
	Land	Condominium units	Building improvement	Furniture, fixtures and equipment	Motor vehicles	Building improvement in process	Total
<b>Cost</b>							
1 January 2018	5,890	94,215	27,967	38,929	27,327	912	195,240
Additions	-	-	618	2,324	5,310	4,012	12,264
Disposals/written off	-	-	-	(633)	(5,199)	-	(5,832)
31 December 2018	5,890	94,215	28,585	40,620	27,438	4,924	201,672
<b>Accumulated depreciation</b>							
1 January 2018	-	24,131	11,524	24,476	15,155	-	75,286
Depreciation for the year	-	4,711	4,456	4,965	4,778	-	18,910
Disposals/written off	-	-	-	(630)	(5,045)	-	(5,675)
31 December 2018	-	28,842	15,980	28,811	14,888	-	88,521
<b>Net book value</b>							
31 December 2018	5,890	65,373	12,605	11,809	12,550	4,924	113,151
<b>Depreciation charge for the year</b>							18,910

(Unit: Thousand Baht)

Separate financial statements							
For the year ended 31 December 2017							
	Land	Condominium units	Building improvement	Furniture, fixtures and equipment	Motor vehicles	Building improvement in process	Total
<b>Cost</b>							
1 January 2017	5,890	94,215	27,330	37,192	28,299	477	193,403
Additions	-	-	637	1,749	8,577	435	11,398
Disposals/written off	-	-	-	(12)	(9,549)	-	(9,561)
31 December 2017	5,890	94,215	27,967	38,929	27,327	912	195,240
<b>Accumulated depreciation</b>							
1 January 2017	-	19,421	7,117	19,196	18,323	-	64,057
Depreciation for the year	-	4,711	4,407	5,291	5,104	-	19,513
Disposals/written off	-	-	-	(12)	(8,273)	-	(8,285)
31 December 2017	-	24,132	11,524	24,475	15,154	-	75,285
<b>Net book value</b>							
31 December 2017	5,890	70,083	16,443	14,454	12,173	912	119,955
<b>Depreciation charge for the year</b>							19,513

As at 31 December 2018, certain building improvement, equipment and motor vehicles items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 27 million (2017: Baht 22 million).

#### 14. Intangible assets

The intangible assets are computer software which presented below.

(Unit: Thousand Baht)

Consolidated financial statement					
For the year ended 31 December 2018					
	Balance -			Balance -	
Remaining	beginning			end of	
useful lives	of the year	Additions	Amortised	the year	
Cost	0 - 7 year	36,439	308	-	36,747
Less: Accumulated amortisation		(27,576)	-	(3,915)	(31,491)
Net book value		8,863	308	(3,915)	5,256
Amortisation during the year					3,915

(Unit: Thousand Baht)

Separate financial statements					
For the year ended 31 December 2018					
	Balance -			Balance -	
Remaining	beginning			end of	
useful lives	of the year	Additions	Amortised	the year	
Cost	0 - 7 year	36,439	278	-	36,717
Less: Accumulated amortisation		(27,576)	-	(3,915)	(31,491)
Net book value		8,863	278	(3,915)	5,226
Amortisation during the year					3,915

(Unit: Thousand Baht)

Separate financial statements					
For the year ended 31 December 2017					
	Balance -			Balance -	
Remaining	beginning			end of	
useful lives	of the year	Additions	Amortised	the year	
Cost	0 - 8 year	33,412	3,027	-	36,439
Less: Accumulated amortisation		(23,206)	-	(4,370)	(27,576)
Net book value		10,206	3,027	(4,370)	8,863
Amortisation during the year					4,370

As at 31 December 2018, certain intangible assets have been fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 12 million (2017: Baht 12 million).

## 15. Deferred tax assets/income tax expenses

### 15.1 Deferred tax assets

As at 31 December 2018 and 2017, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statement	Separate financial statements	
		2018	2017
<b>Deferred tax assets</b>			
Allowance for doubtful accounts	393,000	393,000	333,725
Allowance for impairment - properties foreclosed	8,748	8,748	8,152
Provision for long-term employee benefits	5,915	5,915	5,113
Others	3,584	3,584	3,364
Total	411,247	411,247	350,354
<b>Deferred tax liabilities</b>			
Deferred initial direct costs of hire-purchase	88,268	88,268	76,197
Deferred fees/expenses on borrowings	2,877	2,877	3,237
Difference of financial lease income	3,023	3,023	1,219
Others	40	40	102
Total	94,208	94,208	80,755
Deferred tax assets - net	317,039	317,039	269,599

## 15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	For the year ended 31 December	For the years ended 31 December	
	2018	2018	2017
<b>Current income tax:</b>			
Current income tax charge for the year	458,006	458,006	347,297
Adjustments in respect of current income tax of previous year	-	-	1,575
<b>Deferred tax:</b>			
Relating to origination and reversal of temporary differences	(47,301)	(47,301)	(69,029)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>410,705</b>	<b>410,705</b>	<b>279,843</b>

