

ANNUAL REPORT 2019

RATCHTHANI LEASING PUBLIC COMPANY LIMITED



ราชนานี ลีสซิง
Ratchthani Leasing
A Thanachart Group Company



THE VISION

Vision

To be the leader in the loan services for commercial cars, vehicles, other assets and one-stop services that can satisfy customer's needs covering all provinces nationwide.

Mission

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 products and services to the excellence to meet targeted customer's needs and create highest customer satisfaction.

Mission to Society

The Company will conduct business in accordance with good corporate governance with honesty and resistance to all forms of corruption in order to give back to society and to cooperate in the country's economy development.

Mission to Environment

The Company will conduct business with responsibility to the resources and environment and involving in the conservation, rehabilitation and balance of the ecosystem.

Core Values

To drive the organization to accomplish the vision and mission efficiently in a proper way, the Company created the core values "C3 SIP" for all employees to make understanding and take into practice. The organization's core values are 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 to the excellence and create highest customer 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.

(C o n t e n t)

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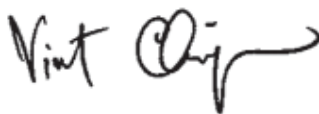
Message from Chairman

In 2019, there are important situations causing the World economy and Thailand economy to slow down, including trade wars and foreign conflicts, BREXIT concern, domestic political situation, the delayed disbursement of budget in many government projects, and the highest appreciation of Thai baht value in 6 years. All of them had a wide effect on the industrial sectors.

As for last year business conduct, the Company was cautious and closely monitored the economy. In the beginning of 2019, the Company increased the registered capital for over 755 million Baht to strengthen the financial structure and prepare for the future business expansion. The 2019 business performance reflected 1,963.57 million Baht of net profits, increasing from the previous year by 19.68%. The loan receivables continuously grew to 49,708.61 million Baht, increasing from the previous year by 7.10%. Moreover, the Company has established RTN Insurances Broker Company Limited to operate the life and non-life insurances broker business since the first quarter of 2019 and delivered satisfactory performance.

The 2020 economic direction tends to expand below 2.8% due to the epidemic of Corona Virus, the delayed Expense Budget Act, the drought situation, the declining export sector according to the economy of trade partner countries, and the policy to announce the interest rate reduction to help reduce the economy impact. However, the Company was cautious and closely monitored the economy. By remains committed to be the leader in the loan services for commercial cars, vehicles, other assets and one-stop services.

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 Committee

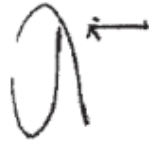
The overview of Thai economy in 2019 reflected the decreasing expansion rate of the economy compared with the same period in the previous year. It was caused by the internal and external factors, i.e. the decreasing export causing the lower production of industrial sectors and the lower investments, the trade war between China and USA affecting all partners in the global export market including Thailand, the China's economic slowdown affecting Thailand's tourism industry. Those factors had effect on the domestic economy with the sign of continuous decrease in investment and purchasing power. The Company has conducted business with caution, especially for the growth of loans which focused on quality loans. 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 2019, 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.

As for the 2020 economic trend, the government sectors will take more roles in supporting the economy, both in the form of economic stimulation, fundamental structure investment and the economic policy direction to support the investment of private sectors. The annual budget of the government of which disbursement was delayed will result in the large amount of money pouring to the economy in 2020. This shall be the key supporting factors to the country's economic growth.

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.

A handwritten signature in black ink, consisting of a large, stylized letter 'A' with a horizontal line extending from the top right.

(Mr. Kovit Rongwattanasophon)
Chairman of the Executive Committee

Report of the 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 2019, the Nomination and Remuneration Committee held 3 meetings to consider the nomination and remuneration issues to propose to the Board of Directors for approval as summarized below:

- Consider and nominate the qualified persons for the Company Director positions according to the nomination criteria and process as follows:
 - 1) Propose to appoint a person to replace the Directors who is retired by rotation in the Annual General Meeting of Shareholders.
 - 2) Propose to appoint a person to fill in the vacant Director position.The Committee considered the qualified candidates to fill in the 2 vacant Director positions and proposed to the Board of Directors meeting for the approval of qualified persons who have expertise, skills and experiences to bring benefits to the Company and have complete qualification in accordance with the Public Limited Companies Act B.E. 1992
- 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 (Board Skill Matrix), 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 2019 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 the Nomination and Remuneration Committee

Report of the Corporate Governance Committee

The Board of Directors, realizing the importance of conducting business in accordance with the good corporate governance and all stakeholders' benefits, deem it appropriate to have the entire Board of Directors perform the duty of the Corporate Governance Committee by adhering to the good Corporate Governance Code of the Securities and Exchange Commission and the agencies involved in corporate governance.

The Company also realized that corruption was the obstacle of the social and economic development of the country. 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). This reflected the Company's commitment in conducting business with fairness, transparency, and anti-corruption in all forms both directly and indirectly.

In 2019, the Company reviewed the Corporate Governance Policy and the Code of Ethics as the framework for the Company's personnel to perform their duties with responsibilities, moralities and ethics. Furthermore, the Company set the policy of information disclosure and internal information use for the shareholders, investors and all stakeholders so that they can access to the Company's information fairly and equitably. All Directors, Executives and employees shall follow the same directions.

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 2019 (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 in 2019 for the fifth consecutive year from Thaipat Institute which reflected the Company's intention to perform business in accordance with the good Corporate Governance.

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 practices in order to build the confidence to all stakeholders and to be part of society development for the sustainable growth.



(Mr. Virat Chinprapinporn)

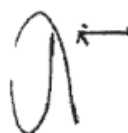
Chairman of the Corporate Governance Committee

Report of the 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 3 members as follows Mr. Kovit Rongwattanasophon as the Chairman of the Risk Management Committee, Mr. Virat Chinprapinporn and Mr. Pompert Rasanon 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 2019, the country's economy was slow down due to the internal and external factors which had the wide effect on the industrial sectors. Thus, the Risk Management Committee paid closed attention to such factors, closely monitored the economic situation and managed risks in all aspects, in order for the Company to be able to conduct business properly, efficiently and to successfully achieve the goals under such circumstances, which can result in the stable business and continuous growth.



(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, 11UP Floor Sinnsathorn Tower Building, Krungthonburi Road, Klong Ton Sai Sub-district, Klongsan District, Bangkok 10600
Registration No.	:	0107545000209
Homepage	:	www.ratchthani.com
Tel.	:	0-2431-9000
Fax	:	0-2431-9099
Registered Capital	:	3,775,353,450 Baht (as of 31 st December 2019)
Paid-up Capital	:	3,775,353,450 Baht (as of 31 st December 2019)
Type of Stock	:	Common stock

Securities registrar

Thailand Securities Depository Co., Ltd.
93, 14th 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, 33rd 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, 11UP Floor Sinnsathorn Tower Building,
Krungthonburi Road, Klong Ton Sai Sub-district,
Klongsan District, Bangkok 10600

Tel. : 0-2431-9000 ext. 1666

Fax : 0-2431-9099

Financial Summary

Financial status and operating performance in 3 years

(unit: Thousand Baht)

Balance Sheet	2019		2018		2017	
	MB	%	MB	%	MB	%
Assets						
<u>Current assets</u>						
Cash and bank deposit	429.13	0.84	213.95	0.45	190.42	0.48
Hire-purchase account receivable due within 1 year, Net	17,696.27	34.78	15,868.94	33.38	13,519.87	34.23
Financial lease- account receivable due within 1 year, Net	215.62	0.43	172.47	0.37	151.75	0.39
Other debtors	67.49	0.13	66.77	0.14	54.49	0.14
Foreclosed assets	156.18	0.31	78.79	0.17	60.17	0.15
Other current assets	46.00	0.09	301.67	0.63	169.02	0.43
<u>Non-current assets</u>						
Restricted bank deposits	2.00	0.00	1.00	0.00	0.00	0.00
Hire-purchase account receivable due more than 1 year, Net	31,352.60	61.62	29,996.66	63.11	24,603.00	62.30
Financial lease- account receivable on due more than 1 year, Net	444.13	0.87	373.57	0.79	323.62	0.82
Long-term investment, Net	0.21	0.00	0.21	0.00	0.24	0.00
Properties for investment	19.33	0.04	19.33	0.04	19.33	0.05
Property, plant and equipment, Net	95.28	0.19	113.88	0.24	119.96	0.30
Intangible assets	16.84	0.03	5.25	0.01	8.86	0.02
Deferred tax asset - net	338.37	0.67	317.04	0.67	269.60	0.68
Other non-current assets	1.48	0.00	1.53	0.00	1.46	0.01
Total assets	50,880.93	100.00	47,531.06	100.00	39,491.79	100.00

Note : In the end of 2018, the Company invested in RTN Insurances Brokers Co., Ltd. for 100%. Since it has not yet been active, the 2018 and 2019 financial statement reflected only the overall financial performance.

Balance Sheet	2019		2018		2017	
	MB	%	MB	%	MB	%
Liabilities						
<u>Current liabilities</u>						
Overdraft	0.00	0.00	0.00	0.00	0.00	0.00
Short-term loan	14,904.57	29.29	16,358.85	34.41	13,202.80	33.44
Long-term loan due within 1 year	50.00	0.10	189.00	0.40	899.96	2.28
Portion of debentures due within 1 year	14,130.92	27.77	5,434.03	11.43	3,099.25	7.85
Other creditors	506.56	1.00	588.77	1.24	392.73	0.99
Hire-purchase creditor due within 1 year	3.83	0.01	4.29	0.01	3.37	0.01
Accrued corporate income tax	255.91	0.50	231.60	0.49	177.86	0.45
Other current liabilities	207.24	0.40	191.00	0.40	166.95	0.42
<u>Non-current liabilities</u>						
Hire-purchase creditor	4.59	0.01	7.40	0.02	7.40	0.02
Long-term loan	600.91	1.18	100.00	0.21	339.00	0.86
Debenture	12,496.33	24.56	17,201.58	36.19	15,549.60	39.37
Forecasted liabilities- reserve for long-term staff benefit	49.05	0.10	29.58	0.06	25.57	0.06
Total liabilities	43,209.91	84.92	40,336.10	84.86	33,864.49	85.75
Shareholders' equity						
Issued and paid-up capital	3,775.35	7.42	3,020.28	6.36	2,416.23	6.12
Capital surplus	319.89	0.63	319.89	0.67	319.89	0.81
<u>Appropriated retained earnings</u>						
Legal reserve	378.00	0.74	303.00	0.64	242.00	0.61
Retained earnings for treasury stocks	3,197.78	6.29	3,551.79	7.47	2,649.18	6.71
Unappropriated retained earnings (deficit)	0.00	0.00	0.00	0.00	0.00	0.00
Less Treasury stocks	0.009	0.00	0.0003	0.00	0.00	0.00
Total shareholders' equity	7,671.02	15.08	7,194.96	15.14	5,627.30	14.25
Total liabilities & shareholders' equity	50,880.93	100.00	47,531.06	100.00	39,491.79	100.00

Note : In the end of 2018, the Company invested in RTN Insurances Brokers Co., Ltd. for 100%. Since it has not yet been active, the 2018 and 2019 financial statement reflected only the overall financial performance.

(unit: Thousand Baht)

<u>Income Statement</u>	2019		2018		2017	
	MB	%	MB	%	MB	%
Income and expenses						
Interest income from hire purchase	3,498.13	82.54	3,166.74	82.74	2,729.35	82.53
Interest income from financial lease	40.52	0.96	35.53	0.93	31.26	0.95
Income from fee and services	328.16	7.74	342.15	8.94	301.65	9.12
Other incomes	371.34	8.76	282.95	7.39	244.97	7.40
Total incomes	4,238.15	100.00	3,827.37	100.00	3,307.23	100.00
Financial cost	1,011.35	23.86	869.80	22.73	882.41	26.68
Selling and administrative expense	570.03	13.45	503.56	13.14	495.74	14.99
Bad debt and Doubtful account	193.53	4.57	402.60	10.52	523.43	15.82
Corporate income tax	499.67	11.79	410.70	10.73	279.84	8.46
Total expenses	2,274.58	53.67	2,186.66	57.12	2,181.42	65.95
Net profit	1,963.57	46.33	1,640.71	42.85	1,125.81	34.02

Note : In the end of 2018, the Company invested in RTN Insurances Brokers Co., Ltd. for 100%. Since it has not yet been active, the 2018 and 2019 financial statement reflected only the overall performance.

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

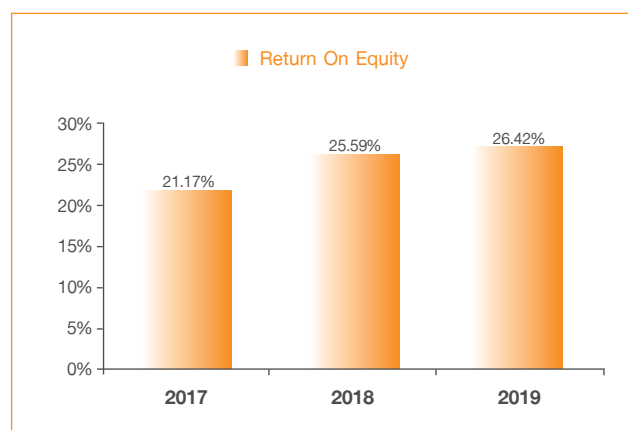
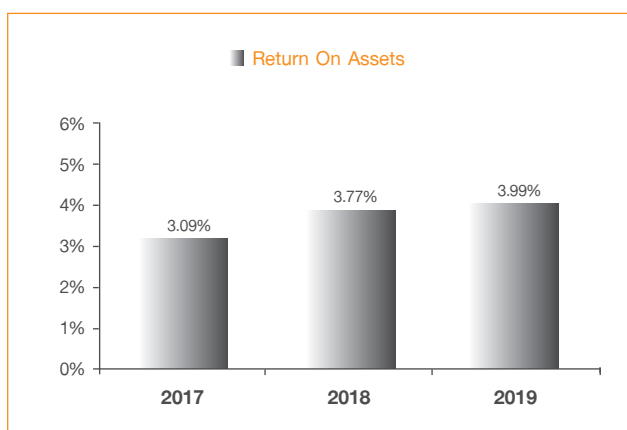
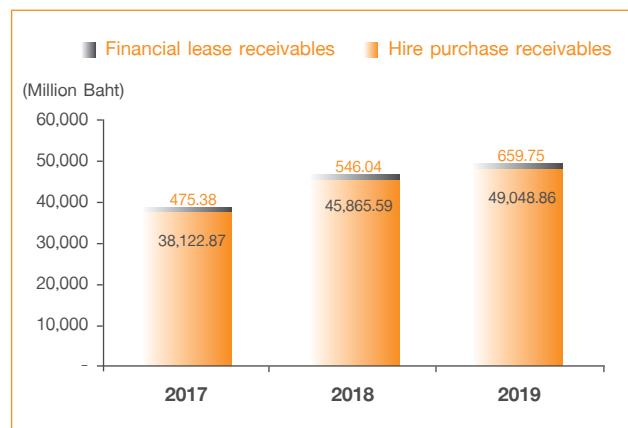
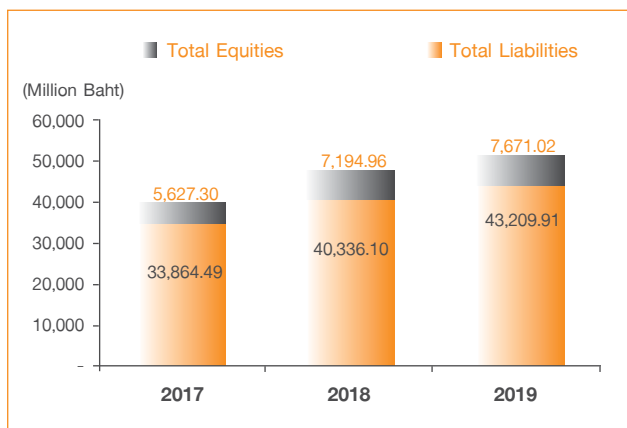
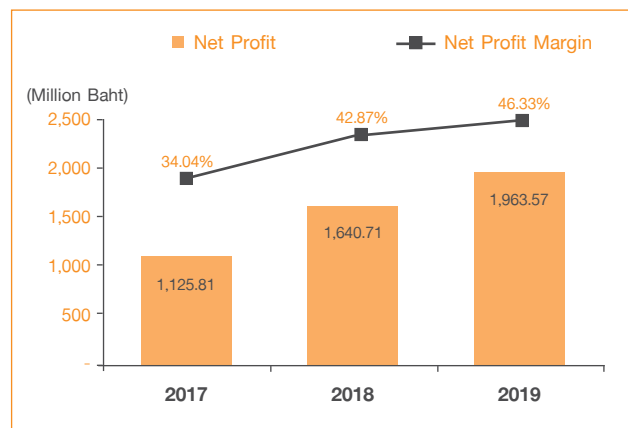
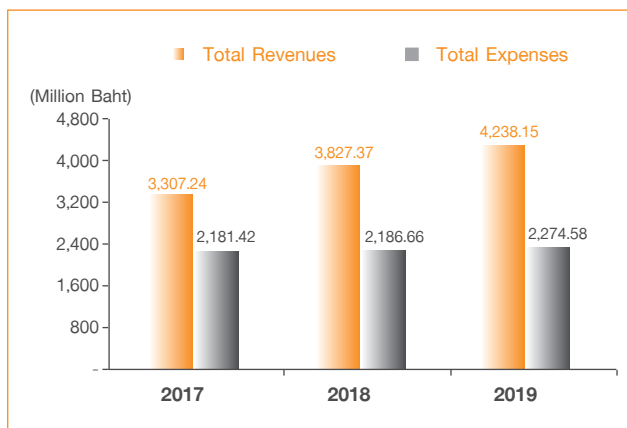
Ratio	2019	2018	2017
<u>Liquidity Ratio</u>			
Liquidity Ratio (Time)	0.62	0.73	0.79
Quick Ratio (Time)	0.61	0.72	0.78
<u>Profitability Ratio</u>			
Net profit margin (%)	46.33	42.85	34.02
Net profit to net interest (%)	77.69	70.34	59.94
Interest rate received (%)	7.04	7.20	7.40
Interest rate paid (%)	2.48	2.40	2.90
Interest rate gap (%)	4.56	4.80	4.50
Return on equity (%)	26.42	25.59	21.17
<u>Efficiency Ratio</u>			
Return on assets (%)	3.99	3.77	3.09
Total assets turnover (Time)	0.09	0.09	0.09
<u>Financial Ratio</u>			
Interest coverage ratio* (Time)	3.44	3.36	2.59
Debt to equity ratio (Time)	5.63	5.61	6.02
Debt to equity ratio** (Time)	5.57	5.52	5.95
Lending to loan ratio (Time)	1.23	1.24	1.22
Dividend payout ratio (%)	61.53***	99.40	60.09
<u>Share Information</u>			
Book value per share (Baht)	2.03	1.91	1.49
Basic earnings per share (Baht)	0.52	0.43	0.30

* 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 maintain 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 2020 Annual General Meeting of Shareholders.

Financial Information Highlight



Policy and Business Overview

Ratchthani Leasing Public Company Limited operates loan service business in hire purchase and finance leasing for commercial cars, vehicles, other assets and one-stop services. In 2019, the credit port continued to expand continuously. The main target group of the Company was the commercial cars, both new and used cars. Currently, the commercial car segment was accounted for 65% while other car and assets segment was accounted for 35% of total loans. However, the Company conducts business with a credit policy which mainly considers the return on loans. To maintain the spread of interest to meet the goals set.

Significant Changes and Development

Background

Ratchthani Leasing Public Company Limited was established on 2nd 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

- | | |
|-------------|--|
| 2002 | 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 th December 2002. |
| 2003 | 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.

2004 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.

2006

March On 22nd 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.

August 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.

2008 The Company expanded 5 branches in other regions: Khonkaen, Korat in Nakorn Ratchasima province, Pitsanulok, Rayong and Ratchaburi. However, Ratchaburi branch was closed later.

October 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.

2010 The Company opened a new branch in the South is Surat Thani branch.

2011 The Company opened a new branch in the North is Chiangrai branch.

2012 The Company’s credit rating was upgraded from “BBB” to “BBB+”, “Stable” outlook, from Tris Rating Co., Ltd.

2013 The Company opened a new branch in the North-East is Ubon Ratchathani branch.

2014

April The Company expanded a new branch in the North-East is Udorn Thani branch.

August The Company expanded a new branch in the South is Had Yai branch in Songkhla province.

December The Company opened a new branch in the Lower North is Nakorn Sawan branch.

2016

October The Company’s credit rating was upgraded from “BBB+” to “A-”, “Stable” outlook, from Tris Rating Co., Ltd.

2018

October Bank of Thailand allows the Company to establish RTN Insurances Brokers Co., Ltd. (“RTN Insurances Broker”) as Thanachart Financial Business Group. By conducts non-life insurance, life insurance, and related business.

November RTN Insurances Brokers Co., Ltd. was established on 6th Nov 2018 with a capital of 2 Million Baht allocated for 20,000 shares at the par value of 100 Baht/share. The Company invested in RTN accounting for 100% of total paid-up capital (including direct and indirect shareholding.)

December The registered capital of RTN was raised to 4 Million Baht allocated for 40,000 shares at the par value of 100 Baht/share. The Company invested in RTN accounting for 100% of total paid-up capital (including direct and indirect shareholding.)

In Capital

2002 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 28th 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.

2006

January On 25th 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).

February On 27th 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.

2010

March 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.

2011

April 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. (1,610,819,597 common shares) at par value of 1.00 Baht/ share.

November 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 2nd 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 2nd 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 8th 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 3rd April 2018

approved the increase in registered capital of the company from 2,416,227,209 Baht to 3,020,284,011 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.

- 2019**
- April** The resolution of the 2019 Annual General Meeting of Shareholders held on 2nd April 2019 approved the increase in the Company's registered capital from 3,020,283,681 Baht to 3,775,354,601 Baht by issuing 755,070,920 ordinary shares at the value of 1.00 Baht per share in preparation for the dividend payment into ordinary shares of the company, resulting in the Company's paid up capital at the value of 3,775,354,601 Baht (3,775,354,601 ordinary shares) with the par value of 1.00 Baht per share.
- August** The resolution of the Extraordinary General Meeting of Shareholders no.1/2019 held on 20th August 2019 approved the decrease in the Company's registered capital from 3,775,354,601 Baht to 3,775,353,450 Baht by reducing the registered capital for 1,151 shares at the par value of 1.00 Baht per share since the Company had the 1,151 remaining shares after dividend payment in cash according to the 2019 Annual General Meeting of Shareholders. As a result, the Company had the paid up registered capital of 3,775,353,450 Baht (3,775,353,450 ordinary shares) with the par value of 1.00 Baht per share.

Key Events in the past period

2014

- April** The Company signed in the **declaration of intent** of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC)
- October** The Company was **certification for membership** of Thailand's Private Sector Collective Action Coalition 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 Generation 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 Generation 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 1st January – 30th June 2017 by SET.

The Company was selected to be the securities element of **SETHD (SET High Dividend 30 Index)** for the calculation of 1st January – 30th 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 1st July – 31st December 2017 by SET.

The Company was selected to be the securities element of **SETHD (SET High Dividend 30 Index)** for the calculation of 1st July – 31st December 2017 by SET.

August The Company received **re-certification for membership** of Thailand’s Private Sector Collective Action Coalition 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 1st July – 31st 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.

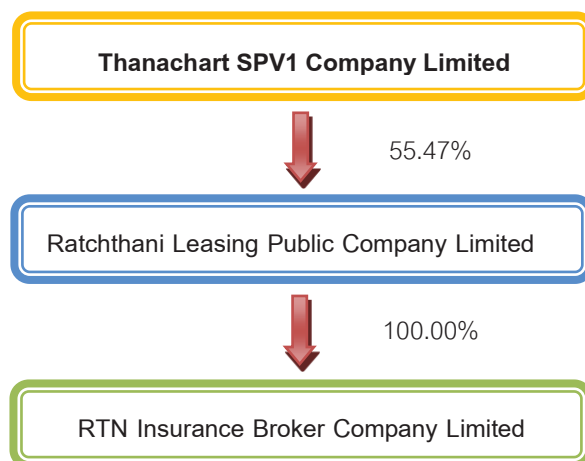
2019

January The Company was selected by The Stock Exchange of Thailand as one of the securities used in the **SET 100 Index** calculation for the calculation during 1st January – 30th June 2019.