The amount of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
Deferred tax relating to actuarial loss	139	139	125

Reconciliation between income tax expenses and the product of accounting profits multiplied by the applicable tax rate for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	For the year ended 31 December	For the years ended 31 December	
	2018	2018	2017
Accounting profits before tax	2,051,412	2,051,460	1,405,656
Applicable tax rate	0 - 20%	20%	20%
Income tax at the applicable tax rate	410,283	410,292	281,131
Adjustments in respect of current income tax of previous year	-	-	1,575
Effect of tax loss which and be utilised in the future but not recognised as deferred tax assets	9	-	-
Tax effect of non-deductible income/ expenses	413	413	(2,863)
Income tax expenses reported in the statements of comprehensive income	410,705	410,705	279,843

#### 16. Short-term loans from financial institutions

(Unit: Thousand Baht)

		Consolidated financial statement	Separate financial statements	
		2018	2018	2017
<b>Related party - Parent company</b>				
Short-term loan - Promissory notes	Fixed	1,030,000	1,030,000	1,570,000
		1,030,000	1,030,000	1,570,000
<b>Unrelated party</b>				
Short-term loan - Promissory notes	Fixed	2,690,000	2,690,000	1,550,000
Bill of exchange	Fixed	12,310,348	12,310,348	9,696,298
Total		15,000,348	15,000,348	11,246,298

Short-term loans in the form of promissory notes have maturities as stipulated in each of the note. Interest is payable monthly. The relevant agreements contain certain terms and conditions, such as a requirement to

maintain a debt to equity ratio of not more than 10:1. In addition, the Company had loans in the form of bills of exchange with maturities as stipulated on each of the bill.

As at 31 December 2018, the short-term credit facilities with its related company and unrelated companies which have not yet been drawn down amounted to Baht 3,970 million. (2017: Baht 4,370 million)

#### 17. Short-term loans

As at 31 December 2018 and 2017, these short-term loans are in the form of promissory notes with related parties and unrelated parties. They have fixed interest rates and principal are payable as stipulated in each of the note.

#### 18. Other payables

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
Payables for car purchase	301,605	301,605	178,691
Other payables - insurance premium payable	109,925	109,925	59,262
Accrued expenses	33,011	33,011	29,886
Other payables	11,634	11,634	1,711
Total other payables	456,175	456,175	269,550

#### 19. Liabilities under hire purchase and finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
Liabilities under hire purchase and finance lease agreements	12,518	12,518	11,852
Less: Deferred interest expenses	(826)	(826)	(1,079)
Total	11,692	11,692	10,773
Less: Current portion due within one year	(4,288)	(4,288)	(3,372)
Liabilities under hire purchase and finance lease agreements - net of current portion	7,404	7,404	7,401

The Company has entered into hire purchase and finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 4 - 5 years.

As at 31 December 2018, the Company had commitment to pay minimum lease payments under the hire purchase and finance lease agreements as follows:

	(Unit: Thousand Baht)		
	Consolidated and Separate financial statements		
	2018		
	Less than		
	1 year	1 - 5 years	Total
Minimum lease payments	4,743	7,775	12,518
Less: Deferred interest expenses	(455)	(371)	(826)
Present value of minimum lease payments	4,288	7,404	11,692

	(Unit: Thousand Baht)		
	Separate financial statements		
	2017		
	Less than		
	1 year	1 - 5 years	Total
Minimum lease payments	3,872	7,980	11,852
Less: Deferred interest expenses	(500)	(579)	(1,079)
Present value of minimum lease payments	3,372	7,401	10,773

## 20. Long - term loans

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
a) A long-term credit facility from a bank amounting to Baht 800 million, repayable in full within 3 years from the drawdown date. Since April 2015, the term of repayment has been extended to repayable in full within 75 months. Interest is charged at fixed rate per annum and payable monthly	-	-	800,000
b) A long-term credit facility from a bank amounting to Baht 200 million, repayable in full within 3 years from the drawdown date, with interest at fixed rate per annum and payable quarterly	-	-	200,000
c) Long-term loans in the form of promissory notes			
- Related persons and related parties	28,000	28,000	28,000
- Unrelated persons and unrelated parties	261,000	261,000	211,000
Total	289,000	289,000	1,239,000
Less: Deferred loans issuing costs	-	-	(32)
Long-term loans	289,000	289,000	1,238,968
Less: Current portion due within one year	(189,000)	(189,000)	(899,968)
Long-term loans - net of current portion	100,000	100,000	339,000

The outstanding loan agreements described above require the Company to comply with certain terms and conditions as specified in each agreement, including maintenance of a debt to equity ratio of not more than 10:1.

Movements in the long-term loans account during the years ended 31 December 2018 and 2017 are summarised below.

(Unit : Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	For the year ended 31 December	For the years ended 31 December	
	2018	2018	2017
Balance as at the beginning of the year	1,239,000	1,239,000	1,689,000
Add: Loans drawdown during the year	50,000	50,000	50,000
Less: Loans repayment during the year	(1,000,000)	(1,000,000)	(500,000)
Balance as at the end of the year	289,000	289,000	1,239,000

## 21. Debentures

The Company issued registered, unsecured, unsubordinated debentures as follows:

(Unit: Thousand Baht)

Year of issuance	Debenture period	Maturity date	Interest rate	Consolidat ed financial statement	Separate financial statements	
				2018	2018	2017
			(% p.a.)			
2014	3 - 4 years	May - May 2018	4.22 - 4.75	-	-	2,000,000
2015	2 - 3 years	July - September 2018	3.00 - 3.35	-	-	800,000
2015	3 - 4 years	October 2018	3.00	-	-	300,000
2016	2 - 3 years	April - September 2019	2.70 - 3.00	2,820,000	2,820,000	2,820,000
2016	3 - 4 years	February - July 2019	2.88 - 3.00	615,000	615,000	615,000
2017	1 - 2 years	March 2019	2.52	2,000,000	2,000,000	2,000,000
2017	2 - 3 years	January - December 2020	2.39 - 2.88	10,130,000	10,130,000	10,130,000
2018	1 - 2 years	September - November 2020	2.70 - 2.80	905,000	905,000	-
2018	2 - 3 years	December 2020 - August 2021	2.28 - 2.70	5,070,000	5,070,000	-
2018	3 - 4 years	March - July 2021	2.30 - 2.50	1,110,000	1,110,000	-
Total				22,650,000	22,650,000	18,665,000
Less: Deferred debentures issuing costs				(14,385)	(14,385)	(16,154)
Debentures				22,635,615	22,635,615	18,648,846
Less: Current portion due within one year				(5,434,032)	(5,434,032)	(3,099,248)
Debentures - net of current portion				17,201,583	17,201,583	15,549,598

The Company has to comply with certain terms and conditions, such as maintenance of a debt to equity ratio of not more than 10:1 throughout the life of the debentures. In addition, the Company can early redeem the debentures if certain specified conditions are met.

## 22. Provision for long-term employee benefits

Provision for long-term employee benefits which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	For the year ended	For the years ended 31 December	
	31 December	2018	2017
	2018	2018	2017
Beginning balance of provision for long-term employee benefits	25,566	25,566	21,884
Recognised in profit or loss:			
Current service cost <sup>(1)</sup>	2,749	2,749	2,216
Interest cost <sup>(1)</sup>	886	886	844
Recognised in other comprehensive income:			
Actuarial (gain) loss arising from			
Demographic assumption changes	690	690	230
Financial assumption changes	(2,122)	(2,122)	897
Experience adjustments	2,125	2,125	(505)
Benefit paid during the year	(319)	(319)	-
Ending balance of provision for long-term employee benefits	29,575	29,575	25,566

<sup>(1)</sup> Long-term employee benefit expenses recognised in selling and administrative expenses.

As at 31 December 2018, the weighted average duration for payment long-term employee benefits of the Company is 20 years, (2017: 20 years) and the Company expects to pay long-term employee benefits within next 1 year amounting to Baht 2 million.

Key actuarial assumptions at the valuation date are as follows:

	Consolidated	Separate financial statements	
	financial statement	2018	2017
	2018	2018	2017
	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.35	3.35	3.13
Future salary increase rate (depending on age of employee)	5.36	5.36	5.98
Staff turnover rate (depending on age of employee)	0 - 6	0 - 6	0 - 6

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated and Separate financial statements					
	2018					
	Discount rate		Salary incremental rate		Turnover rate	
	Increased	Decreased	Increased	Decreased	Increased	Decreased
	by 0.5%	by 0.5%	by 0.5%	by 0.5%	by 0.5%	by 0.5%
Increase (decrease) in provisions for long-term employee benefits	(1,249)	1,360	1,285	(1,193)	(1,310)	1,543

(Unit: Thousand Baht)

	Separate financial statements					
	2018					
	Discount rate		Salary incremental rate		Turnover rate	
	Increased	Decreased	Increased	Decreased	Increased	Decreased
	by 0.5%	by 0.5%	by 0.5%	by 0.5%	by 0.5%	by 0.5%
Increase (decrease) in provisions for long-term employee benefits	(1,231)	1,348	1,274	(1,178)	(1,290)	1,536

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company has additional liabilities for long-term employee benefits of Baht 8 million. The Company will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

## **23. Share capital/Dividend**

### Share capital

On 3 April 2018, the Annual General Meeting of Shareholders passed the resolutions as follows:

- 1) Decrease the Company's registered share capital by 124 ordinary shares of Baht 1 each. The Company registered the decrease in its registered share capital with the Ministry of Commerce on 10 April 2018.
- 2) Increase the Company's registered share capital by 604 million ordinary shares, such that the Company has a registered share capital of Baht 3,020 million (3,020 million ordinary shares of Baht 1 each) to support the payment of the stock dividend. The Company registered the increase in its registered share capital with the Ministry of Commerce on 11 April 2018.