- May** The Company was selected as one of 2019 **ESG100 registered securities** by Thaipat Institute which selected 100 out of 771 listed companies with outstanding performance in Environmental, Social and Governance operations.
- June** The Company's 2019 Annual General Meeting of Shareholders' quality assessment received a full score of 100 with an "**Excellent and Good Example**" level from the Annual General Meeting of Shareholders (AGM) Assessment Project organized by the Thai Investors Association.
- July** The Company was selected by The Stock Exchange of Thailand as one of the securities used in the **SET 100 Index** calculation for the calculation during 1st July – 31st December 2019.
- October** The Company received a "**Very Good**" level of 2019 Corporate Governance score from the Corporate Governance Report of Thai Listed Companies (CGR), organized by the Thai Institute of Directors Association (IOD).

Relationship with the Major Shareholders' Business Group

From the data as of 31st December 2019, Thanachart SPV1 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). On 31st December 2019, the Company provided the hire purchase loans services for new cars for about 70% and for used car for about 30% of total loans. In addition, 2019 business still focused on the new and used commercial car segment. The commercial car segment was accounted for 65% while other car segment was accounted for 35%. 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 31st December 2017, 2018 and 2019 is shown as follows.

Income	2019		2018		2017	
	MB	%	MB	%	MB	%
1. Income from hire-purchase agreements						
- personal cars	946.05	22.32	799.48	20.89	757.35	22.90
- commercial car	2,552.08	60.22	2,367.26	61.85	1,972.00	59.63
Total income from hire-purchase agreements	3,498.13	82.54	3,166.74	82.74	2,729.35	82.53

Income	2019		2018		2017	
	MB	%	MB	%	MB	%
2. Income from financial lease accounts	40.52	0.96	35.53	0.93	31.26	0.94
3. Other income						
- Fee and service charge	175.33	4.14	154.31	4.03	151.37	4.58
- Loan default penalty	133.78	3.16	127.74	3.34	115.09	3.48
- Bad debts recovered	28.86	0.68	11.93	0.31	7.92	0.24
- Commission on insurance Premium	152.83	3.61	187.85	4.91	150.29	4.54
- Other income*	208.70	4.92	143.27	3.74	121.95	3.69
Total other income	699.50	16.51	625.10	16.33	546.62	16.53
Total income	4,238.15	100.00	3,827.37	100.00	3,307.23	100.00

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

Market Overview and Competition

In 2019, the overview of the hire purchase and leasing industry reflected the decreasing growth rate compared to the previous year due to the slowdown economy and Thai Baht appreciation. As a result, the private sector investment was affected. The sales of consumer and commercial cars were shrunk. The loan business entrepreneurs conducted their businesses with caution, focusing on quality loans, in the midst of continuously high competition among hire purchase and leasing businesses. Since financial institutes, commercial banks, car manufacturers' and car dealers' hire purchase and leasing business focused their business on personal car loans, both new and second hand cars, some entrepreneurs adjusted and expanded their businesses to second hand car loans. However, they were not deemed as the Company's direct competitors because the main target group of the Company was the commercial cars, both new and used cars. The competition in this segment was lower than the personal car segment.

The company's key target customers are individual persons and juristic persons recommended to the Company by car dealers. In 2019, the Company's total number of hire purchase loan services for individual customers was accounted for 56% 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 30 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 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 loans for car dealers who give importance to selecting quality cars and selling them at reasonable prices including 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, accounted for 60-65% of total loans. 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 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 open for new 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 service providers which provide hire purchase service and finance leasing service. The dealers' recommendation on which any service providers 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 31st December 2017, 2018 and 2019, the Company's sources of funds were summarized as follows.

Item	As of 31 st December					
	2019		2018		2017	
	MB	%	MB	%	MB	%
Shareholders' equity	7,671.02	15.39	7,194.96	15.48	5,627.30	14.53
Loan						
Short-term loan*	29,085.49	58.33	21,981.88	47.29	17,202.01	44.43
Long-term bonds***	12,496.33	25.07	17,201.58	37.01	15,549.60	40.16
Long term loan	600.91	1.21	100.00	0.22	339.00	0.88
Total loans**	42,182.73	84.61	39,283.46	84.52	33,090.61	85.47
Total	49,853.75	100.00	46,478.42	100.00	38,717.91	100.00

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 31st December 2019, the amount of loans was 42,182.73 Million Baht. The repayment schedule is as follows:

Loan repayment schedule	million baht
Within 1 year	29,085.49
1 - up to 2 years	5,616.85
2 - up to 3 years	5,953.34
Over 3 years	1,527.05
Total	42,182.73

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.

Debtor payment	Hire-purchase	Financial lease agreement	Total
Within 1 year	20,316.72	252.42	20,569.14
1 - up to 2 years	16,376.01	200.79	16,576.80
2 - up to 3 years	11,345.66	160.35	11,506.01
Over 3 years	6,975.54	128.77	7,104.31
Total	55,013.93	742.33	55,756.26

As of 31st December 2019, the Company had loan debts that were repayable within 1 year (including overdrafts and short-term loans) of 29,085.49 million Baht and long-term debts that were due for over 1 year but not over 2 years of 5,616.85 million Baht. Comparing the debtor's installment payment due within 1 year of 20,569.14 million Baht with the installment payment due over 1 year but not over 2 years of 16,576.80 million Baht, the Company had enough sources of fund to pay the loan debt repayable within 1 year since some short-term debts shall be paid by long-term debts. This financial structure management strategy managed the loan debts that were repayable within 1 year to consist of overdrafts, loans in the form of promissory notes, money from institutions and third parties, and long-term debts due 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, to create the competitive advantages and define credit strategies. 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 retain existing customers and add fast and convenient services to maximize customer satisfaction.

3. To expand customer base to commercial vehicles segment across the country via the Company's branches.

4. To expand credit business to commercial vehicles and other assets to fulfill potential customers' needs in niche market.

5. To revamp the financial structure to reduce business costs and enhance the Company's competitive competency.

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 appropriate level.

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 2019, the Company has maintained the hire-purchase for commercial vehicles at 60-65% of total loans. 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 intercept the loans granted to persons with no ability to pay off. The credit scoring system is applied to assess the customer's quality and the ability to pay off debt 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 used cars

The Company's primary business is hire purchase loans for both new and used cars which may face the risks of mistakes on vehicle inspection, used 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 31st December 2019, the Company had the used car loans about 30% of total loan receivables.

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 credible used car dealers, 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

When there are outstanding receivables due from 4 installments or more, the Company will collect debts from debtors by having them return the cars, then sell the returned cars at auction and pay off the remaining debt. If the money received from the auction was not enough to pay off the debt, the Company will demand for the remaining amount from the debtor or guarantor. However, if the Company cannot get the demanded remaining amount, the Company shall get loss from such car selling. The auction price depends on the quality, age and popularity of the car, market situation and the demand at that moment. Regarding the risk of loss from selling returned cars, in general, the used car loan give lower loss than the new car loan because the depreciation rate of car price is high in the early years and lower down when the car gets older.

The Company has the Risk Management Policy to manage the risk of returned car sales by monitoring on debts closely and continuously to prevent the overdue payment that can lead to the car returning process. The returned cars shall be sold as soon as possible to reduce the loss from depreciated price. The Company shall also file a lawsuit to enforce debtors and guarantors to pay the missing amount in order to minimize the loss. The sales of returned cars in 2017, 2018, and 2019 were 495, 443, and 638 cars respectively. The loss from selling cars in 2017, 2018, and 2019 were 59.01 million Baht, 55.20 million Baht, and 102.23 million Baht 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 31st December 2017, 2018 and 2019, the Company had net hire purchase and financial leasing debtors of 38,598.25 million, 46,411.63 million and 49,708.61 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 31st December 2019 are in the following list:

No.	Name	No. of shares	%
1.	Thanachart SPV1 Company Limited	2,094,329,833	55.47
2.	NORTH HAVEN THAI PRIVATE EQUITY TITAN COMPANY (HONG KONG)	210,532,265	5.58
3.	Mr. Charoensook Kititti	103,214,558	2.73
4.	Thai NVDR Co., Ltd.	93,673,960	2.48
5.	Mr. Phamorn Pholthep	90,650,000	2.40
6.	Mrs. Naowanart Chamornmarn	49,700,000	1.32
7.	THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED	44,211,500	1.17
8.	SCB Dividend Stock 70/30 Long Term Equity Fund	43,056,625	1.14
9.	Krungsri Equity LTF	35,385,400	0.94
10.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	25,188,100	0.67
11.	Others	985,411,209	26.10
Total		3,775,353,450	100.00
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.

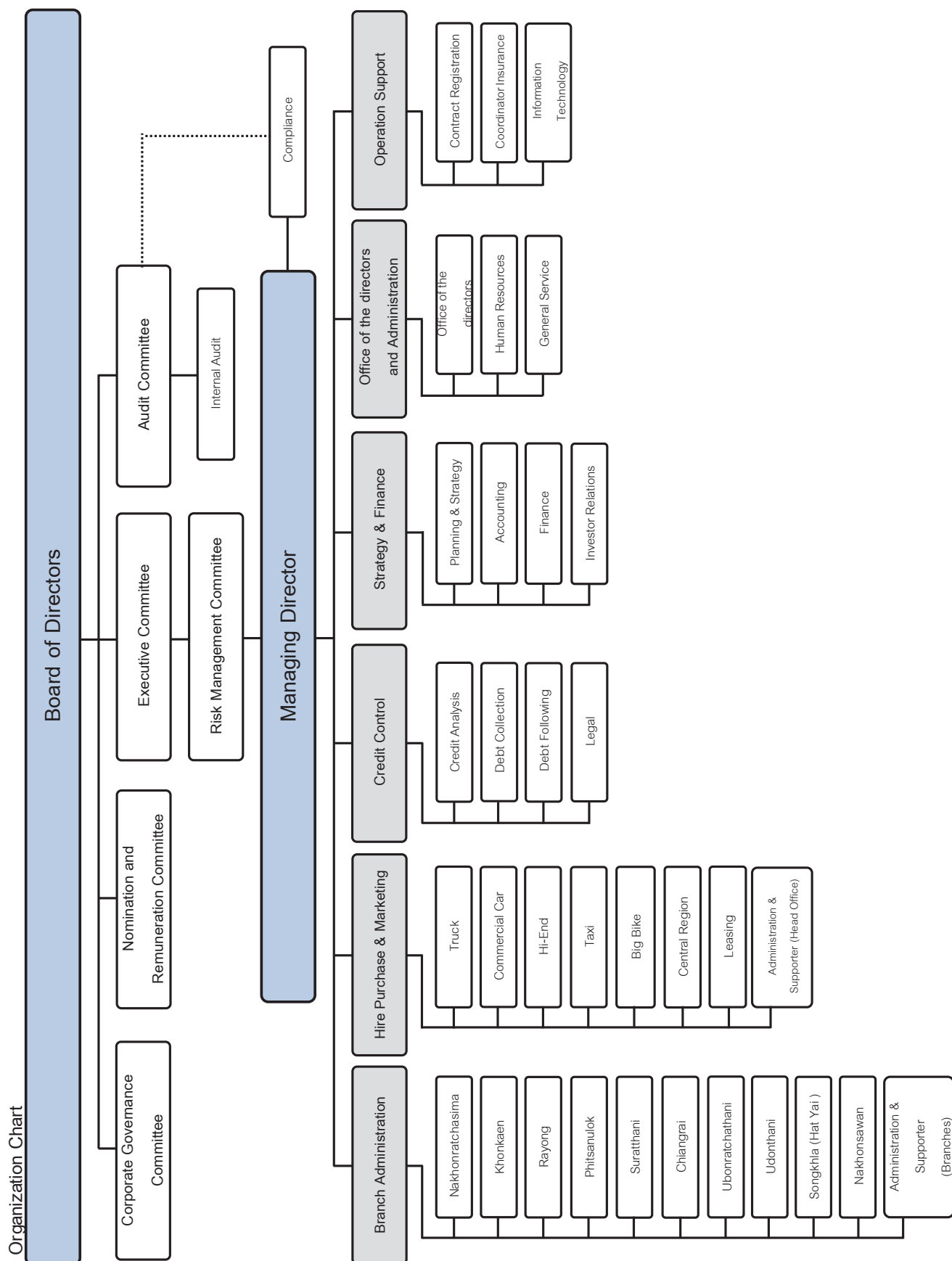
Dividend Payment to Shareholders

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

According to the shareholder meeting resolution of 2018 on 3rd April, 2018, the dividend paid for 2017 performance was paid in cash for 0.03 baht per share and in common shares of the Company for 604,056,802 shares (at the par value of 1 baht per share), accounting for 0.25 baht per 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 per share or 60.09% of net profits.

According to the resolution of the 2019 Annual General Meeting of Shareholders on 2nd April, 2019, the dividend paid for 2018 performance was paid in cash for 0.29 baht per share and in common shares of the Company for 755,070,920 shares (at the par value of 1 baht per share), accounting for 0.25 baht per share of the stock dividend payment to current shareholders at the ratio of 4 current shares to 1 stock dividend. Total dividend paid was 0.54 baht per share or 99.40% of net profits.

According to the Board of Directors Meeting of Ratchthani Leasing Public Company Limited ("the Company) No.5/2019, held on August 30, 2019, the interim dividend paid for the first six months of 2019 to ordinary shareholders at the rate 0.16 baht per share or 59.97% of net profits for the first 6 months of 2019.







Mr. Virat Chinprapinporn

Chairman, Executive Director
Risk Management Committee
Authorized Director



Mr. Thakol Nunthirapakorn, Ph.D.

Independent Director
Chairman of Audit Committee



Mr. Suvit Arunanondchai

Independent Director
Audit Committee
Chairman of Nomination &
Remuneration Committee



Mr. Kovit Rongwattanasophon

Director, Managing Director
Executive Chairman
Chairman of Risk Management
Committee, Authorized Director



Mr. Varavudh Varaporn

Independent Director
Audit Committee
Nomination & Remuneration
Committee



Mrs. Naree Boontharawara, Ph.D.

Independent Director
Audit Committee



Mr. Surapon Satimanont

Independent Director
Audit Committee

DIRECTOR



Mr. Charoensook Kititti

Director
Authorized Director



Mr. Anuwat Luengtaweekul

Director, Member of the Nomination
& Remuneration Committee
Authorized Director



Mr. Pompert Rasanon

Director, Executive
Risk Management Committee
Authorized Director



Mr. William George Said

Director
Authorized Director



Mr. Ekasith Saktanakorn

Director
Authorized Director



Mr. Nakarin Anantachina

Director
Executive Director
Risk Management Committee
Authorized Director

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 31st December 2019, the Company's Board of Directors comprised as follows:

	Name	Position
1.	Mr. Virat Chinrapinporn	Chairman
2.	Mr. Kovit Rongwattanasophon	Director
3.	Mr. Charoensook Kititti	Director
4.	Mr. Anuwat Luengtaweekul	Director
5.	Mr. Pompet Rasanon	Director
6.	Mr. William George Said	Director
7.	Mr. Thakol Nanthirapakorn, Ph.D.	Independent Director
8.	Mr. Suvit Arunanondchai	Independent Director
9.	Mr. Varavudh Varaporn	Independent Director
10.	Mrs.Naree Boontherawara, Ph.D.	Independent Director
11.	Mr. Surapon Satimanont	Independent Director

Mr. Ponlaphe Sakkayapapwicharnon was the Company's Secretary.

Note: Changes in 2019

- Mr. Praphan Anupongongarch resigned from the Company's Director/ Executive Director, effective on 1st January 2019. The Board of Directors meeting no. 1/2019 held on 18th February 2019 had a resolution to appoint Mr. Pompet Rasanon to be the Company's Director / Executive Director, in place of Mr. Praphan Anupongongarch, effective from 18th February 2019 onwards.
- Mr. Ekasith Saktanakorn resigned from the Company's Director effective on 7th May 2019. The Board of Directors meeting no. 2/2019 held on 7th May 2019 had a resolution to appoint Mr. William George Said to be the Company's Director, in place of Mr. Ekasith Saktanakorn, effective from 7th May 2019 onwards.
- Mr. Nakarin Anantachina resigned from the Company's Director / Executive Director, effective on 1st July 2019.

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. Pompert Rasanon, Mr. William George Said. 2 out of 6 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 business or person, 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 Management

As of 31st December 2019, the Company had Management as follows:

Name	Position
1. Mr. Virat Chinrapinporn	Chairman
2. Mr. Kovit Rongwattanasophon	CEO and Managing Director
3. Mr. Khomsan Boonyoiyad	Deputy Managing Director (Hire Purchase & Marketing and Branch Administration)
4. Mr. Ponlaphe Sakkayapapwicharnon	Senior Assistant Managing Director (Credit Control)
5. Mr. Sootchai Viriyalappa	Assistant Managing Director (Business Support)
6. Mr. Jaturaput Hnudang	Assistant Managing Director (Commercial loans)
7. Ms. Unchan Srisom	Vice President of Accounting and Planning & Strategy (CFO)

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

Note: Changes in 2019

- Mr. Boonchu Wongpakdee, Deputy Managing Director / Chief Corporate Strategy & Finance Officer (CFO), resigned, effective on 14th August 2019. The Company appointed Ms. Unchan Srisom, Accounting and Strategic Planning Director, to be in charge of Accounting and Finance (CFO), effective on 8th November 2019.

The Secretary of the Company

The Board of Directors Meeting no. 4/2013 held on 13th November 2013 had resolution to appoint Mr. Ponlaphe Sakkayapapwicharnon as the Secretary of the Company. Since he 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 31st 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.

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 2019, 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 7,775,411.34 Baht. The remuneration payment was in the form of meeting allowance, monthly compensation, and premium for directors (accounting for 0.5% of dividend paid to shareholders from 2018 net profits) as follows:

Name of Directors	Meeting allowance					monthly compensation	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) + (3)
Mr. Virat Chinprapinorn	180,000	-	-	-	180,000	108,000	458,977.62	746,977.62
Mr. Kovit Rongwattanasophon	150,000	-	-	-	150,000	90,000	382,481.34	622,481.34
Mr. Charoensook Kititti	150,000	-	-	-	150,000	90,000	286,861.00	526,861.00
Mr. Anuwat Luengtaweekul	150,000	-	75,000	-	225,000	90,000	382,481.34	697,481.34
Mr. Pompert Rasanon	100,000	-	-	80,000	180,000	90,000	-	270,000.00
Mr. William George Said	-	-	-	-	-	-	-	-
Mr. Thakol Nanthirapakorn, Ph.D.	125,000	120,000	-	-	245,000	108,000	382,481.34	735,481.34
Mr. Suvit Arunanondchai	150,000	100,000	90,000	-	340,000	90,000	382,481.34	812,481.34
Mr. Varavudh Varaporn	150,000	100,000	75,000	-	325,000	90,000	382,481.34	797,481.34
Mrs. Naree Boontharawara, Ph.D.	125,000	100,000	-	-	225,000	90,000	286,861.00	601,861.00
Mr. Surapon Satimanont	150,000	100,000	-	-	250,000	90,000	286,861.00	626,861.00
Directors are retired in 2019								
Mr. Ekasith Saktanakorn	50,000	-	-	-	50,000	10,000	382,481.34	442,481.34
Mr. Nakarin Anantachina	50,000	-	-	50,000	100,000	30,000	-	130,000.00
Directors are retired in 2018								
Asst. Prof. Naengnoi Chai-onnom	-	-	-	-	-	-	95,620.34	95,620.34
Mr. Wuttichai Suraratchai	-	-	-	-	-	-	286,861.00	286,861.00
Mr. Praphan Anupongongarch	-	-	-	-	-	-	382,481.34	382,481.34
Total	1,530,000	520,000	240,000	130,000	2,420,000	976,000	4,379,411.34	7,775,411.34

Note: Mr. William George Said declared his intention not to receive meeting fee, monthly compensation and Directors' remuneration.

Note: Changes in 2019

- Mr. Praphan Anupongongarch resigned from the Company's Director / Executive Director, effective on 1st January 2019. The Board of Directors meeting no. 1/2019 held on 18th February 2019 had a resolution to appoint Mr. Pompert Rasanon to be the Company's Director / Executive Director, in place of Mr. Praphan Anupongongarch, effective from 18th February 2019 onwards.
- Mr. Ekasith Saktanakorn resigned from the Company's Director effective on 7th May 2019. The Board of Directors meeting no. 2/2019 held on 7th May 2019 had a resolution to appoint Mr. William George Said to be the Company's Director, in place of Mr. Ekasith Saktanakorn, effective from 7th May 2019 onwards.
- Mr. Nakarin Anantachina resigned from the Company's Director / Executive Director, effective on 1st July 2019.

Changes in 2018

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

**Remuneration for Executives**

In 2019, the Company had 7 Executives according to the definition of the Securities and Exchange Commission who received remuneration in form of monthly salary, annual bonus and provident fund.

	2019	2018	2017
Number of Executives (persons)	7	6	6
Total amount of Executive Remuneration (Baht)	48,081,870	39,523,500	32,685,500

**Remuneration for Employees**

The Company had the Remuneration Policy for employee's knowledge, ability and responsibility equitably by considering their work performance and the survey remuneration comparison with other companies in the same industry. The remuneration was in the form of monthly salary, annual bonus and social security, as follows:

	2019	2018	2017
Number of employees (person)	480	487	474
Remuneration (Baht)	155,089,847	155,703,857	142,930,052

2. Other Compensations

Other compensations of Directors.

The Company did not have any other compensation to Directors.