### Dividend

On 4 April 2017 the Annual General Meeting of Shareholders passed a resolution to pay an annual dividend for the year 2016 of Baht 0.21 per share of 2,416 million ordinary shares or total of Baht 507 million. The Company paid the dividend to the shareholders on 28 April 2017.

On 3 April 2018, the Annual General Meeting of Shareholders passed resolutions to pay an annual dividend from net profit for 2017, consisting of a cash dividend of Baht 0.03 per share for 2,416 million shares and a stock dividend of 604 million shares (to be allocated at a rate of 1 dividend share for every 4 shares held) or equivalent to a total dividend payment of Baht 0.28 per share, or a total of Baht 676 million. The Company paid the dividend to the shareholders on 27 April 2018.

## **24. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, statutory reserve has fully been set aside.

## 25. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	For the year ended 31 December	For the years ended 31 December	
	2018	2018	2017
Bad debt and doubtful accounts	402,597	402,597	523,433
Salary and wages and other employee benefits	268,869	268,869	251,265
Bank charges and service fee expenses	37,656	37,610	29,017
Impairment loss on property foreclosed	2,980	2,980	9,197
Depreciation and amortisation	22,826	22,826	23,883
Legal fees	43,822	43,822	49,056

## 26. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, and adjusted for the proportionate change in the number of ordinary shares as a result of the issue of a stock dividend.

On 3 April 2018, the Annual General Meeting of Shareholders approved to pay cash dividend of Baht 0.03 per share, and stock dividend of 604 million shares to the existing shareholders. For the purpose of calculating earnings per share, the Company adjusted the number of ordinary shares used to calculate the earnings per share, as though it had issued the stock dividend at the beginning of the years.

	Consolidated financial statement	Separate financial statements	
	For the year ended 31 December	For the year ended 31 December	
	2018	2018	2017 (Adjusted)
Number of ordinary shares issued during the year (Thousand shares)	3,020,284	3,020,284	2,416,227
Number of stock dividends (Thousand shares)	-	-	604,057
Total (Thousand shares)	3,020,284	3,020,284	3,020,284
Profit for the year (Thousand Baht)	1,640,707	1,640,755	1,125,813
Earnings per share (Baht per share)	0.54	0.54	0.37

## 27. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The Managing Director has been identified as chief operating decision maker.

For management purposes, the Company is organised into business units based on its products and services and has three reportable segments as follows: (1) New car (2) Used car and (3) Others.

The chief operating decision maker monitors the operating results of the Company's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss, which is measured on the same basis as that used for reporting profit and loss in the financial statements. However, the Company and its subsidiary's finance costs and income taxes are managed on a group basis, and therefore these expenses are not allocated to each operating segment.

The following tables present revenue, profit and segment assets information regarding the Company's operating segments for the years ended 31 December 2018 and 2017.

(Unit: Thousand Baht)

Consolidated financial statement			
For the year ended 31 December 2018			
	New cars	Used cars	Total segments
<b>Revenue from external customers</b>			
Hire purchase interest income	1,857,416	1,309,318	3,166,734
Financial lease interest income	32,029	3,505	35,534
Other income	214,058	162,169	376,227
Unallocated other income			248,872
<b>Total revenues</b>	<b>2,103,503</b>	<b>1,474,992</b>	<b>3,827,367</b>
Operating expenses	(56,049)	(45,903)	(101,952)
Impairment loss on property foreclosed			(2,980)
Depreciation and amortisation			(22,826)
Unallocated operating expenses			(375,801)
Bad debts and doubtful accounts			(402,597)
Finance cost			(869,799)
<b>Profit before income tax</b>			<b>2,051,412</b>
Income tax			(410,705)
<b>Profit for the year</b>			<b>1,640,707</b>

(Unit: Thousand Baht)

Separate financial statement			
For the year ended 31 December 2018			
	New cars	Used cars	Total segments
<b>Revenue from external customers</b>			
Hire purchase interest income	1,857,416	1,309,318	3,166,734
Financial lease interest income	32,029	3,505	35,534
Other income	214,058	162,169	376,227
Unallocated other income			248,870
<b>Total revenues</b>	<b>2,103,503</b>	<b>1,474,992</b>	<b>3,827,365</b>
Operating expenses	(56,049)	(45,903)	(101,952)
Impairment loss on property foreclosed			(2,980)
Depreciation and amortisation			(22,826)
Unallocated operating expenses			(375,751)
Bad debts and doubtful accounts			(402,597)
Finance cost			(869,799)
<b>Profit before income tax</b>			<b>2,051,460</b>
Income tax			(410,705)
<b>Profit for the year</b>			<b>1,640,755</b>

(Unit: Thousand Baht)

Separate financial statement			
For the year ended 31 December 2017			
	New cars	Used cars	Total segments
<b>Revenue from external customers</b>			
Hire purchase interest income	1,570,587	1,158,766	2,729,353
Financial lease interest income	28,661	2,596	31,257
Other income	193,931	151,912	345,843
Unallocated other income			200,782
<b>Total revenues</b>	<b>1,793,179</b>	<b>1,313,274</b>	<b>3,307,235</b>
Operating expenses	(56,911)	(53,306)	(110,217)
Impairment loss on property foreclosed			(9,197)
Depreciation and amortisation			(23,883)
Unallocated operating expenses			(352,443)
Bad debts and doubtful accounts			(523,433)
Finance cost			(882,406)
<b>Profit before income tax</b>			<b>1,405,656</b>
Income tax			(279,843)
<b>Profit for the year</b>			<b>1,125,813</b>

The following table presents segment assets of the Company's operating segments as at 31 December 2018 and 2017:

(Unit: Thousand Baht)			
Consolidated financial statement			
As at 31 December 2018			
	New cars	Used cars	Total segments
<b>Segment assets</b>			
Hire purchase and financial lease receivables	32,453,054	13,958,580	46,411,634
Unallocated assets			1,119,425
<b>Total assets</b>			<b>47,531,059</b>

(Unit: Thousand Baht)

	Separate financial statements		
	As at 31 December 2018		
	New cars	Used cars	Total segments
<b>Segment assets</b>			
Hire purchase and financial lease receivables	32,453,054	13,958,580	46,411,634
Unallocated assets			1,119,424
Total assets			47,531,058

(Unit: Thousand Baht)

	Separate financial statements		
	As at 31 December 2017		
	New cars	Used cars	Total segments
<b>Segment assets</b>			
Hire purchase and financial lease receivables	26,433,813	12,164,436	38,598,249
Unallocated assets			893,543
Total assets			39,491,792

### Geographic information

The Company and its subsidiary are operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

### Major customers

For the years 2018 and 2017, the Company and its subsidiary have no major customer with revenue of 10 percent or more of an entity's revenues.

## 28. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contribute to the fund monthly at the rate of 5 - 15 percent of basic salary and the Company contribute to the fund monthly at the rate of 5 percent of basic salary. The provident fund is managed by Thanachart Fund Management Company Limited, which will be paid to employees upon termination in accordance with the fund rules. The contributed for the year 2018 amounting to approximately Baht 7 million (2017: Baht 6 million) were recognised as expenses.

## 29. Related party transactions

During the years, the Company and its subsidiary had significant business transactions with related parties. Such transactions arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. List of related parties and transactions are summarised below.

Name of related parties	Relationship with the Company
Thanachart Bank Plc.	Parent company
RTN Insurance Broker Co., Ltd.	Subsidiary
Baan Rock Garden Plc.	Have common director and shareholder
Citywood Co., Ltd.	Have common director and shareholder
Thanachart Insurance Plc.	Affiliated company

(Unit: Thousand Baht)

	Consolidate financial statement	Separate financial statements		
	For the year ended 31 December	For the years ended 31 December		Transfer pricing policy
	2018	2018	2017	(For the year 2018)
<b>Transactions with related parties</b>				
<b>Parent company - Thanachart Bank Plc.</b>				
Interest income	973	973	763	The same rates as charged to general customers
Interest expenses	32,002	32,002	37,471	As stipulated in agreements and prospectus
Bank fee expenses	5,325	5,325	6,604	As stipulated in agreements
Premises and equipment expenses	340	340	311	As stipulated in agreements
Service fee expenses	3,268	3,268	5,712	As stipulated in agreements
<b>Related parties</b>				
Interest expenses - Baan Rock Garden Plc.	3,594	3,594	4,308	As mutually agreed
Interest expenses - Thanachart Insurance Plc.	10,677	10,677	10,147	As stipulated in prospectus
Insurance expenses - Thanachart Insurance Plc.	2,452	2,452	1,517	As stipulated in agreements
<b>Management, directors and related persons</b>				
Interest expenses	1,085	1,085	1,095	As mutually agreed