Other compensations of Executives and Employees

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:

	2019	2018	2017
Number of Executives (persons)	7	6	6
Contribution to provident fund (Baht)	1,209,139	1,068,000	1,014,000

The employee's provident funds contributed by the Company were as follow:

	2019	2018	2017
Number of employees (person)	480	487	474
Remuneration (Baht)	5,965,149	5,594,042	5,261,910

List of Company's Directors, Executives Management and Company Secretary

Mr. Virat Chinprapinporn

Chairman / Executive Director / Member of the Risk Management Committee / Authorized Director

Date of Appointment:	28 th July 2002
Age(years)	59
Education / Training Record	<ul style="list-style-type: none"> ● MBA Marketing, City University, USA ● Bachelor of Business Administration, Finance, Seattle University, USA
Training & Seminar	<p><u>University of the Thai Chamber of Commerce</u></p> <ul style="list-style-type: none"> ● Top Executive Program for Creative & Amazing Thai Services (ToPCATS) class of 1/2562 <p><u>TAT Academy</u></p> <ul style="list-style-type: none"> ● Tourism Mangement Program for Executives:TME, class of 1/2017 <p><u>Institute of Business and Industrial Development (IBID)</u></p> <ul style="list-style-type: none"> ● Executive Program in Business, Industry Development and Investment Development class of 3/2016 <p><u>Commerce Academy,University of the Thai Chamber of Commerce</u></p> <ul style="list-style-type: none"> ● Top Executive Program in Commerce and Trade (TEPCoT) class of 8/2015 <p><u>Capital Market Academy</u></p> <ul style="list-style-type: none"> ● Executive Program class of 16/2013 <p><u>Thai Institute of Directors (IOD)</u></p> <ul style="list-style-type: none"> ● DAP and DCP class of 40/2004
Shareholding in the Company (%)	9,000,000 (0.24%)
Family relationship of Directors and Executives	- None -
Work experience	
2018 - Present	Chairman of the Director, RTN Insurance Broker Co., Ltd.
2003 - Present	Chairman, Executive Director, Ratchthani Leasing PLC.
2002 - Present	Chairman, Baan Rock Garden PLC.
Position held in Director	1 company, following work experience
Executive in other companies	1 company, following work experience

List of Company's Directors, Executives Management and Company Secretary

Mr. Kovit Rongwattanasophon

Director / Managing Director / Executive Chairman / Chairman of Risk Management Committee / Authorized Director

Date of Appointment	28 th July 2002
Age (years)	58
Education / Training Record	<ul style="list-style-type: none"> ● Master of Business Administration Southeastern University, USA ● Bachelor of Art (Political Science) Ramkhamhaeng University
Training & Seminar	<u>University of the Thai Chamber of Commerce</u> <ul style="list-style-type: none"> ● Top Executive Program in Commerce and Trade (TEPCoT) Class of 12/2019 Commerce Academy <u>Thai Institute of Directors</u> <ul style="list-style-type: none"> ● DCP class of 263/2018 ● DAP class of 19/2004 <u>Capital Market Academy</u> <ul style="list-style-type: none"> ● Executive Program class of 25/2017
Shareholding in the Company (%)	14,314,312 (0.38%)
Family relationship of Directors and Executives	- None -
Work experience	
2018 - Present	Director, RTN Insurance Broker Co., Ltd.
2002 - Present	Executive Chairman, Ratchthani Leasing PLC.
1989 - Present	Managing Director, Ratchthani Leasing PLC.
Position held in Director	- None -
Executive in other companies	1 company, following work experience

List of Company's Directors, Executives Management and Company Secretary

Mr. Charoensook Kititti

Director / Authorized Director

Date of Appointment	28 th July 2002
Age (years)	81
Training & Seminar	<u>Chulalongkorn University</u> <ul style="list-style-type: none"> • Modern Management Course Faculty of Commerce and Accountancy <u>Thammasat University</u> <ul style="list-style-type: none"> • Executive Development Course Faculty of Commerce and Accountancy <u>Thai Institute of Directors</u> <ul style="list-style-type: none"> • DCP class of 53/2005 • DAP class of 19/2004
Shareholding in the Company (%)	103,214,558 (2.73%)
Family relationship of Directors and Executives	- None -
Work experience	
2005 - Present	Chairman, City Mansion Bang Wah Co., Ltd.
2001 - Present	Chairman, Charoensook Crop Co., Ltd.
1993 - Present	Chairman, Realty and Property Management Co., Ltd.
1989 - Present	Director, Ratchthani Leasing PLC.
1973 - Present	Chairman, Charoensook Hoonchiew Pharmacy Co., Ltd.
Position held in Director	- None -
Executive in other companies	4 company, following work experience

List of Company's Directors, Executives Management and Company Secretary

Mr. Anuwat Luengtaweekul

Director / Member of the Nomination & Remuneration Committee / Authorized Director

Date of Appointment	10 th November 2010
Age(years)	56
Education / Training Record	<ul style="list-style-type: none"> • Master of Business Administration, Rangsit University • Bachelor of Science (Accounting), Kasetsart University
Training & Seminar	<p><u>University of the Thai Chamber of Commerce</u></p> <ul style="list-style-type: none"> • Top Executive Program in Commerce and Trade (TEPCoT) Class of 11/2018 Commerce Academy <p><u>Thai Institute of Directors</u></p> <ul style="list-style-type: none"> • 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
Shareholding in the Company (%)	- None -
Family relationship of Directors and Executives	- None -
Work experience	
2018 - Present	Executive Vice President, Retail & Small Business Banking Thanachart Bank PLC.
2016 - Present	Independent Director / Audit Committee Information and Communication Networks PLC.
2012 - Present	Member of the Nomination and Remuneration Committee, Ratchthani Leasing PLC.
2010 - Present	Director, Ratchthani Leasing PLC.
2017 - 2018	Executive Vice President, Retail and Small Business Distribution
2009 - 2017	Thanachart Bank PLC. Executive Vice President and Chief Financial Officer, Thanachart Bank PLC.
2007 - 2009	Member of the Executive Committee and Executive Vice President , Thanachart Capital Public Co., Ltd.
Position held in Director	1 company, following work experience
Executive in other companies	1 company, following work experience

List of Company's Directors, Executives Management and Company Secretary

Mr. Pompert Rasanon

Director / Executive Director / Member of the Risk Management Committee / Authorized Director

Date of Appointment	18 th February 2019
Age(years)	55
Education / Training Record	<ul style="list-style-type: none"> ● Master of Business Administration, Phranakhon Rajabhat University ● Bachelor of Business Administration, Ramkhamhaeng University
Training & Seminar	<u>Thanachart Bank PLC.</u> <ul style="list-style-type: none"> ● Data Privacy 2019 <u>Thai Institute of Directors</u> <ul style="list-style-type: none"> ● DAP class of 162/2019 <u>Individual Development Plan (IDP) Workshop</u> <ul style="list-style-type: none"> ● Building Trusted Brands ● The 7 Habits of Highly Effective People ● TLD : Inspire a Culture of Trust & Create Vision for Top Management ● Leadership Transformation ● Business Transformation Failure & Successful ● Modern Banking Executive Development Program Strategic IT Governance and Information Security ● Securities Investment Tax with funds, LTF & RMF ● Building customer centric business models in retail ● Wealth Financial Planning (IC Refresher) ● Building Trusted Brands ● Leader as a Coach (by Max Potentials)
Shareholding in the Company (%)	- None -
Family relationship of Directors and Executives	- None -
Work experience	
2019 - Present	Director / Executive Director, Ratchthani Leasing PLC.
2019 - Present	Deputy Managing Director Car loan, Thanachart Bank PLC.
2000 - Present	Director, Thanachart Group Leasing Ltd.
2015 - 2018	Assistant Managing Director of Sales and Car Loan, Thanachart Bank PLC.
2015 - 2015	Senior director Sales and car loan, Thanachart Bank PLC.
Position held in Director	- None -
Executive in other companies	2 company, following work experience

List of Company's Directors, Executives Management and Company Secretary

Mr. William George Said

Director / Authorized Director

Date of Appointment	7 th May 2019
Age(years)	47
Education / Training Record	<ul style="list-style-type: none"> ● Master of Business Administration, Queen's University, Kingston, Canada ● Bachelor of Commerce, Dalhousie University, Nova Scotia, Canada
Training & Seminar	<p><u>Thai Institute of Directors</u></p> <ul style="list-style-type: none"> ● DCP class of 274/2019 <p><u>Other Training</u></p> <ul style="list-style-type: none"> ● Block Chain Technology 2018 ● Cyber Security 2017 ● Anti-Bribery & Anti-Corruption 2017 ● Development of Anti-Corruption Standards of Thailand 2017 ● Understanding Global Sanctions 2017 ● Crucial Conversations (Executive Briefing) 2017 ● Volcker Rule Fundamentals and Proprietary Trading 2017 ● Anti-Money Laundering and Terrorism and Proliferation of Weapons of Mass Destruction Financing 2017 ● Leadership Transformation 2017
Shareholding in the Company (%)	- None -
Family relationship of Directors and Executives	- None -
Work experience	
May 2019 - Present	Director, Ratchthani Leasing PLC.
2017 - Present	Director, Thanachrt Securities Plc.
2017 - Present	Director, Thanachart Bank PLC.
2019 - Present	Deputy Chief Executive Officer, Thanachart Bank PLC.
2017 - 2018	Chief Operating officer, Thanachart Bank PLC.
2016 - 2017	Deputy Managing Director, Thanachart Bank PLC.
2015 - 2016	Managing Director, Structural Cost Transformation, Scotiabank
2011 - 2015	Managing Director and Head of Greater China, Scotiabank
Position held in Director	- None -
Executive in other companies	2 company, following work experience

List of Company's Directors, Executives Management and Company Secretary

Mr. Ekasith Saktanakorn

Director / Authorized Director

Date of Appointment	16 th October 2017
Age(years)	49
Education / Training Record	<ul style="list-style-type: none"> ● Master Business Administration, Butler University, USA ● Bachelor of Economics Bangkok University
Training & Seminar	<u>Thai Institute of Directors</u> <ul style="list-style-type: none"> ● DCP class of 272/2019 ● DAP class of 150/2018 <u>Office of Insurance Commission (OIC)</u> <ul style="list-style-type: none"> ● OIC Advanced Insurance Institute class of 4/2014 ● Life Insurance Broker License ● Non-Life Insurance Broker License <u>Association of Thai Securities Companies</u> <ul style="list-style-type: none"> ● Security Investment Consultant Program
Shareholding in the Company (%)	- None -
Family relationship of Directors and Executives	- None -
Work experience	
2017 - May 2019	Director, Ratchthani Leasing PLC.
2014 - Present	Managing Director, Thanachart Broker Co.Ltd.
2011 - 2013	Marketing Director – Consumer Marketing & Sales, Thanachart Bank PLC.
Position held in Director	- None -
Executive in other companies	1 company, following work experience

Annotation : Mr.Ekasith Saktanakorn has resign from Executive Director since 7th May 2019

List of Company's Directors, Executives Management and Company Secretary

Mr. Nakarin Anantachina

Director / Executive Director / Risk Management Committee / Authorized Director

Date of Appointment	12 th November 2018
Age(years)	51
Education / Training Record	<ul style="list-style-type: none"> • Master of Business Administration Thammasat University • Bachelor of Engineering Chulalongkorn University
Training & Seminar	<u>Thai Institute of Directors</u> <ul style="list-style-type: none"> • DAP class of 157/2019 • DCP class of 279/2019
Shareholding in the Company (%)	- None -
Family relationship of Directors and Executives	- None -
Work experience	
2018 - July 2019	Director / Executive Director, Ratchthani Leasing PLC.
2015 - July 2019	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.
Position held in Director	- None -
Executive in other companies	1 company, following work experience

Annotation : Mr.Nakarin Anantachina has form Executive Director since 1st July 2019

List of Company's Directors, Executives Management and Company Secretary

Mr. Thakol Nunthirapakorn, Ph.D.

Independent Director / Chairman of the Audit Committee

Date of Appointment	28 th July 2002
Age(years)	74
Education / Training Record	<ul style="list-style-type: none"> ● Ph.D. (Accounting, MIS, Economics) University of Arkansas, USA ● MBA (Quantitative Analysis), Northeast Louisiana, USA ● BS (Finance), West Liberty State, USA ● High Vocational Certificate (Financial Banking) University of the Thai Chamber of Commerce
Training & Seminar	<p><u>Thai Institute of Directors</u></p> <ul style="list-style-type: none"> ● RCP class of 43/2018 ● ACPG class of 36/2017 ● DCP class of 228/2016 ● ELP class of 3/2016 ● ACP class of 8/2005 ● DAP class of 8/2004 ● Chairman Forum and IOD Breakfast Talk class of 2/2016 <p><u>Thanachart Bank PLC.</u></p> <ul style="list-style-type: none"> ● Data Privacy 2019 <p><u>SEC Office</u></p> <ul style="list-style-type: none"> ● TFRS 9 , IFRS 16
Shareholding in the Company (%)	579,693 (0.02%)
Family relationship of Directors and Executives	- None -
Work experience	
2019 - Present	Independent Director / Audit Committee, United Paper PLC.
2018 - Present	Advisory Committee, Business School, National Institute of Development Administration (NIDA)
2015 - Present	Chairman / Chairman of the Audit Committee, Harn Engineering Solutions PLC.
2002 - Present	Independent Director / Chairman of the Audit Committee Ratchthani Leasing PLC.
2014 - 2015	Chairman of the Audit Committee, Fire Victor PLC.
2012 - 2015	Dean, School of Accountancy, The University of Thai Chamber of Commerce(UTCC)
2005 - 2012	Vice President of Administration, The University of Thai Chamber of Commerce(UTCC)
Position held in Director	2 company, following work experience
Executive in other companies	1 company, following work experience

List of Company's Directors, Executives Management and Company Secretary

Mr. Suvit Arunanondchai

Independent Director / Audit Committee / Chairman of the Nomination & Remuneration Committee

Date of Appointment	22 nd February 2011
Age(years)	70
Education / Training Record	<ul style="list-style-type: none"> ● BA , Louisiana Tech University, USA ● Program for Management Development, (PMD 49) 1985 Harvard Business School, Harvard University, USA
Training & Seminar	<u>Thai Institute of Directors</u> <ul style="list-style-type: none"> ● Board Nomination and Compensation Program (BNCP) class of 5/2018 ● Strategic Board Master Class (SBM) class of 4/2019 ● 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 ● Monitoring the Quality Financial Reporting (MFR) class of 2/2006 ● Audit Committee Program (ACP) class of 4/2005 ● Director Certification Program (DCP) class of 14/2002 ● Director Diploma Examination (Fellow Member) <u>Capital Marketing Academy</u> <ul style="list-style-type: none"> ● Executive Program class of 8/2009 <u>Thanachart Bank PLC.</u> <ul style="list-style-type: none"> ● Data Privacy 2019
Shareholding in the Company (%)	- None -
Family relationship of Directors and Executives	- None -
Work experience	
2015 - Present	Independent Director / Chairman of the Audit Committee / Chairman of the Nomination & Remuneration Committee, Thai Nippon Rubber Industries PLC.
2014 - Present	Independent Director / Member of the Audit Committee / Chairman of the Nomination & Remuneration Committee, Netbay PLC.
2012 - Present	Chairman of the Nomination & Remuneration Committee, Ratchthani Leasing PLC.
2011 - Present	Independent Director / Member of the Audit Committee, Ratchthani Leasing PLC.
Position held in Director	2 company, following work experience
Executive in other companies	- None -

List of Company's Directors, Executives Management and Company Secretary

Mr. Varavudh Varaporn

Independent Director / Audit Committee / Member of the Nomination & Remuneration Committee

Date of Appointment	14 th December 2009
Age(years)	71
Education / Training Record	<ul style="list-style-type: none"> ● Master of Public (M.P.A.) Administration Chulalongkorn University ● Bachelor of Laws (LL.B.) Thammasat University
Training & Seminar	<p><u>Thai Institute of Directors</u></p> <ul style="list-style-type: none"> ● Advanced Audit Committee Program (AACP) class of 25/2017 ● Role of The Compensation Committee (RCC) class of 19/2014 ● Director Accreditation Program (DAP) class of 82/2010 <p><u>Thanachart Bank PLC.</u></p> <ul style="list-style-type: none"> ● Data Privacy 2019
Shareholding in the Company (%)	- None -
Family relationship of Directors and Executives	- None -
Work experience	
2012 - Present	Member of the Nomination & Remuneration Committee, Ratchthani Leasing PLC.
2009 - Present	Independent 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
Position held in Director	- None -
Executive in other companies	- None -

List of Company's Directors, Executives Management and Company Secretary

Mrs. Naree Boontharawara, Ph.D.

Independent Director / Member of the Audit Committee

Date of Appointment	3 rd April 2018
Age(years)	65
Education / Training Record	<ul style="list-style-type: none"> ● Ph.D.in Economics University of Washington , USA ● Master Degree in Economics Thammasat University ● Bachelor Degree in Economics Thammasat University
Training & Seminar	<p><u>Thai Institute of Directors</u></p> <ul style="list-style-type: none"> ● Nomination and Remuneration Committee Program 2017 ● Advance Audit Committee Program - AACP 2016 ● Director Certificate Program (DCP) class of 197/2014 <p><u>Federation of Accounting Professions Under The Royal Patronage of His Majesty The King</u></p> <ul style="list-style-type: none"> ● Certificate Financial Planner (CFP) 2009 ● Certificate of Executive Program 2006 NIDA Wharton Certificate Program, USA ● Chief Financial Officer Certificate Program (CFO) 2004 <p><u>Thanachart Bank PLC.</u></p> <ul style="list-style-type: none"> ● Data Privacy 2019
Shareholding in the Company (%)	- None -
Family relationship of Directors and Executives	- None -
Work experience	
2018 - Present	Independent Director / Member of the Audit Committee, Ratchthani Leasing PLC.
2016 - Present	Chairman of the Investment Sub-Committee, Social Security Office, Ministry of Labor
2015 - Present	Independent Director / Chairman of the Audit Committee, Precise Corporation PLC.
1999 - 2014	Senior VP / Group Head, Asset Management Group Strategy and Finance Division, The Stock Exchange of Thailand (SET)
Position held in Director	1 company, following work experience
Executive in other companies	1 company, following work experience

List of Company's Directors, Executives Management and Company Secretary

Mr. Surapon Satimanont

Independent Director / Audit Committee

Date of Appointment	28 th July 2002
Age(years)	58
Education / Training Record	<ul style="list-style-type: none"> ● 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
Training & Seminar	<u>Thai Insittute of Directors</u> <ul style="list-style-type: none"> ● ITG class of 7/2018 ● DCP class of 40/2004 <u>Thanachart Bank PLC.</u> <ul style="list-style-type: none"> ● Data Privacy 2019 ● Anti-Corruption for Executive 2014
Shareholding in the Company (%)	13,467,470 0.36%
Family relationship of Directors and Executives	- None -
Work experience	
2018 - Present	President, S&Manont Co., Ltd.
2018 - Present	Director / Member of the Audit Committee, JSSR Group Co., Ltd.
2017 - Present	Director / Chairman of the Audit Committee, HYBRID Energy Co.,Ltd
2015 - Present	Director / Member of the Audit Committee, Sumitomo Mitsui Trust Bank (Thai) PLC.
2015 - Present	Fund Committee / Amethyst Asia Focused Fund
2007 - Present	Vice Chairman / Chariman of the Audit Committee, 2 S Metal Public Co., Ltd.
2005 - Present	Director / Chairman of Audit Committee, Baan Rock Garden PLC.
2002 - Present	Independent Director / Member of the Audit Committee, Ratchthani Leasing PLC.
Position held in Director	3 company, following work experience
Executive in other companies	4 company, following work experience

List of Company's Directors, Executives Management and Company Secretary

Mr. Khomsan Boonyoiyad

Deputy Managing Director, Hire Purchase & Marketing and Branch Administration

Age(years)	54
Education / Training Record	<ul style="list-style-type: none"> BBA Industrial Management Siam University
Training & Seminar	<u>Faculty of Commerce & Accounting Thammasat University</u> <ul style="list-style-type: none"> Executive Program
Shareholding in the Company (%)	- None -
Family relationship of Directors and Executives	- None -
Work experience	
2019 - Present	Senior Academic Committee, Thai Hire-Purchase Association
2009 - Present	Deputy Managing Director, Hire Purchase & Marketing and Branch Administration, Ratchthani Leasing PLC.
2017 - 2018	Vice President, Thai Hire-Purchase Association
2015 - 2016	Director and Secretary, Thai Hire-Purchase Association
Position held in Director	- None -
Executive in other companies	1 company, following work experience

List of Company's Directors, Executives Management and Company Secretary

Mr. Ponlaphe Sakkayapapwicharnon

Senior Assistant Managing Director, Credit Control / Company Secretary

Age(years)	49
Education / Training Record	<ul style="list-style-type: none"> ● Master of General Management, College of Management Mahidol University ● Bachelor of Business Administration, Marketing, Assumption University
Training & Seminar	<u>Thai Institute of Directors</u> <ul style="list-style-type: none"> ● SFE class of 31/2019 ● Company Secretary Forum 2019 : Role of the Company Secretary in Shaping Corporate Culture ● CSP class of 20/2006 ● EMT class of 5/2006 <u>The Thai Institute of Banking And Finance Association</u> <ul style="list-style-type: none"> ● Data Privacy Protection : Laws & Regulation 2/2562 ● Compliance Risk Management 5/2562
Shareholding in the Company (%)	10,000,043 0.26%
Family relationship of Directors and Executives	- None -
Work experience	
2018 - Present	Director, RTN Insurance Broker Co., Ltd.
2017 - Present	Senior Assistant Managing Director Credit Control, Ratchthani Leasing PLC.
2013 - Present	Company Secretary, Ratchthani Leasing PLC.
2002 - 2016	Assistant Managing Director, Credit Control, Ratchthani Leasing PLC.
Position held in Director	- None -
Executive in other companies	1 company, following work experience

List of Company's Directors, Executives Management and Company Secretary

Mr. Sootchai Viriyalappa

Assistant Managing Director, Operation Support

Age(years)	60
Education / Training Record	● Bachelor of Art (Political Science) Ramkhamhaeng University
Training & Seminar	- None -
Shareholding in the Company (%)	- None -
Family relationship of Directors and Executives	- None -
Work experience	
1991 - Dec 2019	Assistant Managing Director, Operation Support, Ratchthani Leasing PLC.
Position held in Director	- None -
Executive in other companies	- None -

Annotation : Mr.Sootchai Viriyalappa has superannuate since 31st December 2019

Mr.Jaturapat Nudaeng

Assistant Managing Director, Commercial Loans

Age(years)	54
Education / Training Record	● Diploma, Accounting, Dusit Commercial School
Training & Seminar	- None -
Shareholding in the Company (%)	1,500,000 0.04 %
Family relationship of Directors and Executives	- None -
Work experience	
2016 - Present	Assistant Managing Director, Commercial Loans, Ratchthani Leasing PLC.
2014 - 2016	Senior Manager, Commercial Loans, Ratchthani Leasing PLC.
Position held in Director	- None -
Executive in other companies	- None -

List of Company's Directors, Executives Management and Company Secretary

Ms. Unchan Srisom

Vice President of Accounting and Strategic Planning (CFO)

Age(years)	43
Education / Training Record	<ul style="list-style-type: none"> ● Bachelor of Business Administration (Accounting) Sukhothai Thammathirat University ● Bachelor of Business Administration (Finance) Rajamangala University of Technology Thanyaburi
Training & Seminar	<u>The Stock Exchange of Thailand</u> <ul style="list-style-type: none"> ● Strategic CFO in Capital Markets class of 9/2019 <u>Faculty of Commerce and Accountancy, Chulalongkorn University</u> <ul style="list-style-type: none"> ● Micro MBA Chula class of 2015
Shareholding in the Company (%)	- None -
Family relationship of Directors and Executives	- None -
Work experience	
2017- Present	Department Director: Accounting and Strategic Planning, Ratchthani Leasing PLC.
2014 - 2017	Planning & Strategy Manager, Ratchthani Leasing PLC.
2012 - 2017	Accounting Manager, Ratchthani Leasing PLC.
2010 - 2012	Assistant Accounting Manager, NCC Image Co., Ltd.
Position held in Director	- None -
Executive in other companies	- None -

Change in Shareholding of Directors and Executives Management Report in 2018 - 2019

(as of 31st December 2019)

No	Name	Position	No. of shares held as of 31 st Dec. 2019	No. of shares held as of 31 st Dec. 2018	Change in No. of shares held Increase (decrease)	% of shares held in the Company (%)
1.	Mr. Virat Chinprapinporn	Chairman / Executive Director	9,000,000	6,300,000	2,700,000	0.24
	Spouse and minor child	-	-	-	-	-
2.	Mr. Kovit Rongwattanasophon	Director / Chairman of Executive Committee / Managing Director	14,314,312	10,351,450	3,962,862	0.38
	Spouse and minor child	-	-	-	-	-
3.	Mr. Charoensook Kititti	Director	103,214,558	74,571,647	28,642,911	2.73
	Spouse and minor child	-	2,245,643	1,796,915	448,728	0.06
4.	Mr. Anuwat Luengtaweekul	Director / Nomination & Remuneration Committee	-	-	-	-
	Spouse and minor child	-	-	-	-	-
5.	Mr. Pompert Rasanon	Director / Executive Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-
6.	Mr. William George Said	Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-
7.	Mr. Thakol Nanthirapakorn,Ph.D.	Independent Director / Chairman of Audit Committee	579,693	463,755	115,938	0.02
	Spouse and minor child	-	-	-	-	-
8.	Mr. Suvit Arunanondchai	Independent Director / Audit Director / Chairman of Nomination & Remuneration Committee	-	-	-	-
	Spouse and minor child	-	-	-	-	-
9.	Mr. Varavudh Varaporn	Independent Director / Audit Director / Nomination & Remuneration Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-
10.	Mrs.Naree Boontharawara,Ph.D.	Independent Director / Audit Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-

Change in Shareholding of Directors and Executives Report in 2018 - 2019

(as of 31st December 2019)

No	Name	Position	No. of shares held as of 31 st Dec. 2019	No. of shares held as of 31 st Dec. 2018	Change in No. of shares held Increase (decrease)	% of shares held in the Company (%)
11.	Mr. Surapon Satimanont	Independent Director / Audit Director	13,467,470	9,373,976	4,093,494	0.36
	Spouse and minor child	-	-	-	-	-
12.	Mr. Khomsan Boonyoiyad	Deputy Managing Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-
13.	Mr. Ponlaphe Sakkayapapwicharnon	Senior Assistant Managing Director	10,000,043	7,500,035	2,500,008	0.26
	Spouse and minor child	-	-	-	-	-
14.	Mr. Sootchai Viriyalappa	Assistant Managing Director	-	-	-	-
	Spouse and minor child	-	-	-	-	-
15.	Mr. Jaturapat Nudaeng	Assistant Managing Director / Commercial Marketing	1,500,000	-	1,500,000	0.04
	Spouse and minor child	-	-	-	-	-
16.	Ms. Unchan Srisom	Vice President of Accounting and Strategic Planning (CFO)	-	-	-	-
	Spouse and minor child	-	-	-	-	-

Note : The number of shares change in 2019 , Partly due to the Company paid stock dividends to shareholders.