As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
Cash and cash equivalents - cash at bank			
Parent company - Thanachart Bank Plc.	122,236	120,028	134,157
Other assets - Deposit			
Parent company - Thanachart Bank Plc.	70	70	65
Other receivables - interest receivable			
Parent company - Thanachart Bank Plc.	15	15	14
Investment in subsidiary			
Subsidiary - RTN Insurance Broker Co., Ltd.	-	4,000	-
Short - term loans from financial institutions			
Parent company - Thanachart Bank Plc.	1,030,000	1,030,000	1,570,000
Short - term loans			
Related parties - Baan Rock Garden Plc.	113,000	113,000	220,000
Management, directors and related persons	10,000	10,000	6,000
Debentures			
Parent company - Thanachart Bank Plc.	-	-	31,000
Related parties - Thanachart Insurance Plc.	400,000	400,000	350,000
Other payables - accrued expenses			
Parent company - Thanachart Bank Plc.	5	5	5
Accrued interest			
Parent company - Thanachart Bank Plc.	237	237	265
Related parties - Thanachart Insurance Plc.	4,816	4,816	4,424
Long-term loans			
Management, directors and related persons	28,000	28,000	28,000

Movements of loans from related persons and related parties during the years are as follows:

(Unit: Thousand Baht)

Consolidated and Separate financial statements				
For the year ended 31 December 2018				
	Balance beginning of the year	Increase	Decrease	Balance end of the year
<b><u>Short-term loans from financial institutions</u></b>				
Thanachart Bank Plc.	1,570,000	92,920,000	(93,460,000)	1,030,000
<b><u>Short-term loans</u></b>				
Baan Rock Garden Plc.	220,000	1,293,000	(1,400,000)	113,000
Management, directors and related persons	6,000	10,000	(6,000)	10,000
<b><u>Long-term loans</u></b>				
Management, directors and related persons	28,000	-	-	28,000
<b><u>Long-term debentures</u></b>				
Thanachart Bank Plc.	31,000	107,000	(138,000)	-
Thanachart Insurance Plc.	350,000	50,000	-	400,000

(Unit: Thousand Baht)

Separate financial statements				
For the year ended 31 December 2017				
	Balance beginning of the year	Increase	Decrease	Balance end of the year
<b><u>Short-term loans from financial institutions</u></b>				
Thanachart Bank Plc.	3,180,000	62,950,000	(64,560,000)	1,570,000
<b><u>Short-term loans</u></b>				
Baan Rock Garden Plc.	210,000	895,000	(885,000)	220,000
Management, directors and related persons	10,000	16,000	(20,000)	6,000
<b><u>Long-term loans</u></b>				
Management, directors and related persons	28,000	-	-	28,000
<b><u>Long-term debentures</u></b>				
Thanachart Bank Plc.	-	1,756,000	(1,725,000)	31,000
Thanachart Insurance Plc.	300,000	265,000	(215,000)	350,000

### Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statement		
	For the year ended 31 December	For the years ended 31 December	
	2018	2018	2017
Short-term employee benefits	49,781	49,781	47,139
Post-employment benefits	930	930	857
Total	50,711	50,711	47,996

## **30. Commitments and contingent liabilities**

### **30.1 Operating lease commitments**

The Company and its subsidiary have entered into several lease agreements in respect of the lease of office building space and equipment. The terms of the agreements are generally between 1 to 5 years. As at 31 December 2018 and 2017, future minimum lease payments required under these non-cancellable operating leases contracts are as follows.

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statement		
	2018	2018	2017
Payable within			
Less than 1 year	4,110	4,110	4,321
1 to 5 years	3,965	3,965	4,172

### 30.2 Long-term service commitments

As at 31 December 2018 and 2017, the Company has commitments in respect of the agreements appointing debenture trustees and a debenture holder representatives, whereby fees payable in the future are as follows:

	(Unit: Thousand Baht)		
	Consolidated	Separate financial statements	
	financial statement	2018	2017
	2018	2018	2017
Payable within			
Less than 1 year	217	217	177
1 to 4 years	220	220	213

**30.3** The Company has commitments under support service agreement with its parent company. Service payables due within 31 December 2018 amounting to Baht 3 million. (2017: Baht 3 million)

### 30.4 Litigation

As at 31 December 2018, the Company is being sued as defendant or co-defendant in lawsuits with claims totaling Baht 6 million which final judgement has not yet been rendered. However, the management of the Company has exercised judgement to assess the outcome of the litigation and is confident that the Company will not incur any significant losses. Therefore, no contingent liability has been recognised.

## 31. Financial instruments

The Company and its subsidiary's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, hire purchase/financial lease receivables/payables, loans, other payables and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

### 31.1 Credit risk

The Company is exposed to credit risk primarily with respect to hire purchase and financial lease receivables. The Company manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not has high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying value of loans and receivables less allowance for doubtful accounts as stated in the statements of financial position.

### 31.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the financial positions of the Company and its subsidiary. As the Company and its subsidiary has no foreign currency transactions and has a small amount invested in securities, market risk consists of only interest rate risk.

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

Significant financial assets and liabilities, as at 31 December 2018 and 2017, classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statement					
	2018					
	Fixed interest rates					
	Repricing or maturity date			Floating	Non-	
	Within	1 - 5	Over	interest	interest	
Transactions	1 year	years	5 years	rate	bearing	Total
<b>Financial assets</b>						
Cash and cash equivalents	-	-	-	200	14	214
Hire purchase receivables <sup>(1)</sup>	16,186	30,011	12	-	1,781	47,990
Financial lease receivables <sup>(1)</sup>	173	374	-	-	9	556
<b>Financial liabilities</b>						
Short-term loans from financial institutions	16,030	-	-	-	-	16,030
Short-term loans	329	-	-	-	-	329
Other payables	-	-	-	-	412	412
Hire purchase and financial lease payables	4	8	-	-	-	12
Long-term loans	189	100	-	-	-	289
Debentures	5,434	17,202	-	-	-	22,636

<sup>(1)</sup> The outstanding balances of hire purchase and financial lease receivables that are non-interest bearing include non-performing loans (receivables overdue more than 3 installments) for which revenue recognition has ceased.

(Unit: Million Baht)

	Separate financial statements					
	2018					
	Fixed interest rates					
	Repricing or maturity date			Floating	Non-	
Transactions	Within	1 - 5	Over	interest	interest	Total
	1 year	years	5 years	rate	bearing	
<b>Financial assets</b>						
Cash and cash equivalents	-	-	-	198	14	212
Hire purchase receivables <sup>(1)</sup>	16,186	30,011	12	-	1,781	47,990
Financial lease receivables <sup>(1)</sup>	173	374	-	-	9	556
Investment in subsidiary	-	-	-	-	4	4
<b>Financial liabilities</b>						
Short-term loans from financial institutions	16,030	-	-	-	-	16,030
Short-term loans	329	-	-	-	-	329
Other payables	-	-	-	-	412	412
Hire purchase and financial lease payables	4	8	-	-	-	12
Long-term loans	189	100	-	-	-	289
Debentures	5,434	17,202	-	-	-	22,636

<sup>(1)</sup> The outstanding balances of hire purchase and financial lease receivables that are non-interest bearing include non-performing loans (receivables overdue more than 3 installments) for which revenue recognition has ceased.

(Unit: Million Baht)

	Separate financial statements					
	2017					
	Fixed interest rates					
	Repricing or maturity date			Floating	Non-	
Transactions	Within	1 - 5	Over	interest	interest	Total
	1 year	years	5 years	rate	bearing	
<b><u>Financial assets</u></b>						
Cash and cash equivalents	-	-	-	177	13	190
Hire purchase receivables <sup>(1)</sup>	13,685	24,620	5	-	1,648	39,958
Financial lease receivables <sup>(1)</sup>	150	324	-	-	9	483
<b><u>Financial liabilities</u></b>						
Short-term loans from financial institutions	12,816	-	-	-	-	12,816
Short-term loans	387	-	-	-	-	387
Other payables	-	-	-	-	238	238
Hire purchase and financial lease payables	3	8	-	-	-	11
Long-term loans	900	339	-	-	-	1,239
Debentures	3,099	15,550	-	-	-	18,649

<sup>(1)</sup> The outstanding balances of hire purchase and financial lease receivables that are non-interest bearing include non-performing loans (receivables overdue more than 3 installments) for which revenue recognition has ceased.

### 31.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiary will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

Counting from the statement of financial position date, the periods to maturity of financial instruments held as at 31 December 2018 and 2017 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statement				
	2018				
	At call	Less than 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	214	-	-	-	214
Hire purchase receivables <sup>(1)</sup>	-	16,186	30,023	1,781	47,990
Financial lease receivables <sup>(1)</sup>	-	173	374	9	556
<b>Financial liabilities</b>					
Short-term loans from financial institutions	1,940	14,090	-	-	16,030
Short-term loans	329	-	-	-	329
Other payables	-	412	-	-	412
Hire purchase and financial lease payables	-	4	8	-	12
Long-term loans	-	189	100	-	289
Debentures	-	5,434	17,202	-	22,636

<sup>(1)</sup> The outstanding balances of hire purchase and financial lease receivables which have no specific maturity dates include non-performing loans (receivables overdue more than 3 installments).

(Unit: Million Baht)

Transactions	Separate financial statements				
	2018				
	At call	Less than 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	212	-	-	-	212
Hire purchase receivables <sup>(1)</sup>	-	16,186	30,023	1,781	47,990
Financial lease receivables <sup>(1)</sup>	-	173	374	9	556
Investment in subsidiary	-	-	-	4	4
<b>Financial liabilities</b>					
Short-term loans from financial institutions	1,940	14,090	-	-	16,030
Short-term loans	329	-	-	-	329
Other payables	-	412	-	-	412
Hire purchase and financial lease payables	-	4	8	-	12
Long-term loans	-	189	100	-	289
Debentures	-	5,434	17,202	-	22,636

<sup>(1)</sup> The outstanding balances of hire purchase and financial lease receivables which have no specific maturity dates include non-performing loans (receivables overdue more than 3 installments).