Corporate Governance

Corporate Governance Policy and Code of Conduct

The Board of Directors sees the importance of being in compliance with the Corporate Governance Code of the Stock Exchange of Thailand in order to have the Good Corporate Governance and thus assigned the entire Board of Directors to be the Corporate Governance Committee. The agenda of Board of Directors meeting must include the corporate governance issue. The Board of Directors initiated and participated in setting up and approving the Corporate Governance Policy and the Company's Code of Conduct by applying Corporate Governance Code for Listed Companies 2017: CG Code of the Securities and Exchange Commission, the criteria of risk regulation of financial business group, and the good governance of financial institutes announced by Bank of Thailand, with commitment to moral, honesty, and compliance with related laws. Such policy and code of conduct were reviewed continuously every year to be updated with the changes.

Moreover, the Company published the corporate governance policy and code of conduct on the Company website (www.ratchthani.com) to communicate to directors, executives and employees at all levels for their awareness of further details and for use as operational guidelines. The communication was also made for all stakeholders, trade partners, employees, society and regulatory agencies, to build the confidence of fair and equal treatment, to reflect the Company's good image and to increase the Company's competency within the ethical framework and social responsibility in order for the Company and society to grow with sustainability together. In 2019, the Company developed the following corporate governance activities:

- The Company considered revising the current policy and code of conduct by rewriting the principles of the old policy to be in line with the Corporate Governance Code for Listed Companies 2017: CG Code of the Securities and Exchange Commission and applying the guidelines to the Company's business conduct and environment. Some issues that could not be applied shall be explained for the reasons and be recorded for further consideration as follows:

Not applied issues	Reasons/ necessity
Independent Director can be in position consecutively for no longer than 9 years starting from the date of the first appointment or as specified by other official agencies.	The Board thought that each director joining the Company was considered as an individual of high potential, expertise, capability and judgment in decision making. His/her experiences from working with the Company gave him/her better understanding of business and be able to plan business strategy that shall bring continuous growth to the Company. Every Independent Director had complete qualification according to the independent director qualification defined by the Securities and Exchange Commission.
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 the 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.

- Every employee was required to do self-assessment in compliance with the Corporate Governance Code, Code of Conduct and Anti-Corruption. According to the assessment result, employees received the average scores of 96.33% which passed the required indicator.

Compliance with the Corporate Governance Code

Principle 1: Realize the roles and responsibilities of the Board of Directors as corporate leader who builds sustainable values to business.

Principle 1.1: Understanding and Realization of Leader's Responsibility

The Board of Directors consisted of the experts who had knowledge, ability, expertise, skills, and experiences in various professional areas, leadership and vision. They made decision independently in defining policies and business directions for the highest benefits of the Company and stakeholders. The Board of Directors realized that to sustainably create values for corporate, the corporate governance was significant for the Company so that the Company shall have good performance in consideration of long-term impact, ethical business conduct, respect of rights and responsibility for all stakeholders.

The Board of Directors carefully performed their duty of care and duty of loyalty while assuring the business operations comply with the legal requirement, regulations and shareholders' meeting resolution. They understood the scope of duty and responsibility of the Board, clearly defined the scope of assigned duty and responsibility to Managing Director and Management, and monitored them to ensure that Managing Director and Management perform their duties as assigned, for example:

Issues governed by BOD	Issues cooperated by BOD and MGT	Issues assigned to MGT by BOD
1. Define objectives, policies, goals and core ideas of the corporate in conducting business.	1. Define strategies, measures and annual business plans.	1. Execute the plans according to strategies and policies defined by the Board.
2. Supervise directors and executives to perform their duty of care and duty of loyalty for the corporate.	2. Supervise the sufficiency of the internal control system and risk management.	2. Make decision on operations, procurement, recruitment, etc. within the policy framework.
3. Supervise the business conduct to be in compliance with the law, objectives, regulations, shareholders' meeting resolution, and corporate governance code.	3. Define operational authority and budget that is appropriate to the responsibility of management.	3. Manage operations in all aspects to be in compliance with the law, official criteria, objectives, and related regulations according to the authority and budget assigned by the Board.

Principle 1.2: Corporate Governance in Creating Value to Business Sustainably.

To conduct business, the Board of Directors defined the business principles and set up the Corporate Governance Policy and Code of Conduct to be the guidelines for directors, executives and employees. The Company's directors and

executives of all levels must be the role model in complying with the defined Corporate Governance Policy and Code of Conduct.

The Compliance and Regulatory Division and the Office of Corporate Affairs and Administration have duty to publish information, create understanding and encourage all employees to comply with the Corporate Governance Policy and Code of Conduct seriously and continuously and cultivate them into a part of corporate culture operations. The result of knowledge promotion and policy compliance shall be reported to the Corporate Governance Committee and the Board of Directors in order to ensure that the Company's Corporate Governance Policy and Code of Conduct comply with the law, rules and official regulations and be in line with the business environment that keeps changing.

The Company's directors, executives and employees at all levels must understand and strictly comply with the Company's Corporate Governance Policy and Code of Conduct and endorse their commitment of compliance in all forms.

Principle 1.3: Roles of Board of Directors

The Board of Directors had roles to supervise and monitor the Company's business conduct to ensure its accordance with strategies, objectives, goals, regulations, shareholders' meeting resolutions, and corporate governance code. They shall set up the controlling system for operations, financial reporting, compliance with regulations and policies by assigning independent individuals or units to be responsible for auditing such controlling system and to have them disclosed in the annual report (which shows the details of the Board of Directors, their qualification, and scope of their authority in Management Structure chapter.)

Principle 2: Define Objectives and Key Goals for Business Sustainability

Principle 2.1: Objectives and main goals to looking after stakeholder

The Company gives importance to the rights of all groups of stakeholders, both the legal rights and the agreed rights done with society, community and environment. The Company realizes that the good relationship and cooperation from stakeholders can build the competency and added value to the Company, which means the long-term success. The key details are as follow:

2.1 Shareholders The Company is committed to conduct business for the good performance and sustainable growth for the consistent and appropriate return to shareholders and the long-term added value of the Company. Thus, the Company realizes the importance of the risk management, the good internal control system, the competency creation, the information disclosure which is correct, complete, timely and transparent. The Company also provides convenience to shareholders in fully exercising their rights and treats shareholders equally under the corporate governance code continuously.

2.2 Debtors The Company strictly complies with agreements and obligations with debtors, including purpose of using money, payout debts, and other agreements done with debtors. The Company shall disclose the information and report the financial status to debtors accurately, completely and sufficiently. The Company also defines the capital management strategy to prevent the Company from the lack of liquidity and to get ready to pay back to debtors within the due date consistently.

2.3 Committees and Executives are the experts who have skills and various experiences and can use their judgment independently, have leadership to define strategies, directions, policies, goals and missions of the Company to lead executives and employees to the same goals and directions and to monitor them for the strategy execution. The

Company's committees and executives manage risks to the appropriate level within the legal framework, objectives and shareholders' meeting resolutions with honesty, caution in consideration of the highest benefits of the Company. They are responsible for shareholders and all stakeholders. The performance evaluation for the committees was set to endorse their efficiency, effectiveness, transparency and auditability. Their performance evaluation result shall be used to define their remuneration that justifies their responsibilities and motivate them to lead the corporate to achieve the short-term and long-term goals.

2.4 Employees are valuable and are the key drivers to business. The Company realizes that and supports the training and development programs to all employees continuously and regularly. Moreover, the Company provides equitable treatment, appropriate and fair remuneration and welfare to employees. The Company provides the annual health checkup, provident funds to promote employee's saving for their insurance after retirement, and the good workplace with regard to employee's safety and efficiency.

2.5 Customers The Company is committed to willingly provide services to customers, to meet customers' demand with equitable, fair and attentive services which have high quality, meet standards, are fast and punctual and can keep customers' secrets unless required for disclosure by law or permitted in written by customers. The information technology is used as support to creating highest customers' satisfaction.

2.6 Trade Partners The Company defined the clear policy and practices for procurement and conduct business according to the conditions made with trade partners with honesty. The Company's procurement procedure was transparent, without corruption and auditable. The trade partner assessment and selection were done on the fair and open competition basis. Every trade partner shall receive equitable treatment. The trade partner assessment and selection considers their quality, price, service and creditability as key factors, in addition to their legal business conduct and ethical standards.

2.7 Auditors must have expertise and experience in audit with efficiency, can work independently and have responsibility to shareholders when reflecting the audit result of the Company's financial status and business performance in the real picture based on the accounting standard and legal requirement. The shareholders' meeting shall appoint auditors and define audit fees that justify the appropriateness, scope of duty, and competitiveness compared with other companies in the same industry and same size.

2.8 Trade Competitors The Company treats its trade competitors on the ethical and transparent basis and conducts business with respect to the rules and legal framework, with honesty and responsibility. The Company shall not accuse or destroy competitors and shall not seek for competitor's secrets with dishonest or inappropriate method. The Company shall respect the intellectual property rights of others and be careful not to violate such rights so that every party shall receive the fair treatment in business.

2.9 Society and Environment The Company conducts business with regard to society and environment and complies with law and regulations as to be fair for the society. The Company considers the responsibility and realizes the values and importance of doing good deeds for social benefits and environmental saving. The Company focuses on creating responsibility in the main process of business and supports the social activities as a part of community development to get employees participate in the society and community development.

2.10 Governmental Sector The Company conducts business legally and complies with the official regulations and relevant regulatory agencies. The Company shall cooperate in complying with governmental policy, shall not involve with or

conduct business with any illegal corporate or individuals and shall not operate any action leading to corruption directly and indirectly.

In addition, the Company established the channels to receive customer's complaints or comments in order to take them into consideration in the Company development and the channels for stakeholders to inform or complain when their rights were violated, such as the Company website (www.ratchthani.com), customer service Call Center, E-mail (callcenter@thani.co.th), etc. The department in charge will follow up with the complaints and inform back to customer or complainant and shall take such complaints into account when considering the Company's service improvement in order to meet customer's demand and create highest customer satisfaction.

Principle 2.2: Define Objectives and Goals of Business for Sustainable Growth

The Board of Directors supervises to ensure that business objectives, goals and strategies in medium term and/or annually shall be in accordance with the achievement of business main objectives and goals with the following actions:

1. Take into account the environmental factors of business, opportunities and acceptable risks, and analyze environment, factors and risks that could have effect on relevant stakeholders by using mechanics that create true understanding of shareholders' need.
2. Support the creation or review of 3-5 year medium-term objectives, goals and strategies.
3. Supervise the promotion of creating innovation and technology to build competitiveness and meet stakeholders' demand appropriately and safely on the social and environmental responsibility basis.
4. The defined goals must be suitable for business environment and business potential and shall be set in the form of cash and non-cash. In addition, the Company should be aware of the risk of goal setting that could lead to illegal or unethical behaviors.
5. Supervise to ensure that objectives and goals shall be conveyed through strategies and action plans to the entire corporate.
6. Supervise to ensure the proper resource allocation and operational control and to follow up on the execution of strategies and yearly operational plans.

Principle 3: Strengthen Effective Board

Principle 3.1: Board of Directors and Sub-Committees Structure

The Company defined the number of directors in accordance with legal regulations and corporate governance code of the Stock Exchange of Thailand and the appropriateness of the type, size and complexity of business in order to support the Board for their efficient performing. The details are as follow:

Status	Executive Directors	Non-executive Directors	Audit Directors
Directors representing shareholders	2	5	-
Independent Directors	-	5	5

The Company currently has 12 Directors in total, consisting of 5 Audit Directors who are Independent Directors, accounted for 41.66% of the whole committee, and 5 Non-Executive Directors who represent shareholders, accounted for 41.66% of the whole committee. So the Company has 10 Non-Executive Directors, accounted for 83.33% of the whole committee. Moreover, the Company appointed Company Directors for efficient administration and creating a counterbalance mechanism, not letting any sole individual or group take the sole decision-making authority. The structure of management is clearly shown in Management Structure chapter which includes the chain of command of each division, the decentralization of administration and decision making power into each division in the Company as deemed appropriate in order to avoid centralizing power on Managing Director only.

Qualification of Director

1. Have knowledge, skills, and various experiences that could support the Company's business and have talents that bring benefits to and are in accordance with the Company's business conduct. There must be at least one director who has knowledge or experience in information technology and at least one of independent director or non-executive director who has experience relevant to the Company business regardless of gender restriction.
2. Have no characteristics that are prohibited by law or relevant regulations.

Directors who are executives

Directors who are Executives take roles in business administration and supervising the management to comply with the Board of Directors' Policies. The number of executive directors shall not be over half of total directors.

Sub-committee

Executive Committee

As of 31st December 2019, the Company has 3 Executive Directors as follows:

No.	Name	Position
1	Mr. Kovit Rongwattanasophon	Chairman of Executive Committee
2	Mr. Virat Chinprapinporn	Executive Director
3	Mr. Pompert Rasanon	Executive Director

Miss Varaporn Tanrin is the Executive Committee Secretary.

Note: Changes in 2019

- Mr. Praphan Anupongongarch resigned from the Company's Director/ Executive Director, effective on 1st January 2019. The Board of Directors meeting no. 1/2019 held on 18th February 2019 had a resolution to appoint Mr. Pompert Rasanon to be the Company's Director/ Executive Director, in place of Mr. Praphan Anupongongarch, effective from 18th February 2019 onwards.
- Mr. Nakarin Anantachina resigned from the Company's Director/ Executive Director, effective on 1st July 2019.

Scope of Authority of Executive Committee

1. Manage the Company operations in accordance with objectives, regulations, shareholders' meeting resolution and Board of Directors meeting resolution, under the law, rules, and regulations of official agencies and relevant regulatory agencies.
2. Consider and approve the Company's credit limit, general expenses that are not yet defined by management policy, property procurement and sales that are not normal or are not yet defined by management and report to the Board of Directors if they are beyond scope of authority and/or approved budget.
3. Consider and approve the risk management guideline, scope of decision making authority and business continuity management of the Company.
4. Manage liquidity and interest rates.
5. Consider and screen policies, strategies, business plans, annual budget, including any issues that cause significant change to the Company after implementation, any issues that the Executive Committee deems appropriate to propose for approval on a per-item basis or according to the defined criteria, such as credit limit approval, etc., before proposing to the Board of Directors for approval.
6. Consider and approve the issues of human resource management, such as annual bonus payment, annual salary increase for employees, etc.
7. Consider and approve measures, regulations, working procedures, improvement or changes in rules and regulations in business conducting of the Company, including closely monitoring and evaluating operating performance according to the policy defined by the Company, to propose to the Board of Directors for policy revision as deemed appropriate.
8. Have authority to consider and order the management to proceed to any activities that are beneficial to the Company and do not go against the law.
9. Have authority to authorize any director or many directors in the Executive Committee or any individual for any operation under the control of the Executive Committee or as the Executive Committee deemed appropriate and within the period defined by the Executive Committee. The Executive Committee can cancel or change the authorization given to the individual during any period as deemed appropriate.
10. Perform any duties authorized by the Board of Directors. Such authorization to Executive Committee must be under the rules of law, regulations of the Company and related law. Any transaction, in which an Executive Director or an individual may have conflict of interest with the Company or its subsidiaries and which is not a normal business transaction nor according to trade conditions, shall not be approved by such Executive Director. Such transaction must be reported to the Board of Directors for acknowledgement in accordance with the rules and regulations of the Stock Exchange of Thailand.

Audit Committee

As of 31st December 2019, the Company's Audit Committee had 5 Directors, consisting of:

No.	Name	Position
1	Mr. Thakol Nanthirapakorn, Ph.D.	Chairman of Audit Committee
2	Mr. Suvit Arunanondchai	Audit Director

No.	Name	Position
3	Mr. Varavudh Varaporn	Audit Director
4	Mr. Surapon Satimanont	Audit Director
5	Mrs. Naree Boontherawara, Ph.D.	Audit Director

Ms. Varaporn Tanrin is the Audit Committee Secretary.

Qualification of Audit Director

1. The Audit Committee consists of Independent Directors appointed by the Board of Directors or shareholders' meeting. One Audit Director shall be appointed as the Chairman of Audit Committee.
2. Audit Director shall not be assigned by the Board of Directors to make decision in business operation of the Company, subsidiary company, associated company, same-level subsidiary company, and shall not be a major shareholder or authorized person 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 consist of at least 3 directors and must have at least one director graduated from Accounting and/or Finance with sufficient knowledge and experiences to review the reliability of financial statements.
5. Audit Committee must also have other qualifications defined by the Securities and Exchange Commission. In addition to the qualifications and specific elements of audit committee, the Audit Committee shall have qualifications and elements as Independent Directors.

Independent Director

Independent Director not only has a role and duty like other directors in the Board of Directors but also has a role and duty in maintaining independence in providing opinion or advice in order to keep the interest of all stakeholders without being influenced by any party.

The Company has 5 Independent Directors who shall hold the meetings among themselves, without the presence of Executives or any other individuals who may relate to the Company or may not maintain their neutrality in the meeting, before the Board of Directors meeting. The objective is to study the meeting agenda and to define the recommendations before proposing to the Board in order to improve the administrative management and business operation to bring development and efficiency to corporate and benefits to all stakeholders.

Qualification of Independent Director

1. Independent Director shall hold no more than 0.5% of total shares with voting rights of the Company, parent company, subsidiary company, associated company, major shareholders, or regulator of the Company, including the shareholding of a person related to such Independent Director.
2. Independent Director neither is nor was a director involved in administration, employee, regularly paid consultant or regulator of the Company, parent company, subsidiary company, associated company, same-level subsidiary company, major shareholder or regulator of the Company, unless he/she is free from such position for at least 2 years before the appointment date.

3. Independent Director does not have relationship by blood or by legal registration as a parent, spouse, brother/sister, child and spouse, of any executive, major shareholder, regulator or individual being proposed to be executive or regulator of the Company or subsidiary company.
4. Independent Director neither has nor had business relationship with the Company, parent company, subsidiary company, associated company, major shareholder or regulator of the Company and is not or was not significant shareholder or regulator of an individual who has business relationship with the Company, parent company, subsidiary company, associated company, major shareholder or regulator of the Company, unless he/she is free from such position for at least 2 years before the appointment date.
5. Independent Director neither is nor was an auditor of the Company, parent company, subsidiary company, associated company, major shareholder or regulator of the Company and is not a significant shareholder, regulator or partner of the audit company of which auditor of the Company, parent company, subsidiary company, associated company, major shareholder or regulator of the Company is affiliated with unless he/she is free from such position for at least 2 years before the appointment date.
6. Independent Director neither is nor was a service provider of any profession, including legal counselor or financial consultant which receives service fees for over two million Baht per year from the Company, parent company, subsidiary company, associated company, major shareholder or regulator of the Company and is not a significant shareholder, regulator or partner of such professional service provider unless he/she is free from such position for at least 2 years before the appointment date.
7. Independent Director is not a director appointed as a representative of the Company's Director, major shareholder, or any shareholder related to major shareholder.
8. Independent Director shall not conduct business of the same characteristics as and significantly competitive to the business of the Company or subsidiary company. Independent Director shall not be a significant partner in the partnership or director involved in administration, employee, staff, consult receiving a regular salary or shareholder with over 1% of total shares with voting rights of any company in the same business industry and significantly competitive to the Company and its subsidiary company.
9. Independent Director does not have any aspects that prevent him/her from giving opinion independently on the Company's business.

Scope of Authority of Audit Committee

1. Financial Statement

- Review financial statement and consider the completeness of information acknowledged by the Audit Committee and assess the appropriateness of the accounting standards used in financial statement.
- Review the significant issues of accounting and financial statement including the complex or unusual transactions and the transactions that need judgment.
- Inquire Management and auditor about the audit result, the significant risks about financial report and the plan to reduce such risks.
- Review the efficiency of the internal control on financial statement preparation process.

2. Internal Control

- Review if the management has defined the internal control of the information technology properly and the guideline to communicate the significance of internal control and the risk management to the entire company, including the Anti-Corruption Measure.
- Review to assure that the recommendation on the internal control by internal auditors and auditors has been implemented by the management.

3. Internal Audit

- Review and approve the Internal Audit Charter, year plan, human resource and resource necessary for operations.
- Review activities and performance of Internal Audit to be assured that internal auditors can work independently.
- Review the effectiveness of Internal Audit performance to see if they comply with the Internal Audit Standards.
- Consider and approve the nomination, appointment, dismissal, transfer or termination of internal auditors.

4. Auditor

- Consider the nomination and dismissal of the Company's auditors, propose the remuneration of auditors to the Board of Directors in order to ask for the appointment from the Annual General Meeting of Shareholders, and evaluate the auditor's performance every year.
- Meet with auditors without management for at least once a year.

5. Compliance with Regulations

- Consider business conduct of the Company to be in accordance with the law and relevant regulations and regularly review the changes proposed by management department.
- Consider business conduct of the Company to be in accordance with the law and regulations related to Anti-Corruption regularly.
- Review the findings or notices of the regulatory unit by internal auditors, monitor the results and report to the Board of Directors.

- Review the effectiveness of the monitoring system on the compliance with law and regulation and on the results of incompliance case via internal auditors.

6. Risk Management

- Review the sufficiency of the policy and duty regulation concerning risk management of the Company.
- Review the efficiency of the Company's risk management and the risk management from Anti-Corruption.

7. Other Responsibilities

- Perform other duties as assigned by the Board of Directors.

Nomination and Remuneration Committee

As of 31st December 2019, the Company's Nomination and Remuneration Committee consisted of 3 Directors:

No.	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 Chaipatanapruk is the Nomination and Remuneration Committee Secretary.

Scope of Authority of Nomination and Remuneration Committee

1. Nomination

- Define policy, criteria and method of nomination for the Board of Directors consideration and approval.
- Select and propose the qualified candidates for various positions to the Board of Directors for approval.
- Supervise the committees to ensure that their size and components are suitable to the corporate and should there be any change needed, it shall be in accordance with the changing environment. The Board of Directors and Committees must consist of knowledgeable and talented individuals who have right skills for their positions.
- Prepare the succession plan for Managing Director and Senior Executives for the Company's business continuity.
- Consider and review the Board Skill Matrix to review the structure, components, and expertise of the Board of Directors and Committees and to be used for consideration of the Director nomination and to see the necessity of the absent components to the committees.

2. Remuneration

- Define the policy and criteria for the determination of remuneration and other benefits of the Company's Directors, Committee's Directors and Managing Director to propose to the Board of Directors for approval.
- Supervise to ensure that the Company's Directors, Committee's Directors and Managing Director receive the remuneration that justifies their duty, responsibility and performance.

- Define the performance evaluation indicators of Managing Director for consideration on annual adjustment of compensation (salary increase, bonus, other compensation) and propose to the Board of Directors for approval.
- Review the remuneration and other benefits structure of the Company's Directors, Committee's Directors and Managing Director to justify their duty and responsibility and in line with market situation.

3. Others

- Consider other issues as assigned by the Board of Directors.

Corporate Governance Committee

As of 31st December 2019, the Company's Corporate Governance Committee consisted of 11 Directors:

No.	Name	Position
1	Mr. Virat Chinprapinporn	Chairman of 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. Pompert Rasanon	Corporate Governance Director
6	Mr. William George Said	Corporate Governance Director
7	Mr. Thakol Nanthirapakorn, Ph.D.	Corporate Governance Director
8	Mr. Suvit Arunanondchai	Corporate Governance Director
9	Mr. Varavudh Varaporn	Corporate Governance Director
10	Mr. Surapon Satimanont	Corporate Governance Director
11	Mrs. Naree Boontharawara, Ph.D.	Corporate Governance Director

Mr. Ponlaphe Sakkayapapwicharnon is the Corporate Governance Committee Secretary.

Note: Changes in 2019

- Mr. Praphan Anupongongarch resigned from the Company's Director/ Executive Director, effective on 1st January 2019. The Board of Directors meeting no. 1/2019 held on 18th February 2019 had a resolution to appoint Mr. Pompert Rasanon to be the Company's Director/ Executive Director, in place of Mr. Praphan Anupongongarch, effective from 18th February 2019 onwards.
- Mr. Ekasith Saktanakorn resigned from the Company's Director effective on 7th May 2019. The Board of Directors meeting no. 2/2019 held on 7th May 2019 had a resolution to appoint Mr. William George Said to be the Company's Director, in place of Mr. Ekasith Saktanakorn, effective from 7th May 2019 onwards.
- Mr. Nakarin Anantachina resigned from the Company's Director/ Executive Director, effective on 1st July 2019.

Scope of Authority of Corporate Governance Committee

1. Define policy and practices of the Company's Corporate Governance.
2. Examine and suggest the Company's Corporate Governance Code to the Board of Directors to encourage the implementation of Corporate Governance according to the Stock Exchange of Thailand.
3. Consider and screen the Corporate Governance Policy, Company's Code of Conduct and regularly update the significant issues in the policy to be modern and international. Define the practice guideline in accordance with the defined code of conduct to propose to the Board of Directors for approval.
4. Appoint working team to facilitate the operations as deemed appropriate.
5. Perform other duties as assigned by the Board of Directors.

Risk Management Committee

Since the Executive Committee of the Company has duty to control, supervise and screen the Company's transactions, in performing such duty the Executive Committee needs to consider the risks in various aspects relating to business. Thus, the Board of Directors assigned the Executive Committee to perform another duty as the Risk Management Committee. As of 31st December 2019, the Company's Risk Management Committee had 3 Directors as follows:

No.	Name	Position
1	Mr. Kovit Rongwattanasophon	Chairman of Risk Management Committee
2	Mr. Virat Chinprapinporn	Risk Management Director
3	Mr. Pompert Rasanon	Risk Management Director

Mr. Kunjanart Siva is the Risk Management Committee Secretary.

Note: Changes in 2019

- Mr. Praphan Anupongongarch resigned from the Company's Director/ Executive Director, effective on 1st January 2019. The Board of Directors meeting no. 1/2019 held on 18th February 2019 had a resolution to appoint Mr. Pompert Rasanon to be the Company's Director/ Executive Director, in place of Mr. Praphan Anupongongarch, effective from 18th February 2019 onwards.
- Mr. Nakarin Anantachina resigned from the Company's Director/ Executive Director, effective on 1st July 2019.

Scope of Authority of Risk Management Committee

1. Consider the Company's Risk Management Policy and the acceptable level of risks before proposing to the Executive Committee and Board of Directors for approval.
2. Assess both internal and external factors that could significantly affect the Company's business and use such information to improve the Risk Management measures.
3. Define measures to manage risk properly in the internal and external situation to avoid any potential damages in the future.

4. Consider the overall risks to assess whether the current measures used to manage risks are appropriate and practical with efficiency.
5. Consider to approve the appropriate and credible tools or guidelines to measure and assess risks.

Principle 3.2: Selection of Chairman of the Board

Chairman of the Board shall not be the same person as Managing Director to clearly separate the duty in policy defining, regulating and routine management. The scope of authority is as follows:

Scope of Authority of Chairman of the Board

1. Have authority to order, plan and manage the Company's operations to be in accordance with the policy defined by the Board of Directors.
2. Have authority to appoint and administrate the committees for the benefits and efficiency of good and transparent management.
3. Have authority to consider and determine the wage rate, compensation and bonus of executives and employees.
4. Establish the corporate structure and management to cover all details of the selection, training, employment and termination of the Company's employees.
5. Have authority to consider and determine the employee welfares which are suitable to the situation, tradition and effective law.
6. Closely monitor and evaluate operation and business performance according to the policy of the Board, including considering to propose the revision of policy to the Board as deemed appropriate.
7. Perform other duties periodically assigned by the Board of Directors.

Such authorization to Chairman of the Board excludes the authorization that can make the Chairman approve the transactions that may have conflicts of interest or may have conflicts of interest in any other way with the Company. Any connected transactions must be approved by shareholders, including the acquisition or disposition of significant assets of the Company, in order to be in accordance with the requirement of the Stock Exchange of Thailand.

Scope of Authority of Managing Director

1. Define mission, objective, direction and policy of the Company and regulate the overall operations.
2. Have authority to employ, appoint, demote, dismiss layoff and determine the wage rate of all employees in the Company.
3. Have authority to issue order, regulations, announcement, and memorandum to reinforce operations to comply with the Company's policy and interests and to keep the corporate discipline.
4. Conduct business related to the Company's general administration.

Moreover, Managing Director or an individual authorized by Managing Director does not have authority to conduct any business in or related to the connected transactions, the acquisition or disposition of significant assets of the Company and/or the transactions or issues that an individual may have conflicts of interest or may have conflicts of interest in any other way with the Company and subsidiary companies (if any). In such cases, such

transactions or issues shall be proposed to the Audit Committee for their comments and to the Board of Directors and/or shareholders' meeting (as the case may be) for approval.

Principle 3.3: Nomination and Selection of Directors

Nomination of Board of Directors and Sub-Committees

The Company's Nomination and Remuneration Committee has duty to select and nominate individuals who are qualified for the Company's Directors and to consider and determine the remuneration and propose to Board of Directors for approval and to shareholders' meeting for approval.

■ Board of Directors

The Company's Board of Directors has at least 5 Directors appointed by shareholders' meeting with the criteria and method of one share equals one vote. Shareholder's votes equal his/her number of shares held. Each shareholder can use up the votes for an individual or many individuals for Directors but cannot split the votes for anyone unequally. The individuals who receive the highest votes in descending order shall be elected to be Directors, depending on the number of Directors to be elected at that time. In the case that the individuals elected in the next order receive equal votes and they exceed the number of Directors to be elected at that time, the Chairman of the meeting shall be the arbitrator. Other cases than this shall comply with the Company's rules. The appointment of Directors can occur in 2 cases:

- 1) Appoint Director to replace Director who retires by rotation and must be approved by shareholders' meeting resolution.
- 2) Appoint Director during the term due to the vacant position. The approval shall be considered based on the proposal of the Nomination and Remuneration Committee.

Independent Director shall have qualification in accordance with the regulations of the Securities and Exchange Commission or related government agencies.

■ Executive Committee

The Board of Directors appoints the Executive Committee which consists of Directors who are executives or Directors from major shareholders. The Executive Committee reports to the Board of Directors directly. The Board of Directors appoints a number of Directors as deemed appropriate to be the Executive Committee and appoints Managing Director to be Chairman of the Executive Committee. The Executive Committee's duty is to regulate business as assigned by the Board of Directors.

■ Audit Committee

The Board of Directors appoints the Audit Committee to regulate business of the Company. The Board of Directors meeting approves the establishment of the Audit Committee and approves the appointment of Independent Directors to be Audit Directors. The Audit Committee is the significant tool of the Board of Directors in regulating business to achieve the correct and transparent standards, to be in accordance with official regulations, to have good internal control, to have credible reporting system and to bring benefits to all parties involved. The Board of Directors shall appoint at least 3 Directors, who have qualifications as required by official regulatory agencies, to perform as the Audit Committee with the scope of authority as assigned by the Board of Directors and with full independence in their work. They shall report directly to the Board of Directors.

■ **Nomination and Remuneration Committee**

The Board of Directors approved the appointment of the Nomination and Remuneration Committee to help propose the policy, format and criteria of the nomination and remuneration of Directors, Committee's Directors and Managing Director so that the nomination and remuneration shall be in accordance with the Corporate Governance Code and the corporate vision, mission and values. The Board of Directors shall consider appointing at least 3 Directors who are not executives to perform as the Nomination and Remuneration Committee and report directly to the Board of Directors.

■ **Corporate Governance Committee**

The Board of Directors realizes the importance of the corporate governance. In order to have the good governance system according to the good practices of the listed companies and to disclose the information of corporate governance practices in the annual report, the Company deemed it appropriate to appoint the entire Board to be the Corporate Governance Committee. In every Board of Directors meeting, the corporate governance issue shall be included in the agenda.

■ **Risk Management Committee**

The Board of Directors appointed the Risk Management Committee to perform the duty of defining the Risk Management Policy for the entire corporate and propose to the Board of Directors for approval. The Risk Management Committee shall regulate the management to comply with the policy and report to the Committee regularly. The Risk Management Committee shall review the system or evaluate the effectiveness of risk management at least once a year and in every period when it is found that the risk level is changing. The early warning signal and the report of all irregularities shall be considered significant as well.

In addition to the selection criteria of Director and the independence to give opinion according to the duty and category of each Director, the Company also considers the knowledge, skills, and performance in the past as shown in 2019 Skills Matrix as follows:

Knowledge and Expertise	Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	Corporate Governance Committee	Risk Management Committee
Financial business	✓	✓	✓	✓	✓	✓
Accounting or finance knowledge	✓	✓	✓	✓		✓
Risk Management	✓	✓	✓	✓		✓
Corporate management	✓	✓		✓	✓	✓
Human resources management	✓	✓		✓		
Vision and strategy defining	✓	✓				✓
Audit and Internal Control expertise	✓	✓	✓			✓
Information Technology	✓	✓	✓			✓
Law	✓	✓			✓	
Marketing	✓	✓				✓
Corporate Governance and Social Responsibility knowledge	✓	✓	✓	✓	✓	✓

Principle 3.4: Remuneration of Directors

The Nomination and Remuneration Committee reviewed the remuneration of the Company's Directors and Committees by considering the duty and responsibility of Directors compared with the remuneration rate of Directors in the same industry to motivate the Board of Directors in leading the corporate to achieve its short-term and long-term goals. The reviewed remuneration was proposed to Board of Directors for approval from the 2019 Annual General Meeting of Shareholders held in April 2019 as following details:

1. Monthly compensation and meeting allowance are not over than 4,000,000 Baht in total

Committee	Position	2019		2018
		Monthly Compensation ⁽¹⁾ (per month/ per person)	Meeting Allowance (per meeting/ per person)	Meeting Allowance (per meeting/ per person)
Board of Directors	Chairman	12,000	30,000	30,000
	Director	10,000	25,000	25,000
Audit Committee	Chairman	12,000	30,000	30,000
	Director	-	25,000	25,000

Committee	Position	2019		2018
		Monthly Compensation ⁽¹⁾ (per month/ per person)	Meeting Allowance (per meeting/ per person)	Meeting Allowance (per meeting/ per person)
Nomination and Remuneration Committee	Chairman	-	30,000	30,000
	Director	-	25,000	25,000
Executive Committee ⁽²⁾	Chairman	-	-	-
	Director	-	10,000	10,000
Risk Management Committee	Chairman	-	-	-
	Director	-	-	-
Other benefits		- none -		- none -

Note: ⁽¹⁾ The 2019 Annual General Meeting of Shareholders had resolution to approve the monthly payment of remuneration, effective from 2nd April 2019 onwards.

⁽²⁾ The remuneration of Executive Committee included the meeting allowance to Directors who are not Executives only.

2. The remuneration in pension for Directors was 0.5% of dividend paid in cash to shareholders. Net profits of 2018 were 4,379,411.34 Baht in total.

Board of Directors	2019	2018
remuneration in pension	0.5% of dividend paid in cash to shareholders for 2018 net profits	0.5% of dividend paid in cash to shareholders for 2017 net profits

Principle 3.5: Performing Duty and Time Management

The Company requires at least 6 Board of Directors meetings per year and extraordinary meeting as necessary. The Company Secretary shall prepare the invitation letter, meeting agenda and relevant documents and send them to Directors at least 7 working days before the meeting date so that the Board shall have enough time to study before attending the meeting. The schedule of Board of Directors meetings and Committee meetings is set in advance each year and shall be informed to each Director for his/her acknowledgement and time management to attend the meetings. The meeting attendance of each Director of each Committee in 2019 is as follows:

Directors	Board of Directors	Audit Committee	Nomination & Remuneration Committee	Executive Committee	Risk Management Committee	Corporate Governance Committee
	(Total 6 times)	(Total 4 times)	(Total 3 times)	(Total 12 times)	(Total 12 times)	(Total 6 times)
Mr. Virat Chinprapinporn	6 / 6	-	-	12 / 12	12 / 12	6 / 6
Mr. Charoensook Kititti	6 / 6	-	-	-	-	6 / 6
Mr. Kovit Rongwattanasophon	6 / 6	-	-	12 / 12	12 / 12	6 / 6
Mr. Anuwat Luengtaweekul	6 / 6	-	3 / 3	-	-	6 / 6
Mr. Pompert Rasanon	4 / 5	-	-	8 / 10	8 / 10	4 / 5
Mr. William George Said	3 / 4	-	-	-	-	3 / 4
Mr. Thakol Nanthirapakorn, Ph.D.	5 / 6	4 / 4	-	-	-	5 / 6
Mr. Suvit Arunanondchai	6 / 6	4 / 4	3 / 3	-	-	6 / 6
Mr. Varavudh Varaporn	6 / 6	4 / 4	3 / 3	-	-	6 / 6
Mrs. Naree Boontharawara, Ph.D.	5 / 6	4 / 4	-	-	-	5 / 6
Mr. Surapon Satimanont	6 / 6	4 / 4	-	-	-	6 / 6
<u>Directors retired from position in 2019</u>						
Mr. Nakarin Anantachina	2 / 2	-	-	5 / 6	5 / 6	2 / 2
Mr. Ekasith Saktanakorn	2 / 2	-	-	-	-	2 / 2

Note: Changes in 2019

- Mr. Praphan Anupongongarch resigned from the Company's Director/ Executive Director, effective on 1st January 2019. The Board of Directors meeting no. 1/2019 held on 18th February 2019 had a resolution to appoint Mr. Pompert Rasanon to be the Company's Director/ Executive Director, in place of Mr. Praphan Anupongongarch, effective from 18th February 2019 onwards.
- Mr. Ekasith Saktanakorn resigned from the Company's Director effective on 7th May 2019. The Board of Directors meeting no. 2/2019 held on 7th May 2019 had a resolution to appoint Mr. William George Said to be the Company's Director, in place of Mr. Ekasith Saktanakorn, effective from 7th May 2019 onwards.
- Mr. Nakarin Anantachina resigned from the Company's Director/ Executive Director, effective on 1st July 2019.

Principle 3.6: Supervision of Subsidiary Companies and Other Invested Businesses

The Board of Directors supervises subsidiary companies to keep the framework and mechanism of operations at the appropriate level in order to protect the interests of the Company's investment. The Board shall consider the appropriateness and appoint an individual to be Director or Executive or authorized person in such company.

The appointed individual to be Director, Executive or authorized person in a subsidiary company shall supervise the subsidiary company's operations to be in accordance with the Company's policy and to have the appropriate and

concise internal control system. All transactions need to follow the law and relevant regulations. The report and disclosure of operational status information and significant transactions shall be reported to the Company completely and sufficiently.

Principle 3.7: Performance Evaluation

The Company arranged self-evaluation for the Board of Directors and Committees every year in order to reflect the efficiency of their working performance according to the Corporate Governance Code. In 2019, there were 4 groups of evaluation: performance evaluation of the entire Board, performance evaluation of the board by individual (self-evaluation), performance evaluation of the board by individual (cross-evaluation), and performance evaluation of entire committee. The Board shall consider, review and further improve such evaluations with the performance evaluation process of entire Board, individual and entire committee as follows:

1. The Company Secretary prepares the self-evaluation form by adapting the guidelines of the Thai Institute of Directors Association and the Stock Exchange of Thailand to fit the Company which shall cover the role, duty and responsibility of the Board of Directors in every aspect. The Board is required to do self-evaluation.
2. The Company Secretary summarizes the evaluation results of entire board, individuals and entire committees.
3. The Company Secretary reports the performance evaluation results of entire board, individuals, and entire committees to the Board of Directors in order to improve the operations to be more efficient.

Criteria for performance evaluation of entire board, individuals and entire committees are as follows:

1. Performance evaluation of entire board of directors includes 6 topics: 1) Structure and qualification of the board, 2) Role, duty and responsibility of the board, 3) Meetings of the board, 4) Duty performance of Directors, 5) Relationship with management, and 6) Self-development of Directors and development of Executives.
2. Performance evaluation of the board by individual (self-evaluation and cross-evaluation) includes 3 main topics: 1) Structure and qualification of the board, 2) Meetings of the board, 3) Role, duty and responsibility of the board.
3. Performance evaluation of entire committees includes 6 main topics: 1) Structure and qualification of committees, 2) Role, duty and responsibility of committees, 3) Meetings of committee, 4) Duty performance of committee, 5) Relationship with management, and 6) Self-development of committees.

The scores range is 0-4 from *Strongly disagree or No action on that topic* to *Strongly agree or Excellent action on that topic*. In 2019, the result of each performance evaluation is as follows:

Evaluation form	Average score (4 full score)	%
Performance evaluation form of entire board	3.85	96.29
Performance evaluation form of entire board (by individual: self-evaluation)	3.90	97.47
Performance evaluation form of entire board (by individual: cross-evaluation)	3.93	98.44
Performance evaluation form of entire committee (Audit Committee)	3.98	99.45
Performance evaluation form of entire committee (Nomination and Remuneration Committee)	3.98	99.45

Performance Evaluation of Managing Director

The Company requires performance evaluation of Managing Director once a year, from January to December of each year. The Nomination and Remuneration Committee defines the criteria of consideration and performance evaluation by using Key Performance Indicator: KPI that is set according to strategies and goals of each year and by their ability to manage. However, the result of performance evaluation of Managing Director is confidential and shall not be disclosed.

Principles 3.8: Skill and Knowledge Enhancement

The Board of Directors has a policy to promote and support the Board of Directors, Executives, Company Secretary and persons relating to the Company's corporate governance to participate in the training and seminar about the role, duty and responsibility according to the corporate governance guidelines, conducted by IOD: Thai Institute of Directors, the Stock Exchange of Thailand or independent organizations, in order to strengthen their skills and knowledge to further improve the efficiency of their performance. Every member of the Board of Directors has passed the training program relevant to Duties of Directors, conducted by IOD: Thai Institute of Directors.

In 2019, Directors, Executives, Company Secretary and Company Assistant Secretary participated in the training programs or seminars to enhance their operational knowledge and to continuously develop knowledge as follows:

Company Directors

No.	Name – Last name	Position	Training/ seminar program	Institution
1	Mr. Virat Chinprapinporn	Chairman / Executive Director	TOP EDECUTIGE PROGRAM FOR CREATIVE & AMAZING THAI SERVICES, class of 1/2019 (ToPCATS)	University of the Thai Chamber of Commerce
2	Mr. Kovit Rongwattanasophon	Director/ Managing Director/ Executive Director	Top Executive Program in Commerce and Trade, class of 12/2019 (TEPCoT 12)	Institute of Trade Science, University of the Thai Chamber of Commerce
3	Mr. Nakarin Anantachina	Director/ Executive Director	Director Accreditation Program (DAP) class of 157/2019	Thai Institute of Directors (IOD)
			Director Certification Program (DCP) class of 279/2019	Thai Institute of Directors (IOD)
4	Mr. Pompet Rasanon	Director/ Executive Director	Director Accreditation Program (DAP) class of 162/2019	Thai Institute of Directors (IOD)
5	Mr. Ekasith Saktanakorn	Director	Director Certification Program (DCP) class of 272/2019	Thai Institute of Directors (IOD)
6	Mr. William George Said	Director	Director Certification Program (DCP) class of 274/2019	Thai Institute of Directors (IOD)

Executives and Company Secretary

No.	Name – Last name	Position	Training/ seminar program	Institution
1	Mr.Ponlaphe Sakayapapwicharnon	Senior Assistant Managing Director/ Company Secretary	Successful Formulation & Execution of Strategy (SFE), class of 31/2019	Thai Institute of Directors (IOD)
			Data Privacy Protection : Laws & Regulation, class of 2/2019	The Thai Institute of Banking and Finance Association
			Compliance Risk Management, class of 5/2019	The Thai Institute of Banking and Finance Association

Chief Accounting & Finance Officer and Chief Accountant

No.	Name – Last name	Position	Training/ seminar program	Institution
1	Ms. Unchan Srisom	VP, Accounting/ Strategic Planning	Strategic CFO in Capital Markets class of 9/2019	Stock Exchange of Thailand (SET)
2	Ms. Kanatip Surpayake	Accounting Manager	In-depth standards of TFRS 9, TFRS 15 and TFRS 16: Essence, Impacts, Practices and Case Studies Program	Stock Exchange of Thailand (SET)
			Transfer Pricing 2019 Program: Determination of transfer prices between related companies	Federation of Accounting Professions Under The Royal Patronage of His Majesty The King
			Easy Talk about Accounting and Financial Statement Analysis, class of 3/2019	Federation of Accounting Professions Under The Royal Patronage of His Majesty The King

Principle 4: Nomination and Development of Chief Executive and Human Resource Management

Principle 4.1: Nomination and Development of Executives

The Board of Directors has the program of nomination and development for Managing Director and Chief Executives who have knowledge, skills, experiences and characteristics needed to drive the corporate to achieve its goals. The Board of Directors assigns the Nomination and Remuneration Committee to consider the criteria and method to recruit individuals who are qualified for the Managing Director position, including the effective recruitment system. The chief executive recruitment shall be in accordance with the nomination process which can be both internal recruitment and external recruitment.

Moreover, the Nomination and Remuneration Committee is assigned to do the succession plan for Managing Director and chief executive positions in order to be prepare and develop individuals who have potential to hold the chief executive positions of the Company in the future.

It is recommended that successor attend more meetings with various committees. The training and development for Managing Director and chief executive level shall be arranged to increase their knowledge and experiences that are beneficial for operations.

Principle 4.2: Remuneration Structure and Evaluation

The Board of Directors supervises to determine the appropriate structure of remuneration and evaluation by considering the current risks and potential risks in the future and the sustainability of the Company as follows:

1. Determine the remuneration structure and the performance evaluation of Managing Director and chief executives. The criteria of evaluation shall cover the operations in accordance with corporate vision, mission and strategic plan, in both forms of cash and non-cash, including the social and environmental responsibility in consideration of all stakeholders' interests.
2. Performance evaluation of the Company's staff is conducted once a year, January – December of every year, using objectives and key performance indicators by individual based on expectation towards the job achievement, competency, ability, and development, consisting of: 1) Personal data assessment which is the personal operating data, such as absence, leave, late or punishment, which may not relate to his work or capability but can be significant for the overall evaluation, 2) Performance Evaluation which relates directly to the job and evaluates mainly based on results, ability to perform the defined job description, and individual skills, and 3) Competency Evaluation which considers an employee's potential against the expectation on that position. The remuneration level of salary, bonus, and long-term compensation must be in accordance with each individual's performance.

Principle 4.3: Structure and Relationship of Shareholders

The Board of Directors understands the structure and relationship of shareholders which can have influence on controlling power over business administration and ensures that such relationship does not obstruct the board in performing their duty and that the information disclosure shall be in accordance with agreements that have effect on business control.