(Unit: Million Baht)

Transactions	Separate financial statements				
	2017				
	At call	Less than 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	190	-	-	-	190
Hire purchase receivables <sup>(1)</sup>	-	13,685	24,625	1,648	39,958
Financial lease receivables <sup>(1)</sup>	-	150	324	9	483
<b>Financial liabilities</b>					
Short-term loans from financial institutions	-	12,816	-	-	12,816
Short-term loans	387	-	-	-	387
Other payables	-	238	-	-	238
Hire purchase and financial lease payables	-	3	8	-	11
Long-term loans	-	900	339	-	1,239
Debentures	-	3,099	15,550	-	18,649

<sup>(1)</sup> The outstanding balances of hire purchase and financial lease receivables which have no specific maturity dates include non-performing loans (receivables overdue more than 3 installments).

### 31.4 Fair value

As at 31 December 2018 and 2017, the Company and its subsidiary had no assets and liabilities that were measured at fair value. However, the Company and its subsidiary had assets and liabilities that were measured at cost for which fair value are disclosed using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statement				
	2018				
	Book value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Assets for which fair value are disclosed</b>					
Cash and cash equivalents	214	214	-	-	214
Hire purchase receivables	45,866	-	-	46,602	46,602
Financial lease receivables	546	-	-	546	546
Investment properties	19	-	-	35	35
<b>Liabilities for which fair value are disclosed</b>					
Short-term loans from financial institutions	16,030	-	16,030	-	16,030
Short-term loans	329	-	329	-	329
Other payables	412	-	412	-	412
Hire purchase and financial lease payables	12	-	12	-	12
Long-term loans	289	-	290	-	290
Debentures	22,636	-	22,652	-	22,652

(Unit: Million Baht)

	Separate financial statements				
	2018				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>					
Cash and cash equivalents	212	212	-	-	212
Hire purchase receivables	45,866	-	-	46,602	46,602
Financial lease receivables	546	-	-	546	546
Investment in subsidiary	4	-	-	4	4
Investment properties	19	-	-	35	35
<b>Liabilities for which fair value are disclosed</b>					
Short-term loans from financial institutions	16,030	-	16,030	-	16,030
Short-term loans	329	-	329	-	329
Other payables	412	-	412	-	412
Hire purchase and financial lease payables	12	-	12	-	12
Long-term loans	289	-	290	-	290
Debentures	22,636	-	22,652	-	22,652

(Unit: Million Baht)

	Separate financial statements				
	2017				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
<b>Assets for which fair value are disclosed</b>					
Cash and cash equivalents	190	190	-	-	190
Hire purchase receivables	38,123	-	-	38,742	38,742
Financial lease receivables	475	-	-	473	473
Investment properties	19	-	-	35	35
<b>Liabilities for which fair value are disclosed</b>					
Short-term loans from financial institutions	12,816	-	12,816	-	12,816
Short-term loans	387	-	387	-	387
Other payables	238	-	238	-	238
Hire purchase and financial lease payables	11	-	11	-	11
Long-term loans	1,239	-	1,244	-	1,244
Debentures	18,649	-	18,821	-	18,821

Fair value hierarchy for financial assets and liabilities are presented according to notes 4.17 to the financial statements.

The methods and assumptions used by the Company and its subsidiary in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, short-term loans and other payables, their carrying amounts in the statement of financial position approximate their fair value.
- b) For hire purchase and financial lease receivables, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- c) For debentures, long-term loans and liabilities under hire purchase and financial lease payables carrying fixed interest, their fair value has been determined by discounting expected future cash flow by the current market interest rate of loans with similar terms and conditions.
- d) Fair value of investment properties has been determined based on market price performed by an independent valuer.

### **32. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure and preserves the ability to continue its business as a going concern.

As at 31 December 2018, the Company and its subsidiary's debt-to-equity ratio was 5.61:1 (2017: 6.01:1).

### **33. Event after the reporting period**

On 18 February 2019, a meeting of the Company's Board of Directors passed a resolution to propose the following to the Annual General Meeting of shareholders for approval:

- 1) Dividend payment to the shareholders from net profit for 2018, consisting of a cash dividend of Baht 0.29 per share and a stock dividend of 755 million shares (to be allocated at a rate of 1 dividend share for every 4 shares held) or equivalent to a total dividend payment of Baht 0.54 per share.
- 2) Decrease the Company's registered share capital by 330 ordinary shares of Baht 1 each.
- 3) Increase the Company's registered share capital by 755 million ordinary shares, such that the Company has a registered share capital of Baht 3,775 million (3,775 million ordinary shares of Baht 1 each) to support the payment of the stock dividend.
- 4) An increased budget for debentures to be issued and offered during the year 2019, and cancel of the previously approved budget.

### **34. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 18 February 2019.





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A Thanachart Group Company

**Ratchthani Leasing Public Company Limited**

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