Principle 4.4: Human Development

The Board of Directors monitors the human resource management and development in line with the corporate direction and strategy to ensure that employees at all levels have knowledge, capability, skill, experience, and appropriate motivation and receive fair treatment in order to sustain the corporate's talented personnel.

The Board of Directors arranges for the establishment of provident fund to assure employees of having enough savings after retirement and supports employees to have knowledge and understanding of financial management, and how to choose the investment strategy that matches their span of age and risk level.

Principle 5: Promotion of Innovation and Business Conduct with Responsibility

Principle 5.1: Strengthening Innovation

The Board of Directors realizes the importance of and supports the innovation creation that creates added value to business and brings benefits to customers or concerned people. The social and environmental responsibility includes:

1. Give importance to creating corporate culture that encourages innovation and have the management execute it as a part of strategy review, operation improvement and development plan and performance monitoring.
2. Support the innovation creation to add value to business according to the consistently changing environment which covers the business model, design perspective, product and service development, research and work in process, and cooperation with trade partners.

Principle 5.2: Social and Environmental Responsibility

The Board of Directors follows up with the management to ensure that they conduct business with ethics, have responsibility to society and environment, do not violate the shareholders' rights and reflect them in the Operational Plan so that every division in the company shall comply with corporate objectives, main goals and strategies. The practices shall cover following topics:

1. Responsibility to staff and employees shall be in accordance with the law and relevant measures regarding fair treatment and human right respect to staff and employees, such as determination of fair remuneration and other benefits, providing welfare not less than legal requirement or more as deemed appropriate, taking care of health and safety in workplace, providing knowledge training and potential development, supporting career advancement, and opening opportunities for staff to develop their skills in other areas.
2. Responsibility to customers shall be in accordance with the law and relevant measures in consideration of fairness, retention of customer data, after-sales services, customer satisfaction tracking for further products and services development. The advertisement, public relation and sales conduct must be done with responsibility and do not create misunderstanding or make use of misunderstanding of customers.
3. Responsibility to trade partners shall be reflected in the procurement process, fair contract or agreement conditions, knowledge sharing, capability and standard service development. The Company shall explain and ensure trade partner to pay respect to human rights, treat their labor with fairness, be responsible for society and environment, and monitor and evaluate trade partners for sustainable mutual business development.
4. Responsibility to community by bringing knowledge and business experience to develop a project that can create concrete benefits to community together with monitoring progress and evaluation success in the long term.

5. Responsibility to environment by preventing, reducing, managing and supervising to ensure that the Company shall not create or build any negative impact to the environment, i.e. power consumption, water consumption, use of renewable resources, etc.

6. Fair competition by conducting business with transparency and not using competitive advantage unfairly.

7. Anti-Corruption in accordance with the law and relevant measures as the Company joined Thailand's Private Sector Collective Action Coalition Against Corruption: CAC. The Board of Directors approved the Anti-Corruption Policy, Anti-Corruption Measures, and defined the guideline for whistleblowing in the Company's website.

Principle 5.3 Resource Management

The Board of Directors monitors the management for the effective and efficient resource allocation and management in consideration of its impact and resource development value chain in order to achieve sustainable objectives and main goals as follows:

1. Realize the necessity of used resources and the impact that each type of resource causes to one another.
2. Realize that different business models can cause different impacts to resources and take the impact and worthiness that could happen to resources into account based on morality, responsibility and sustainable value to business.
3. Be assured that in order to achieve business objectives and main goals, the management reviews and develops the resource consumption with efficiency and effectiveness in consideration of the consistently changing internal and external factors.

Principle 5.4: Information Technology Management

The Board of Directors set the framework of corporate governance and information technology management at the corporate level according to business needs and ensures that information technology is used to enhance business opportunity and to develop operations and risk management for the achievement of objectives and main goals of business.

1. Set up the information technology resources allocation and management which covers the resource allocation sufficient for business conduct and determine the guidelines for the case that the resource allocation is not sufficient as planned.
2. Supervise the corporate risk management to cover the risk administration and management of information technology.
3. Provide information security policy and measures.

Principle 6: Risk Management and Internal Control System

Principle 6.1: Risk Management and Internal Control

The Board of Directors is committed to build the corporate culture and environment of good and efficient internal control within the corporate and to implement proper risk management and internal control system, which shall result in the achievement of business objectives with sustainability, efficiency, effectiveness, credibility of financial statement and operations in accordance with the law and regulations.

Risk Management

The Company realizes and gives importance to the risk management. The Board of Directors and chief executives of the Company shall regulate, monitor and develop the risk management system continuously in order to ensure that various measures are still in accordance and updated with the changing internal and external risk factors that can affect the business conduct. The Company established risk management team to efficiently manage risks by considering and regulating the risk management in various aspects, including the risk in credit, marketing, operation, liquidity, information technology. All shall be in accordance with business objectives. The Company defines the Risk Management Policy and Guidelines for the practices of Directors, Executives and employees.

Internal Control

The Board of Directors regulates and supervises the internal control by requiring the internal control of the Company to be in compliance with the controlling framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company defined the operational regulations which divide the duties based on chain of command structure and approved the proceeding step by step. The operational process has the internal control system, the review process and regulation according to the Anti-Corruption Measures. The process shall be examined by independent auditor from outside who will assess the sufficiency of the Company's internal control system. The audit results of the internal audit operations shall be reported to the Audit Committee while the results of management performance shall be reported to Managing Director.

Principle 6.2: Sufficiency of Internal Control System and Risk Management

The Board of Directors established the Audit Committee to perform their duty with efficiency, independence and have qualification in accordance with the principles of the Securities and Exchange Commission and the Stock Exchange of Thailand. The Board of Directors defined the duty of Audit Committee in written in the Audit Committee Charter.

Moreover, the Board of Directors provides individuals or internal audit team who can perform their duty independently to be responsible for the review and assessment of the efficiency and effectiveness of risk management and internal control system. They shall report to the Audit Committee and disclose the audit report in the annual report. The review of the systems which are significant to the internal control and risk management shall be conducted regularly or at least once a year.

Principle 6.3: Conflicts of Interest Prevention

In the case that the Company and its connected companies have any connected transactions or acquisition or disposal of significant assets of the Company according to the Stock Exchange of Thailand regulations, the Company has to comply with the Stock Exchange of Thailand regulation on such matters. In the case that the Company needs the approval from shareholders in doing connected transactions or acquisition or disposal of significant assets of the Company, the votes from shareholders must not be less than three-quarter of total votes of shareholders or proxy of shareholders who attended the meeting and have the rights to vote, excluding the votes of shareholders who have conflicts of interest.

Principle 6.4: Anti-Corruption

The Company is committed to the business conduct principles with righteousness, legal compliance and cooperation with relevant official agencies continuously and consistently. The Company has clear provisions of practices

and code of conduct for directors, executives and employees, which have to be reviewed and acknowledged by all employees, executives and supervisors every year.

The Company conducts business with transparency and commitment to righteousness, providing the Anti-Corruption Policy and supporting the activities that shall cultivate executives and employees to comply with the law, rules, and relevant regulations. The Company insists not to use any fraud tactics to seek benefits and not to support any success gained from non-transparent or dishonest work. The Company provides the practice guidelines for Anti-Corruption as follows:

Giving or Receiving Bribes

- Directors, executives, and employees at all levels are prohibited to give or receive all forms of bribes as the return for business interests and are prohibited to assign other persons to give or receive bribes for them.
- Do not be the intermediary in offering to give or receive any bribes with persons involved with business.

Giving or receiving presents, gifts, entertainment or other benefits

Giving or receiving presents, gifts, entertainment or other benefits to or from customers, trade partners, state officials, business representatives or any persons involved with the Company, shall comply with the regulations with regard to giving or receiving presents, gifts, entertainment or other benefits. All must comply with the Anti-Corruption principles which requires reasonable spending and can be verified.

Political Support

The Company shall not help or politically support any political parties, political groups or politicians, directly or indirectly, and shall not allow any use of the Company's assets for such activity.

Donations for Charity, Public Interest and Funding

- Donation of cash or assets for charity, public interest and funding must be conducted transparently, legally complied and not against morality, and shall not be an activity that causes damages to society.
- Giving or receiving cash or assets donated for charity or funding must not be used as an excuse for bribery.
- Expense reimbursement for charity or funding must comply with the regulations regarding the authority to approve operating expenses as specified by the Company. The reimbursement must specify clear objective with verifiable evidence.
- In the case of doubt that can have legal impact, the consult with legal department in written is needed. Other significant issues shall be in consideration of Management.

Principle 6.5: Channel of Complaints

The Company provides opportunity for employees, trade partners, and all stakeholders to report violations of law and unfair practices. If there is any suspect of action considered to be a corruption or any effect from the Anti-Corruption, the complainants can report the clues or complaints via any following channels:

1. Website: www.ratchthani.com (Anti-Corruption/ Topic: channel for whistleblower)
2. Report directly to supervisor.
3. Report directly to Managing Director.
4. Report directly to top executive of Internal Audit Department.

If the case relates to top executives or Managing Director, the report shall be made directly to Chairman of Audit Committee.

In 2019, the Company received complaints as follows:

Issues of complaints	Number of complaints	Complaints under investigation	Complaints concluded
1. Violation of law	-	-	-
2. Unfair treatment	-	-	-
3. Anti-Corruption	-	-	-
4. Services	2	-	2

Principle 7: Financial Credibility and Information Disclosure

Principle 7.1 Information Disclosure and Transparency

The Company realizes that the information disclosure, which can or may have an effect on the changes in the Company's security prices or on the investment decision or on the shareholders' rights and benefits, is important for shareholders, general investors and institutional investors to receive the significant news quickly, equally and sufficiently for decision making. However, the Company also realizes the need to keep the confidentiality of business details and key operational strategy and shall not disclose any information that could have effect on the Company's competitiveness.

The Company gives importance to the information disclosure which is correct, complete, reliable, consistent and timely, such as the significant information about business performance and financial statement, according to the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. In addition to the information disclosure in the annual registration statement (Form 56-1) and annual report (Form 56-2), the Company provides many channels to access to the information. Most information is published on the Company website (www.ratchthani.com) in both Thai and English languages to help interested shareholders or interested investors access to information easily, conveniently, thoroughly and equally. The Management Discussion and Analysis: MD&A is also published for disclosure of quarterly and annual financial statements on the news section of the Stock Exchange of Thailand.

Moreover, the Company requires directors and executives to report their stock trading at least 1 day to the board or to an individual assigned by the board and to report to the Securities and Exchange Commission according to Section 59 of the Securities and Exchange Act B.E. 2535. The Company also defined the Information Disclosure Policy and the Use of inside information which prohibited a person who knows inside information to reveal such inside information to external person or irrelevant persons and not to do any stock trading or to be bound by derivatives contracts related to the company's securities in the period of 15 days before the end of quarter up to the day following the date on which the company has disclosed financial statements to the Stock Exchange of Thailand for 2 days.

Principle 7.2: Financial Liquidity

The Board of Directors monitors the sufficiency of financial liquidity and capability to pay debts as follows:

1. The Board of Directors requires Management to monitor and assess business financial status and report to the Board of Directors regularly. The Board of Directors and Management shall find solutions fast if there is a signal of problem of financial liquidity and ability to pay debts.

2. Should there be any transactions that depend on the authority of shareholders' meeting or need the shareholders' meeting approval, the Board of Directors shall supervise to ensure that such transactions do not affect the business continuity, financial liquidity, and ability to pay debts of the Company.

Principle 7.3: Guidelines of Financial Problem Solutions

The Board of Directors has problem solving plans or other mechanics to solve financial problems in the condition that business has or tend to have financial problems, in consideration of stakeholders' rights.

1. In the case that business is likely to be unable to pay debts or has financial problems, the Board of Directors shall monitor closely, conduct business with caution and comply with regulations of information disclosure.

2. Manage business to define financial problem solving plans in consideration of the fairness to stakeholders and debtors and monitor the implementation of problem solving. Management shall report the updated financial status regularly.

3. The consideration and decision on any financial problem solving solution of the Company shall be made reasonably.

Practice 7.4: Sustainability Report

The Board of Directors considers preparing the sustainability report as deemed appropriate as follows:

1. The Board of Directors considers the appropriateness of information disclosure, compliance with law, Corporate Governance Policy, Code of Conduct, Anti-Corruption Policy, treatment to employees and stakeholders, fair treatment, human rights respect, and social and environmental responsibility, taking into account the reporting framework that is acceptable in domestic and international level. The information shall be disclosed in the annual report.

2. The Board of Directors makes sure that the disclosed information is significant and reflects the practices leading to value creation for business sustainability.

Principle 7.5: Investor Relations

The Company assigned the Office of the Board and the Planning and Strategy Division to be responsible for the Investor Relations which is the contact point of information, questions and answers about the Company. Another channel to publish the Company's information, financial information and general information to shareholders, analysts, general interested investors, credit rating agencies, and relevant regulatory agencies, is by phone number 02-431-9000 or by e-mail: irthani@thani.co.th.

Investor Relations Activities in 2019

1. 4 Analyst Meeting were held, with 40-60 participants per meeting, to inform the quarterly performance to analysts, institutional investors, and general investors, by the Company's top executives.

2. 15 Company Visits were held. Most of them were contacted by securities companies which took domestic and international analysts to meet top executives of the Company to ask for information details for better understanding of business.

3. 3 Conference Calls were made to provide further details to domestic and international investors and analysts after releasing information to the public.

Principle 8: Encourage Participation and Communication with Shareholders

The Board of Directors encourages shareholders to legally exercise their rights, such as to receive profit sharing in form of dividend, to sell or transfer the Company's shares independently, to receive sufficient information, and to participate and to vote in shareholders' meeting independently.

Regarding the news and information, the Company communicates significant operating results and activities to shareholders via the Stock Exchange of Thailand and the Company's website regularly in order to create equality to receive news from the Company to every shareholder. Moreover, the Company has a policy to encourage and provide convenience to shareholders and institutional investors to participate in shareholders' meetings. The meetings were held at the location which can be accessed to by mass transportation system to provide travelling convenience to shareholders.

Principle 8.1: Encourage Shareholders to Participate in Key Decision Making

The Board of Directors realizes the ownership right which is exercised by the appointment of the Board of Directors to perform the duty for shareholders and to make decision on key changes of the Company. The Board of Directors, thus, encourages shareholders to exercise their basic rights of shareholders, such as stock trading, share transfer, business profit sharing, and receiving sufficient business information. Shareholders should be aware of the rules and methods of meeting participation and should receive enough information of each agenda for consideration before the meeting. The opportunity to raise questions to Directors in the meeting or to submit questions in advance shall be provided to shareholders. In addition, the Company is aware of and gives importance to the rights of shareholders and shall not do any violation or deprivation of the rights of shareholders.

Holding shareholders' meetings, the Board of Directors gives importance to the rights of shareholders. The meeting date shall not be a long weekend or a holiday. The meeting place for the Annual General Meeting of Shareholders in 2019 was held at Meeting Room of Sinsathorn Tower, 11th Floor, Krungthoburi Road, Klong Ton Sai subdistrict, Klong San district, Bangkok, which is the location of the Company's head office and can be accessed to by BTS, public transportation, near the expressway entrance and exit, in consideration of convenient transportation for participated shareholders.

The Company shall send the invitation letter with information for each agenda to shareholders 14 days in advance before the meeting date according to the Company's regulations posted on Company's website. In 2019, the Company published the invitation letter of the Annual General Meeting of Shareholders 2019 on 1st March 2019. Each agenda contained objectives, reasons and opinions of the Board of Directors. Moreover, the Company required the disclosure of policy to provide convenience, support and encourage all groups of shareholders, including institutional investors, to participate in shareholders' meetings.

The Company received the full 100 scores with an "Excellent and Good Example" level from the Annual General Meeting of Shareholders (AGM) Assessment Project organized by the Thai Investors Association for 5 consecutive years (2015-2019).

Principle 8.2: Shareholders' Meeting

Shareholders' meeting management. In 2019, the Company held 1 Annual General Meeting of Shareholders on 2nd April 2019 at Meeting Room of Sinsathorn Tower, 11th Floor, Krungthongburi Road, Klong Ton Sai subdistrict, Klong San district, Bangkok.

Invitation letter for shareholders' meeting. The Company sees the importance to treat all shareholders equally by disclosing significant, correct, complete, timely and transparent information to shareholders regularly. The meeting invitation letter shall be sent with information of each agenda to shareholders 14 days in advance before the meeting date, according to the regulations of the Company, and shall be announced in the newspaper and Company's website. Each agenda has objectives, reasons and opinions of the Board in order for shareholders to be able to examine them. In addition, the Company added option to shareholders by allowing Independent Director to be a proxy of shareholder when the shareholder cannot attend the meeting.

Shareholders' meeting day. The Company set the date, time and place for the shareholder's meeting at the head office of the Company which has convenient transportation. The registration point is convenient and has enough space. Shareholders can register 2 hours before the meeting starts. Postage stamps are provided for shareholders who attend the meeting by themselves and for proxies of shareholders. In this meeting, the Company assigned Chairman of the Board to explain the details of quorum and Company Secretary to explain the voting method, the vote counting practice, ballots use and reveal the voting results for each agenda. The meeting provided opportunities for shareholders to question or share opinions appropriately and sufficiently. In the 2019 Annual General Meeting of Shareholders, 12 Directors attended including Chairman of the Board, Chairman of Audit Committee, Chairman of Nomination and Remuneration Committee, Managing Director, Chief Financial Officer (CFO), Company Secretary, Company's auditors and independent legal counselor.

Principle 8.3: Meeting Resolution and Meeting Minute Disclosure

After Shareholders' Meeting Day. The Company shall inform the shareholders' meeting resolution and the voting result of each agenda in the Annual General Meeting of Shareholders in the news section of the Stock Exchange of Thailand on the day when the shareholders' meeting ends. The minute of the Annual General Meeting of Shareholders includes complete significant issues and the voting result of each agenda, which is divided into Agree, Disagree, Abstain Vote, and Void Ballot, the record of important issues discussion and explanation in summary. The minute shall be published in the news section of the Stock Exchange of Thailand and on the Company website (www.ratchthani.com) within 14 days from the meeting day. These are channels to communicate information to shareholders for their acknowledgement and review, no need to wait until the next meeting.

Auditor Fee

The Company considered the selection and appointment of independent auditors, getting approval from the Securities and Exchange Commission, to be the Company's auditors. The auditor fee was proposed to the Annual General Meeting of Shareholders and received the following result:

Year	Auditor	Auditor fee	Other service fees
2019	EY Company Limited	1,700,000	-
2018	EY Company Limited	1,480,000	-
2017	EY Company Limited	1,300,000	-

Corporate Social Responsibilities

Overview Policy and Guideline

Ratchthani Leasing Public Company Limited committed to conduct business in accordance with the Good Corporate Governance principles and realized the importance of social and environmental responsibilities under the Environment, Social & Corporate Governance: ESG with regard to the impact on all groups of stakeholders inside and outside the corporate. The Company conducted business according to the Corporate Social Responsibility (CSR) guideline not only in CSR-after-process activities but also in CSR-in-process responsibilities in order to make the Company grow sustainably in the economic, social, and environmental dimensions, adhering to the corporate social responsibility principles prepared by the Stock Exchange of Thailand which at present has set the following 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.

Corporate Social Responsibility Management and Reporting

The Company committed to its social responsibility according to the Stock Exchange of Thailand and the Corporate Social Responsibility Institute (CSRI) guidelines and to conduct business in accordance with the Good Corporate Governance. The Company realized the importance of business code of conduct as the behavior framework that reflected the corporate values and complied with the social responsibility principles in the economic, social, and environmental dimensions, as follows:

Management in Economic Dimension

❖ Business operation with fairness

Main issue	Focus issue	Guideline
Support fair competition, no monopoly power	<ul style="list-style-type: none"> - Business code of conduct - Corporate governance policy 	<ul style="list-style-type: none"> - 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 (www.ratchthani.com)
Non-infringement of intellectual property		
Anti-corruption	<ul style="list-style-type: none"> - Anti-Corruption Policy 	

❖ Anti-Corruption

Main issue	Focus issue	Guideline
Anti-Corruption Policy	<ul style="list-style-type: none"> - Anti-Money Laundering and Combating the Financing of Terrorism Policy 	<ul style="list-style-type: none"> -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.

Management in Social Dimension

❖ **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.

❖ **Employee development and promotion**

In 2019, 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 340 persons, accounting for 69.96% of total employees as the following details:

Course	Number of Course	Attended employees	Number of Class
In-house Learning	1	181	6
Public Learning	24	159	24
Total	25	340	30

❖ Health and safety

The Company 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 2019, the Safety, Occupational Health and Environment in the workplace Committee conducted many activities as follows:

1. Compliance with ministerial regulations

- The Company arranged the safety in workplace for supervisor staff training to the managerial staff in accordance with the Ministerial Regulations Chapter 1 (General) Article 7 which requires employer who has ten employees or more to appoint employees at supervisor level to be the safety supervisors in the workplace. In 2019, the Company sent the branch managers to attend such training.
- The Company arranged the election of the Safety, Occupational Health and Environment in the Workplace Committee to replace the old committee which was expired on 29th October 2019. The new committee had Mr. Khomsan Boonyoiyad as the chairman of the committee.
- The Company arranged the meeting of the Safety, Occupational Health and Environment in the Workplace Committee every month as required by the Ministerial Regulations Chapter 1 (General) Article 27: The meeting of the Committee shall be held at least once a month or whenever requested by over the half of the committee's members. The meeting schedule and agenda shall be informed at least 3 days in advance before the meeting date. The Safety, Occupational Health and Environment in the Workplace Committee regularly held the meeting every month and had appointed Mr. Phongpun Poomchew to be the Committee Secretary who shall arrange the meeting appointment, take the meeting minute, including publicize the problem solutions from the Committee for employees' acknowledgement.

2. Employee's Occupational Health and Safety in Workplace

- Fixed the broken lighting system to be ready to use. The Committee assigned each department manager to examine, summarize, and report the number of out-of-order light bulbs to the Committee to get them repaired, ready and suitable for work.
- Repaired employees' chairs. The Committee ordered each department manager to examine, summarize, and report the number of broken chairs to the Committee to get them fixed and ready for work. Most broken chairs had broken wheels which were expired by their usage lifetime. Some chairs that could not be fixed shall be handled by professional repairman or sold later.
- Arranged for vaccination against 4 strains of influenza and Hepatitis B virus to prevent and reduce the risk of getting influenza since the record in 2018 showed a lot of employees got the influenza. The Company used vaccination services of Samitivet Thonburi Hospital and had it conducted at Sinnsatarn Tower with special price offer, no extra fee applied.
- Purchased the nursing program to store the data and pull out data to use with higher efficiency.
- Ran the waste sorting before disposal campaign to reduce the waste quantity, i.e. wet waste could be fermented into fuel or biogas and become extra income since some recycled waste could be sorted and sold, in addition to the cleaning and proper space.

3. 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 safety in the workplace; 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. In 2019, it was found that the Company had 0.00% of absent employees whose hurt or sickness was caused by work.

Measurement	2019 (persons)		
	Male	Female	Total
Accident	-	-	-
Death	-	-	-
Total	-	-	-

❖ Welfare

The Company has the clear and transparency performance evaluation process which is standardized for every unit's performance result and 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 quality of life. 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 employee's health, 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. The Company had intention for employees to be healthy.

- **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)		
		2019	2018	2017
Executive ¹	Male	6	6	6
	Female	1	-	-
Total		7	6	6
Manager/ Director ²	Male	19	19	18
	Female	14	10	9
Total		33	29	27
Staff ³	Male	199	198	192
	Female	241	256	251
Total		440	454	443
Temporary staff	Male	6	4	4
	Female	-	-	-
Total		6	4	4
Grand Total		486	493	480

Note: ¹ From the first top four executives according to the definition of the Securities and Exchange Commission

² Manager to Director

³ Officer to Assistant Manager

Number of employees of Ratchthani Leasing by Location

Employee by Location	Gender	Number (person)		
		2019	2018	2017
Head Office	Male	151	151	149
	Female	179	186	179
Total		330	337	328
Domestic	Male	73	72	67
	Female	77	80	81
Total		150	152	148
Grand Total		480	489	476

Note: No international location⁹

Number of New Employees and Discharged Employees

Type of Employees	Gender	Number (person)		
		2019	2018	2017
New employee	Male	13	13	21
	Female	20	15	24
Total		33	28	45
Discharged employee	Male	13	6	23
	Female	29	9	15
Total		42	15	38

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

Type of Leaves	2019	2018	2017
1. No. of employees entitled for maternity leave (person)	256	266	260
2. No. of employees taking maternity leave (person)	16	16	9
3. No. of employees coming back to work after maternity leave (person)	16	16	9
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	16	9

Management in Environmental Dimension

❖ 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.

In 2019, the Company realized the environment and climate issues causing the broad impact and took action in environmental preservation with the following projects:

- **Environmental Knowledge Training Project**



The Company realized the environment and climate issues occurred and caused the broad impact worldwide. In order for the Company employees to know and understand the environment problems and to realize the resource conservation and energy saving, the Company provided the Environmental Knowledge Training on 26th December 2019 at Bus Room, Ratchthani Leasing Public Company Limited, Sinnsatorn Tower, Krungthonburi Road, Klong Ton Sai subdistrict, Klongsan district, Bangkok.

- **No Plastic Bag Ratchthani Project**

Following the no plastic bag campaign which believed that the plastic bag production and degradation caused the global warming and ecosystem deterioration, the Company participated in the No Plastic Bag Campaign by communicating to all employees not to use plastic bags in daily life and gave them cloth bags to replace plastic bags.



Activities for Social and Environment Benefits

In 2019, the Company Limited conducted activities for the benefit of social and environment. By approved the budget and supported employees to participate in the social activities as the following details:

- **Activities for Education and Society**

The Company realized the importance of the education which provides children with the good future when they can apply knowledge to develop themselves and the country. The Saturday School Season 8 Project was created for people of the new generations who wanted to develop their youth potential though learning activities. Seeing this was a good project which could really develop the youth potential, the Company has been supporting the project continuously. In the previous year, the Company gave sponsorship for children's lunch and 200,000 Baht cash. The project lasted from 6th July to 14th September 2019 with over 720 youth participants.



- **Social and Public Health Activities**

The Company realized the importance of health and quality of life of patients in the hospitals, especially the hospitals lacking funds and medical equipment. The Company, thus, donated 40,000 Baht as a contribution to the purchase of medical durable goods for Chakri Naruebodindra Medical Institute, Faculty of Medicine Ramathibodi Hospital, Mahidol University, for their sufficient and efficient medical services.

- **Musical Skill Performing Activities**

Since the Royal Thai Embassy in Vienna held the celebrating 150 years of Thai-Austrian Friendship event with the singing and music performance of the College of Music, Mahidol University, on 4th December 2019 at InterContinental Hotel, Vienna. In this event, the youth musicians of the College of Music, Mahidol University and its alumni who were studying music in Austria performed and sang Thai music, classical music, and royal music. Ratchthani Leasing Public Company Limited supported the sponsorship of 100,000 Baht cash to promote the Thai youth performance to the international awareness.

- **Friendly Activities within Corporate**

The Company deemed it important to create good relationship within the corporate. A group of staff from various departments played football weekly leading to good health and good relationship within the corporate. The Company supported such activity with sponsorship for football field rental fee of 2,000 Baht per week. The activity was held every Wednesday at BBB Futsal, Soi Krungthonburi 6, near the head office.



- **Team Building Activity**

The Company realized the importance of people development. In order to encourage them to develop their team work skills and provide opportunity for head office and branch staff to meet and build good relationship and harmony within the corporate, the Company arranged the training and seminars for human resource development on 9th -10th November 2019 at The Regent Cha-am Beach Resort, Petchburi.



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 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.

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 2019, 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 of Thanachart Bank 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).

ANTI-CORRUPTION

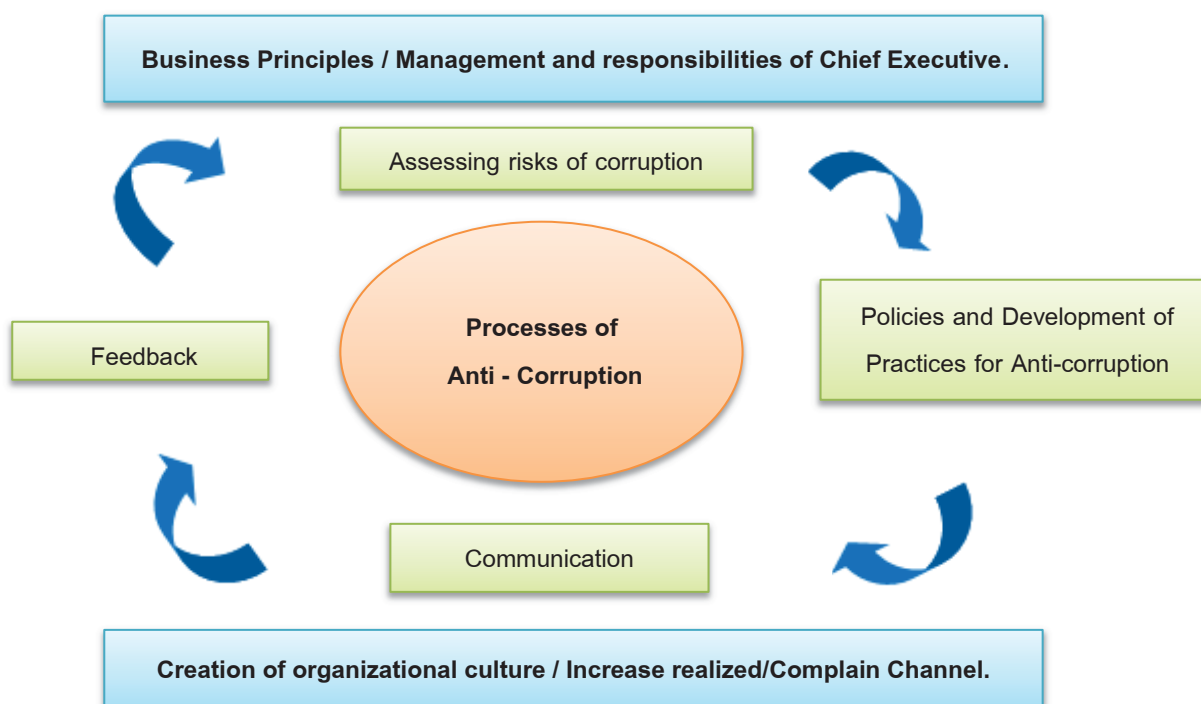
Anti-Corruption Policy

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 by applying the official guidelines of "The Private Sector Collective Action Coalition Against Corruption Project" as the clear guidelines for business conduct and must be strictly complied with by the Company's Directors, Executives and all employees. The Anti-Corruption Policy and Measure were publicized in the Company's website (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 as follows:

1. Giving or accepting bribes.
2. Giving or accepting gifts, entertainment and other benefits.
3. Political support.
4. Donation for charity, public interest and 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. Subsidiaries, business agents, or the Company's employees under the Company's control must accept to follow the Company's Anti-Corruption Policy and Measure.

Channels for Whistle Blowing, Fraud and Corruption Complaints

Ratchthani Leasing Public Company defined the guidelines for whistle blowing, filing complaints about corruption, in order for employees and stakeholders to be able to report the clues of corruption.

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, 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.

2. The Company will provide protection to the persons cooperating with the Company in whistle blowing or filing complaints about 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 and will appreciate those executives or employees who report the clues.

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. If such information was found to be misused or inappropriately disclosed, it would be considered as violation and 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.

The Company's Anti-Corruption Training Program

The Company promoted the staff training to Directors, Executives and 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. Every employee at operational level has studied the practice guideline from the Anti-Corruption handbook and the Company's public relations. Employees are required to do self-assessment about Anti-Corruption regularly twice a year to ensure their awareness and effective implementation.

Moreover, Ratchthani Leasing Public Company Limited supported the employees to represent in “International Anti-Corruption Day 2018” under the concept of “Thai people wake up to fight fraud” on Thursday 6th September, 2018 at the Bhiraaj Hall 1-3, Bangkok International Trade and Exhibition Center, and “International Anti-Corruption Day (Thailand)” on Friday 7th December, 2018 at Impact Exhibition Hall 2, IMPACT Exhibition and Convention Center, Muang Thong Thani, Nonthaburi.

In 2019, the Company encouraged all executives and employees to join the Anti-Corruption activities continuously to raise the awareness of the corruption’s dangers and problems and to cultivate the anti-corruption value in all forms as follows:

1. Employee representatives attended the Anti-Corruption Day under “Join Forces...to Fight Cheating” concept organized by the Thai Bankers Association on Friday 6th September 2019 at Pirach Room, Hall 1-3, BITEC.

2. The Company publicized for the employees and executives to visit “Anti-Corruption Museum” established by the Office of the National Anti-Corruption Commission (NACC) to learn about the work of the prevention and suppression of corruption at NACC Office, Pitsanuloke Road, Dusit District, Bangkok.

“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 18th 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 3rd 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 18th 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 21st 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 8th 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.

In 2019, the Company was on process of submitting for re-certification which will be expired in 2020 together with the companies of Thanachart group. Moreover, the Company cooperated with Thanachart group members to promote and support the no gift giving or receiving during festive seasons or any occasions according to No Gift Policy as the executives and employees' practices and in accordance with the policy of government and private sectors and CAC project. Such policy has been applied widely and seriously to reduce the potential of corruption.

The Company has announced and campaigned the No Gift Policy for general awareness with the logo “CAC No Gift” on the Company’s website and sent the letter of cooperation for complying with the Anti-Corruption Policy in no gift giving or receiving to trade partners, customers and business agents in order to reflect the Company’s commitment in business ethics, transparency and anti-corruption in all forms both directly and indirectly.



Related Party Transactions

In 2018 and 2019, 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	Related Company / Have Common Directors	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

	Outstanding as at 31 st December (Unit : Thousand Baht)	
	2019	2018
<u>Cash at bank</u>		
Thanachart Bank Public Company Limited	366,193	122,236
<u>Other asset - deposit</u>		
Thanachart Bank Public Company Limited	-	70
<u>Interest receivable</u>		
Thanachart Bank Public Company Limited	27	15
<u>Short-term loans</u>		
Thanachart Bank Public Company Limited	150,000	1,030,000
Baan Rock Garden Public Company Limited	58,000	113,000
Citywood Company Limited	-	-
Management, directors and related persons	10,000	10,000
<u>Liabilities under hire purchase agreement</u>		
Thanachart Bank Public Company Limited	-	-
<u>Debentures</u>		
Thanachart Bank Public Company Limited	35,000	-
Thanachart Insurance Company Limited	140,400	400,000
<u>Long-term loans</u>		
Management, directors and related persons	-	28,000
<u>Overdraft</u>		
Thanachart Bank Public Company Limited	-	-

	Outstanding as at 31 st December (Unit : Thousand Baht)	
	2019	2018
Accrued interest		
Thanachart Bank Public Company Limited	43	237
Thanachart Insurance Company Limited	974	4,816
Accrued expense		
Thanachart Bank Public Company Limited	-	5

Loan and Outstanding from Related Persons or Businesses

Related Party Transactions

Related Party Transactions	For Year (Unit : Thousand Baht)		Price Setting Policy	Reason / Appropriateness
	2019	2018		
Thanachart Bank Public Company Limited				
Interest Expenses	30,727	32,002	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	6,556	5,325	As stipulated in agreements	
Premises and equipment expenses	252	340	As stipulated in agreements	
Service fee expenses	3,442	3,268	As stipulated in agreements	
Interest receivable	2,076	973	The same rates as charged to general customers	
Baan Rock Garden Public Company Limited				
Interest expenses	1,422	3,594	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	8,117	10,677	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	2,946	2,452	As stipulated in agreements	
Management, directors and related persons				
Interest expenses	683	1,085	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 (2008) 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 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 822.41 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 and its subsidiaries 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 of the Company and its subsidiaries 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.

In 2019, the Company and its subsidiaries had net profits of 1,963.57 million Baht, increasing from the previous year by 322.86 million Baht or 19.68%. The total income of 2019 was 4,238.15 million Baht, increasing from the previous year by 410.78 million Baht or 10.73%. The increase came from the growing market shares and the sustained current customer base. The Company and its subsidiaries had financial expense of 1,011.35 million Baht, increasing from the previous year by 141.55 million Baht or 16.27%. The increase came from balancing the loan procurement and credit approval and maintaining the interest rate gap at the consistently profitable level.

- Revenue

In the year 2017, the Company still 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 income from hire purchase and financial leasing 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.

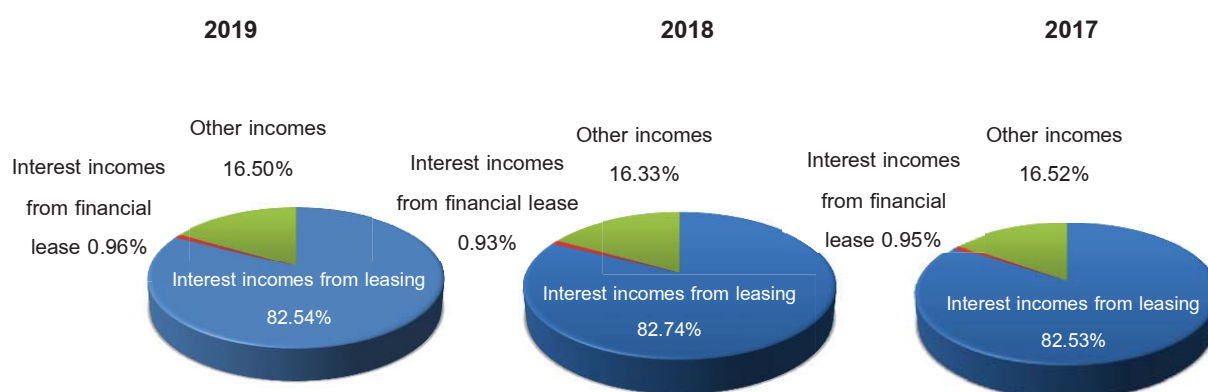
In 2018, the Company focused on retaining its leasing base to retain its market share. This resulted the Company and its subsidiaries in total revenues of 3,827.37 million Baht, increasing from 2017 by 520.14 million Baht or equal to 15.73 % (from the increase in hire purchase and financial leasing debtors from the year 2017 at the amount of 7,813.40 million Baht or 20.24%).

The main components of revenues were consisted of the interest incomes from hire purchase and financial leasing at the amount of 3,202.27 million Baht or equal to 83.67% of total revenues and the revenues from fees and services fees of 342.15 million Baht and other incomes of 282.95 million Baht or equal to 8.94% and 7.39% respectively.

In 2019, the Company expanded the commercial car credits for the “Fleet” customer group along with continuously maintaining the current credit customer base of the Company in order to increase its market shares, resulted in total income of 4,238.15 million Baht, increasing from 2018 by 410.78 million Baht or 10.73% (with the hire purchase debtors and financial debtors increasing from 2018 by 3,296.98 million Baht or 7.10%.)

The main contribution of 2019 income of the Company and its subsidiaries consisted of the interest incomes from hire purchase agreements and finance lease agreements of 3,538.65 million Baht or 83.50% of total income, the fee and service income of 328.16 million Baht, and other incomes of 371.34 million Baht or 7.74% and 8.76% respectively.

The proportion of interest incomes from hire purchase agreements and finance lease agreements to other incomes (hereby means fee and service incomes and other incomes) of the Company and its subsidiaries in 2019 and 2018, and of the Company in 2017 are as follows:



- Expense

For the year 2017, the Company's financial expenses were 882.41 million Baht. Sales and administrative expenses were 495.74 million Baht. Bad debts and doubtful debts were 523.43 million Baht and income taxes were 279.84 million Baht.

In 2017, the finance costs were amounted to 882.41 million Baht, decreasing by 64.59 million Baht or 6.82% compared to the year 2016, 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 2017 was decreased from the previous year to the level of 2.90%.

The sales 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.

The Bad debts and doubtful debts for the year 2017 were amounted to 523.43 million Baht, increasing from 2016 by 27.08 million Baht, representing 5.46%. 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 financial expenses of the Company and its subsidiaries were 869.80 million Baht, the selling and administrative expenses were 503.56 million Baht, bad debts and doubtful debts were 402.60 million Baht and income tax was 410.70 million Baht.

The finance costs in 2018 were 869.80 million Baht, decreasing by 12.61 million Baht or 1.43% compared to the year 2017, 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 2018 was decreased from the previous year to the level of 2.40%.

The sales and administrative expenses for the year 2018 were amounted to 503.56 million Baht, increasing from 2017 by 7.82 million Baht, or 1.58%, which came from the main expenses, that is, the increasing employee expenses approximately.

The Bad debts and doubtful debts for the year 2018 were amounted to 402.60 million Baht, increasing from previous year by 120.83 million Baht, representing 23.08 %. The normal reserve of the Company, compared from 2017 was decreased by 10.83 million Baht. However, the Company has considered increasing the general reserve from the previous year's same period at the amount of 170 million Baht was decreased from previous year by 110.00 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 2019, the Company and its subsidiaries had financial expenses of 1,011.35 million Baht, sales and administrative expenses of 570.03 million Baht, bad debts and doubtful debts of 193.53 million Baht, and income tax of 499.67 million Baht.

The financial cost in 2019 was 1,011.35 million Baht, increasing by 141.55 million Baht or 16.27%, compared with 2018's. The increase came from the balance of loan procurement and credit approval and the debt structure management in order to maintain the interest rate gap at the consistently profitable level, resulted in the increase in the interest expense ratio in 2019 by 2.48%.

The sales and administrative expenses in 2019 were 570.03 million Baht, increasing from 2018 by 66.47 million Baht or 13.20%. The main contribution of the sales and administrative expenses were employee expenses, loss from the depreciated value of confiscated cars and office expenses.

The bad debts and doubtful debts in 2019 were 193.53 million Baht, decreased from the same period of the previous year by 209.07 million Baht or 51.93%. The normal reserve of the Company, compared with 2018's, increased by 50.93 million Baht. In addition, the Company considered preparing 90.0 million Baht of general reserve for the changing Accounting Standards and Thai Financial Reporting Standards no. 9 (TFRS 9).

- Net profit

	2019	2018	Increase (Decrease)	%
Net Profit (MB)	1,963.57	1,640.71	322.86	19.68
Net Profit Ratio (%)	46.33	42.87	3.46	8.07
Yield (%)	7.04	7.20	(0.16)	(2.22)
Cost of fund (%)	2.48	2.40	0.08	3.33
Interest Spread (%)	4.56	4.80	(0.24)	(5.00)

In 2019, the Company and its subsidiaries had net profits of 1,963.57 million Baht, increased from 2018 by 322.86 million Baht or 19.68%. The Company had net profits ratio of 46.33%, increased from the previous year by 8.07%, from the growing credit portfolio. Since the competition in credit market has been severe since the previous year, the income interest rate went down from 7.20% in 2018 to 7.04% or decreasing by 2.22%. The expense interest rate went up from the previous year to 2.48%, resulted in the interest rate gap of 4.56%.

- Financial Status

Total Assets	2019	2018	Increase (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Total Assets	50,880.93	47,531.06	3,349.87	7.05
Hire-Purchase Account Receivable, Net	49,048.86	45,865.59	3,183.87	6.94
Financial Lease- Account Receivable, Net	659.75	546.04	113.71	20.82
Hire-Purchase Account Receivable to Total Assets (%)	96.40	96.50	(0.10)	(0.10)
Foreclosed Assets	156.18	78.79	77.39	98.22

The asset structure of the Company and its subsidiaries mainly consisted of hire purchase debtors. As of the end of 2018, the Company had hire purchase debtors of 45,865.59 million Baht (net after doubtful debt allowance) accounted for 96.50% of total assets of the Company.

In 2019, the Company and its subsidiaries had total assets of 50,880.93 million Baht, increased by 7.05% compared to 2018. The hire purchase debtors (net after doubtful debt allowance) were accounted for 96.40% of total assets, which was at the closed level with last year's. The Company still focused on the hire purchase services which were the main business of the Company and also the relationship with current customer base in order to maintain market shares and its consistent competency in the competitive market.

Credit Quality and Allowance for Doubtful Accounts

- Hire-Purchase Account Receivable

The hire-purchase accounts receivables, at the end of 2019, 2018, and 2017 were recorded at 49,048.86 million Baht, 45,865.59 million Baht and 38,122.86 million Baht, respectively.as following details:

Unit : Thousand Baht	2019	2018	2017
Hire-purchase account receivable	57,247,438	53,801,060	44,916,703
<u>Less Deferred Interest</u>	<u>(5,982,890)</u>	<u>(5,811,544)</u>	<u>(4,958,385)</u>
Total	51,264,548	47,989,516	39,958,318
<u>Less Allowances for doubtful accounts</u>	<u>(2,215,685)</u>	<u>(2,123,924)</u>	<u>(1,835,452)</u>
Net account receivables	<u>49,048,863</u>	<u>45,865,592</u>	<u>38,122,866</u>

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

As of 31 st December 2019					
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	47,306	1%	38,077,382	2,409,039	24,090
1 month overdue	7,816	1%	5,521,293	343,149	3,431
2-3 month overdue	8,019	2%	5,625,320	248,953	4,979
4-6 month overdue	1,136	20%	718,243	718,243	143,649
7-12 month overdue	443	50%	219,127	219,127	109,564

As of 31 st December 2019					
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	456	100%	182,939	182,939	182,939
Account receivables under court judgment	744	100%	503,171	503,171	503,171
Account receivables under negotiation agreement	174	100%	97,898	97,898	97,898
Receivables from sales of property foreclosed/damages	1,138	100%	319,175	319,175	319,175
Uncollected surplus allowance for doubtful accounts					826,789
Total	67,232		51,264,548	5,041,694	2,215,685

As of 31 st 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)
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
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	812	100%	233,635	233,635	233,635

As of 31 st 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
foreclosed/damages					
Uncollected surplus allowance for doubtful accounts					916,789
Total	62,292		47,989,516	5,005,709	2,123,924

As of 31 st 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%	30,521,366	2,274,544	22,746
1 month overdue	6,947	1%	4,274,293	279,576	2,796
2-3 month overdue	6,028	2%	3,514,297	155,558	3,111
4-6 month overdue	987	20%	617,532	617,532	123,507
7-12 month overdue	387	50%	188,655	188,655	94,328
Over 12 month overdue	420	100%	168,363	168,363	168,363
Account receivables under court judgment	722	100%	381,390	381,390	381,390
Account receivables under negotiation agreement	215	100%	97,167	97,167	97,167
Receivables from sales of property foreclosed/damages	687	100%	195,255	195,255	195,255
Uncollected surplus allowance for doubtful accounts					746,789
Total	56,169		39,958,318	4,358,040	1,835,452

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 st December 2019 (Unit : Thousand Baht)					
Financial lease accounts receivable	Number of Customers	Account Receivables Less Deferred Financial lease Interest	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Normal receivables	427	613,295	39,521	1%	395
1 month overdue	15	30,621	3,087	1%	31
2-3 month overdue	11	16,268	462	2%	9
4-6 month overdue	-	-	-	20%	-
7-12 month overdue	-	-	-	50%	-
Over 12 month overdue	-	-	-	100%	-
Account receivables under court judgment	4	4,462	4,462	100%	4,462
Account receivables under negotiation agreement	2	4,095	4,095	100%	4,095
Total	459	668,741	51,627		8,992

As of 31 st December 2018 (Unit : Thousand Baht)					
Financial lease accounts receivable	Number of Customers	Account Receivables Less Deferred Financial lease Interest	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Normal receivables	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%	-
Over 12 month overdue	4	7,787	7,787	100%	7,787
Account receivables under court judgment	1	915	915	100%	915
Account receivables under negotiation agreement	1	766	766	100%	766
Total	403	555,842	42,695		9,800

As of 31 st December 2017 (Unit : Thousand Baht)					
Financial lease accounts receivable	Number of Customers	Account Receivables Less Deferred Financial lease Interest	Account Receivables Less Deferred Financial lease Interest and Collateral	Allowances for Doubtful Accounts (%)	Allowances for Doubtful Accounts
Normal receivables	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
Over 12 month overdue	4	4,575	4,575	100%	4,575
Total	336	482,679	36,892		7,297

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 IFRS9 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.

In 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 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.

As of 31st December 2019, the Company had doubtful debt allowance, hire purchase debts, and finance lease debts of 2,224.68 million Baht, increased by 90.95 million Baht or 4.26%, compared with 2018. The normal reserve of the Company, compared with 2018, was increased by 50.93 million Baht. In addition, the Company prepared the general reserve of 90.0 million Baht for the changing Accounting Standard and Thai Financial Reporting Standard 9 (TFRS 9), resulted in the increase in overall bad debt and doubtful debt expenses compared with 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 2019, 2018, and 2017, the Company cut off bad debts of 102.58 million Baht, 111.62 million Baht, and 101.67 million Baht respectively.

The above table shows that account receivables whose net of interest was not recognized as income in the year 2019, 2018, and 2017, most were normal receivables with not more than 3 installments over due, in total of 49,888.44 million Baht, 46,754.69 million Baht, and 38,783.17 million Baht, accounted for 96.05%, 96.31%, and 95.90% 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 cautiously set the amount of the doubtful debt allowance over the potentially in collectible debts and improved the efficiency of debt collection in order to be in line with the credit portfolio expansion. In 2019, 2018, and 2017, the Company had non-performing loans (NPL) from hire purchase and finance lease debts of 2,049.11 million Baht, 1,790.66 million Baht and 1,657.92 million Baht respectively, and the doubtful debt allowance of 2,224.68 million Baht, 2,133.72 million Baht, and 1,842.75 million Baht respectively.

As of 31st December 2019, 31st December 2018, and 31st December 2017, the Company had the doubtful debt allowance ratio of 108.57%, 119.18%, and 111.16% of total non-performing loans respectively. If the credit approval was considered concisely and the debt collection was strictly followed up, the Company believed that such doubtful debt allowances were appropriate, sufficient, and efficient, under the normal operations of the Company.

- Total Liabilities

	31 st December 2019	31 st December 2018	31 st December 2017
	Million Baht	Million Baht	Million Baht
Total Liabilities	43,209.91	40,336.10	33,864.49
Short-term Loan and Overdraft	29,085.49	21,981.88	17,202.01
Long-term Loan	600.91	100.00	339.00
Long-term Bond	12,496.33	17,201.58	15,549.60
Other Liabilities	1,027.18	1,052.64	773.88

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

The Company and its subsidiaries' total debts as of 31st December 2019, 31st December 2018, and the Company's total debts on 31st December 2017 were 43,209.91 million Baht, 40,336.10 million Baht, and 33,864.50 million Baht respectively. Total debts on 31st December 2019 increased from the end of 2018's by 7.12%. Total debts in 2018 increased from 2017's by 19.11%. The Company's overall debts increased from the increasing short-term and long-term loan procurement in order to meet the Company's credit approval.

As of 31st December 2019, the Company and its subsidiaries' loans mainly consisted of short-term loans of 29,085.49 million Baht, long-term loans of 600.91 million Baht and long-term debentures of 12,496.33 million Baht.

Other debts mainly included accrued corporate income tax, other creditors, accrued car insurance fees of returned cars, deferred transfers, and accrued interests. As of 31st December 2019, the Company had other debts of 1,027.18 million Baht, decreased from 2018's by 25.46 million Baht or 2.42%.

- Shareholders' Equity

On 4th 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.

On 2nd April 2019, the Annual General Meeting of Shareholders' resolution approved the allocation of 2018 net profits at the amount of 61.00 million Baht to be legal reserve and the decrease in registered capital from 3,020,284,011 Baht to 3,020,283,681 Baht (at the par value of 1.00 Baht per share). The dividend payment on 27th April 2018 resulted in 330 remaining shares. The Company has registered the decreasing capital with the Ministry of Commerce on 17th April 2019. The resolution also approved the increase in registered capital from 3,020,283,681 Baht to 3,775,354,601 Baht by issuing new 755,070,920 ordinary shares (at the par value of 1.00 Baht per share) for the dividend payment in Company's ordinary shares which gave 0.25 Baht per share to current shareholders at the ratio of 4 current shares to 1 dividend share. In the case that the ordinary shares occurred from cash dividend were calculated into odd lot, the Company will pay dividend for the odd lot in cash to shareholders. The Company registered the increase in capital with the Ministry of Commerce on 18th April 2019 and paid dividend in cash at the rate of 0.29 Baht per share to shareholders, in total of 1,630,953,187.74 Baht or 99.40% of 2018 net profits.

On 20th August 2019, the Extra Ordinary Meeting of Shareholders no. 1/2019 had resolution to approve the decrease in registered capital from 3,775,354,601 Baht to 3,775,353,450 Baht (at the par value of 1.00 Baht per share). The share dividend on 26th April 2019 resulted in 1,151 remaining shares. The Company registered such decrease with the Ministry of Commerce on 26th August 2019.

On 30th August 2019, the Board of Directors meeting no. 5/2019 held on 30th August 2019 had resolution to approve for the interim dividend payment of the first 6 month of 2019 performance in cash at the rate of 0.16 Baht per share to current shareholders, in total of 604,056,552 Baht or 59.97% of the net profits of the first 6 month of 2019.

As of 31st December 2019, the Company's shareholders were accounted for 7,671.03 million Baht, increased from end of 2018 by 476.07 million Baht or 6.62%. The increase came from 2018 net profits after legal reserve and paid dividend.

- Liquidity

Cash flow	31st December 2019	31st December 2018	31st December 2017
	Million Baht	Million Baht	Million Baht
Cash flow from (for) operations	(213.94)	(5,225.21)	(3,969.21)
Cash flow from (for) investment activities	(11.71)	(6.82)	(4.79)
Cash flow from (for) funding activities	440.84	5,255.55	4,046.53
Net cash flow increase (decrease)	215.18	23.53	72.53
Cash & cash at bank	429.13	213.95	190.42

In 2017, the Company and its subsidiaries 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.

In 2018, the Company and its subsidiaries 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 5,225.21 million Baht. The net cash flow spent on the investment activities was 6.82 million Baht.

As of 31st December 2019, the Company and its subsidiaries had 429.13 million Baht of cash. The increased net cash flow was 215.18 million Baht, increased from 213.95 million Baht at the end of 2018, as a result of the net cash flow gained from the fund raising for the Company's credit approval activities of 440.84 million Baht deducting the net cash flow expenses for the normal credit approval operation of 213.94 million Baht and the net cash flow expenses for investment activities of 11.71 million Baht.

- Liquidity Ratio

In 2018, the Company and its subsidiaries had the liquidity ratio of 0.73 with total current assets of 16,702.59 million Baht and total current liabilities of 22,997.54 million Baht. Total current assets were less than total current liabilities for 6,294.95 million Baht. However, the Company and its subsidiaries still had short-term financial liquidity because most of total current liabilities were from short-term loans from financial institutions (BE and PN) and the debentures due within 1 year. Most of both short-term loans could be renewed when they met their due dates. The Company also had reserved short-term credit limit from Thanachart Bank Public Company Limited, the related company ready to support additional short-term liquidity, and the short-term credit limits from other financial institutions. So the liquidity risk of the Company could be managed to the acceptable level and did not affect the main business operation of the Company.

The quick ratio was 0.71, not different from the current ratio since most of current assets of the Company and its subsidiaries had high liquidity ratio at 97.79% of total current assets.

As of 31st December 2019, the Company and its subsidiaries had the liquidity ratio of 0.62 with total current assets of 18,610.69 million Baht and total current liabilities of 30,059.03 million Baht. Total current assets were less than total current liabilities for 11,448.34 million Baht. However, the Company and its subsidiaries still had short-term financial liquidity because most of total current liabilities were from short-term loans from financial institutions (BE and PN) and the debentures due within 1 year. Most of both short-term loans could be renewed when they met their due dates. The Company also had reserved short-term credit limit from Thanachart Bank Public Company Limited, the related company ready to support additional short-term liquidity, and the short-term credit limits from other financial institutions. So the liquidity risk of the Company could be managed to the acceptable level and did not affect the main business operation of the Company.

The quick ratio was 0.61, not different from the current ratio since most of current assets of the Company and its subsidiaries had high liquidity ratio at 99.39% of total current assets.

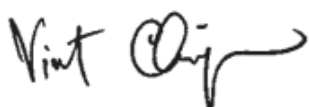
Responsibilities of the Board of Directors for Financial Report

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 2019 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.

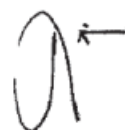
The Board of Directors realized the importance of the duties and responsibilities that must continuously be in accordance with the good corporate governance policy in order to conduct the business with efficiency, transparency and credibility and established proper and effective control system, risk 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 2019 was reliable along with the financial reporting standards and was conducted precisely according to the related laws and regulations.



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



(Mr. Kovit Rongwattanasophon)
Managing Director

Report of the 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 Nanthirapakorn, 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.

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 2019, 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 2019. 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.

Audit Committee Charter Consideration

The Audit Committee has considered and reviewed the Audit Committee Charter to ensure that the Audit Committee's operations were efficient and updated.

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

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 2019, 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 2019, 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 2019, the Group had hire purchase and financial lease receivables - net of Baht 49,709 million (representing 98% of total assets) and allowance for doubtful accounts of Baht 2,225 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 2019, the Group's revenue mainly consisted of interest income from hire purchase and financial lease receivables amounting to Baht 3,539 million (representing 83 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 2020

Ratchthani Leasing Public Company Limited and its subsidiary

Statements of financial position

As at 31 December 2019

(Unit: Baht)

	Note	Consolidated financial		Separate financial	
		statements		statements	
		2019	2018	2019	2018
Assets					
Current assets					
Cash and cash equivalents	6	429,130,699	213,946,721	260,957,553	211,706,565
Current portion of hire purchase receivables - net	7	17,696,266,455	15,868,935,849	17,696,266,455	15,868,935,849
Current portion of financial lease receivables - net	8	215,617,670	172,473,000	215,617,670	172,473,000
Other receivables		67,496,580	66,772,805	58,539,955	66,772,805
Property foreclosed - net	11	156,182,189	78,792,948	156,182,189	78,792,948
Undue input vat		37,063,966	294,526,783	37,063,966	294,526,783
Other current assets		8,932,189	7,144,072	8,464,118	7,143,450
Total current assets		18,610,689,748	16,702,592,178	18,433,091,906	16,700,351,400
Non-current assets					
Restricted bank deposit		2,000,000	1,000,000	-	-
Hire purchase receivables - net of current portion	7	31,352,596,817	29,996,656,399	31,352,596,817	29,996,656,399
Financial lease receivables - net of current portion	8	444,131,792	373,568,683	444,131,792	373,568,683
Other long-term investment		213,954	210,585	213,954	210,585
Investment in subsidiary	9	-	-	3,999,700	3,999,700
Investment properties	12	19,326,498	19,326,498	19,326,498	19,326,498
Land, building and equipment - net	13	95,281,012	113,880,964	94,016,265	113,150,708
Intangible assets - net	14	16,840,118	5,255,941	16,568,438	5,225,981
Deferred tax assets - net	15	338,373,757	317,038,970	338,305,771	317,038,970
Other non-current assets		1,480,514	1,529,001	1,470,513	1,529,001
Total non-current assets		32,270,244,462	30,828,467,041	32,270,629,748	30,830,706,525
Total assets		50,880,934,210	47,531,059,219	50,703,721,654	47,531,057,925

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	16				
Related parties		150,000,000	1,030,000,000	150,000,000	1,030,000,000
Unrelated parties		14,337,075,525	15,000,348,233	14,337,075,525	15,000,348,233
Short-term loans	17				
Related persons and related parties		68,000,000	123,000,000	68,000,000	123,000,000
Unrelated persons and unrelated parties		349,500,000	205,500,000	349,500,000	205,500,000
Other payables	18	336,039,584	456,174,869	286,109,691	456,174,869
Accrued interest		170,518,771	132,590,667	170,518,771	132,590,667
Current portion of hire purchase and financial lease payables	19	3,827,601	4,287,994	3,827,601	4,287,994
Current portion of long-term loans	20				
Related persons and related parties		50,000,000	28,000,000	50,000,000	28,000,000
Unrelated persons and unrelated parties		-	161,000,000	-	161,000,000
Current portion of debentures	21				
Related persons and related parties		99,959,867	299,933,092	99,959,867	299,933,092
Unrelated persons and unrelated parties		14,030,959,207	5,134,098,502	14,030,959,207	5,134,098,502
Income tax payable		255,909,634	231,602,956	244,195,343	231,602,956
Other current liabilities		207,237,256	190,998,301	205,966,161	190,949,831
Total current liabilities		30,059,027,445	22,997,534,614	29,996,112,166	22,997,486,144
Non-current liabilities					
Hire purchase and financial lease payables					
- net of current portion	19	4,591,632	7,403,825	4,591,632	7,403,825
Long-term loans - net of current portion	20				
Unrelated persons and unrelated parties		600,912,772	100,000,000	600,912,772	100,000,000
Debentures - net of current portion	21				
Related parties		75,273,559	99,903,384	75,273,559	99,903,384
Unrelated parties		12,421,052,995	17,101,679,981	12,421,052,995	17,101,679,981
Provision for long-term employee benefits	22	49,048,731	29,575,478	48,426,141	29,575,478
Total non-current liabilities		13,150,879,689	17,338,562,668	13,150,257,099	17,338,562,668
Total liabilities		43,209,907,134	40,336,097,282	43,146,369,265	40,336,048,812

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Shareholders' equity					
Share capital	23				
Registered					
3,775,353,450 ordinary shares of Baht 1 each					
(31 December 2018: 3,020,248,011 shares of Baht 1 each)		3,775,353,450	3,020,284,011	3,775,353,450	3,020,284,011
Issued and fully paid-up					
3,775,353,450 ordinary shares of Baht 1 each					
(31 December 2018: 3,020,283,681 shares of Baht 1 each)		3,775,353,450	3,020,283,681	3,775,353,450	3,020,283,681
Share premium		319,888,163	319,888,163	319,888,163	319,888,163
Retained earnings					
Appropriated - statutory reserve	24	378,000,000	303,000,000	378,000,000	303,000,000
Unappropriated		3,197,776,638	3,551,789,797	3,084,110,776	3,551,837,269
Equity attributable to owners of the Company		7,671,018,251	7,194,961,641	7,557,352,389	7,195,009,113
Non-controlling interests of the subsidiary		8,825	296	-	-
Total shareholders' equity		7,671,027,076	7,194,961,937	7,557,352,389	7,195,009,113
Total liabilities and shareholders' equity		50,880,934,210	47,531,059,219	50,703,721,654	47,531,057,925

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 2019

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Hire purchase interest income		3,498,126,611	3,166,734,029	3,498,126,611	3,166,734,029
Financial leases interest income		40,521,242	35,534,123	40,521,242	35,534,123
Fees and service income		328,161,808	342,151,043	175,333,460	342,151,043
Other income		371,340,354	282,947,992	372,236,191	282,945,471
Total revenues		4,238,150,015	3,827,367,187	4,086,217,504	3,827,364,666
Expenses					
Selling expenses		177,028,526	161,572,184	169,750,509	161,572,184
Administrative expenses		392,998,716	341,986,176	390,701,417	341,936,179
Bad debts and doubtful accounts	10	193,531,260	402,597,088	193,531,260	402,597,088
Total expenses		763,558,502	906,155,448	753,983,186	906,105,451
Profit before finance cost and income tax expenses		3,474,591,513	2,921,211,739	3,332,234,318	2,921,259,215
Finance cost		(1,011,345,022)	(869,799,426)	(1,011,345,022)	(869,799,426)
Profit before income tax expenses		2,463,246,491	2,051,412,313	2,320,889,296	2,051,459,789
Income tax expenses	15.2	(499,673,491)	(410,704,885)	(471,185,593)	(410,704,885)
Profit for the year		1,963,573,000	1,640,707,428	1,849,703,703	1,640,754,904
Other comprehensive income (loss):					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial loss		(9,460,655)	(693,440)	(9,276,362)	(693,440)
Less: Income tax effect	15.2	1,892,131	138,688	1,855,272	138,688
Other comprehensive income for the year (loss)		(7,568,524)	(554,752)	(7,421,090)	(554,752)
Total comprehensive income for the year		1,956,004,476	1,640,152,676	1,842,282,613	1,640,200,152

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 2019

(Unit: Baht)

		Consolidated financial		Separate financial	
		statements		statements	
	Note	2019	2018	2019	2018
Profit or loss attributable to (loss):					
Equity holders of the Company		1,963,564,460	1,640,707,432	1,849,703,703	1,640,754,904
Non-controlling interests of the Subsidiary		8,540	-4		
		<u>1,963,573,000</u>	<u>1,640,707,428</u>		
Total comprehensive income (loss) attributable to:					
Equity holders of the Company		1,955,995,947	1,640,152,680	1,842,282,613	1,640,200,152
Non-controlling interests of the Subsidiary		8,529	-4		
		<u>1,956,004,476</u>	<u>1,640,152,676</u>		
Earnings per share	26				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.52	0.43	0.49	0.43
Weighted average number of ordinary shares (Share)		3,775,353,450	3,775,353,450	3,775,353,450	3,775,353,450

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 2019

(Unit: Baht)

	Consolidated financial statements					
	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		
Balance as at 1 January 2018	2,416,227,209	319,888,163	242,000,000	2,649,180,567	5,627,295,939	-
Profit for the year	-	-	-	1,640,707,432	1,640,707,432	(4)
Other comprehensive income for the year (loss)	-	-	-	(554,752)	(554,752)	-
Total comprehensive income for the year	-	-	-	1,640,152,680	1,640,152,680	(4)
Increase in non-controlling interest of the subsidiary from investing in subsidiary	-	-	-	-	-	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)	-
Balance as at 31 December 2018	3,020,283,681	319,888,163	303,000,000	3,551,789,797	7,194,961,641	296
Balance as at 1 January 2019	3,020,283,681	319,888,163	303,000,000	3,551,789,797	7,194,961,641	296
Profit for the year	-	-	-	1,963,564,460	1,963,564,460	8,540
Other comprehensive income for the year (loss)	-	-	-	(7,568,513)	(7,568,513)	(11)
Total comprehensive income for the year	-	-	-	1,955,995,947	1,955,995,947	8,529
Appropriate statutory reserve (Note 24)	-	-	75,000,000	(75,000,000)	-	-
Dividend paid (Note 23)	755,069,769	-	-	(2,235,009,106)	(1,479,939,337)	-
Balance as at 31 December 2019	3,775,353,450	319,888,163	378,000,000	3,197,776,638	7,671,018,251	8,825

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 2019

(Unit: Baht)

	Separate financial statements				
	Issued and fully paid-up share capital	Share premium	Retained earnings	Unappropriated	Total shareholders' equity
			Appropriated - statutory reserve		
Balance as at 1 January 2018	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)
Balance as at 31 December 2018	3,020,283,681	319,888,163	303,000,000	3,551,837,269	7,195,009,113
Balance as at 1 January 2019	3,020,283,681	319,888,163	303,000,000	3,551,837,269	7,195,009,113
Profit for the year	-	-	-	1,849,703,703	1,849,703,703
Other comprehensive income for the year (loss)	-	-	-	(7,421,090)	(7,421,090)
Total comprehensive income for the year	-	-	-	1,842,282,613	1,842,282,613
Appropriate statutory reserve (Note 24)	-	-	75,000,000	(75,000,000)	-
Dividend paid (Note 23)	755,069,769	-	-	(2,235,009,106)	(1,479,939,337)
Balance as at 31 December 2019	3,775,353,450	319,888,163	378,000,000	3,084,110,776	7,557,352,389

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 2019

(Unit: Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax	2,463,246,491	2,051,412,313	2,320,889,296	2,051,459,789
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	20,322,105	22,825,891	19,963,289	22,825,891
Bad debts and doubtful accounts	193,531,260	402,597,088	193,531,260	402,597,088
Gain on sales of land, building and equipment	(786,039)	(1,990,185)	(786,039)	(1,990,185)
Impairment loss on property foreclosed	29,149,921	2,979,649	29,149,921	2,979,649
Impairment loss on investment (reversal)	(3,369)	33,132	(3,369)	33,132
Increase in provision for long-term employee benefits	12,013,932	3,634,648	11,858,293	3,634,648
Impairment loss on other assets - output vat paid in advance	2,139,713	1,064,542	2,139,713	1,064,542
Interest income	(3,538,647,853)	(3,202,268,152)	(3,538,647,853)	(3,202,268,152)
Interest expenses	1,011,345,022	869,799,426	1,011,345,022	869,799,426
Profit from operating activities before changes in operating assets and liabilities	192,311,183	150,088,352	49,439,533	150,135,828
Operating assets (increase) decrease				
Hire purchase receivables	(4,323,608,515)	(8,827,667,194)	(4,323,608,515)	(8,827,667,194)
Financial lease receivables	(113,862,935)	(74,056,249)	(113,862,935)	(74,056,249)
Other receivables	(2,863,488)	(13,351,173)	6,093,134	(13,350,570)
Property foreclosed	523,697,608	378,296,059	523,697,608	378,296,059
Other current assets	255,674,678	(132,648,928)	256,142,149	(132,648,928)
Other non-current assets	48,487	(71,832)	58,488	(71,832)
Operating liabilities increase (decrease)				
Other payables	(120,135,284)	186,342,355	(170,065,178)	186,305,601
Other current liabilities	16,238,955	24,016,515	15,016,330	24,004,799
Provision for long-term employee benefit	(2,001,333)	-	(2,283,992)	-
Cash flows used in operating activities	(3,574,500,644)	(8,309,052,095)	(3,759,373,378)	(8,309,052,486)
Cash received from interest	3,855,372,472	3,488,114,041	3,855,372,472	3,488,114,041
Cash paid for income tax	(494,809,451)	(404,270,223)	(478,004,735)	(404,270,204)
Net cash flows used in operating activities	(213,937,623)	(5,225,208,277)	(382,005,641)	(5,225,208,649)

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 2019

(Unit: Baht)

	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Increase in restricted bank deposits	(1,000,000)	(1,000,000)	-	-
Cash paid for investing in subsidiary	-	-	-	(3,999,700)
Cash paid for acquisition of land, building and equipment	(3,184,790)	(7,656,226)	(2,351,962)	(6,925,970)
Cash paid for acquisition of intangible assets	(8,796,700)	(307,990)	(8,494,500)	(278,030)
Proceeds from sales of land, building and equipment	1,267,290	2,147,253	1,267,290	2,147,253
Net cash used in investing activities	(11,714,200)	(6,816,963)	(9,579,172)	(9,056,447)
Cash flows from financing activities				
Increase in short-term loans from financial institutions (decrease)	(1,792,738,244)	3,037,086,459	(1,792,738,244)	3,037,086,459
Increase in short-term loans (decrease)	89,000,000	(58,000,000)	89,000,000	(58,000,000)
Cash received from long-term loans	600,900,000	50,000,000	600,900,000	50,000,000
Repayment for long-term loans	(239,000,000)	(1,000,000,000)	(239,000,000)	(1,000,000,000)
Cash received from issuance of long-term debentures	9,411,968,104	7,074,507,108	9,411,968,104	7,074,507,108
Repayment for long-term debentures	(5,435,000,000)	(3,100,000,000)	(5,435,000,000)	(3,100,000,000)
Repayment for hire purchase and financial lease payables	(5,078,677)	(4,419,047)	(5,078,677)	(4,419,047)
Cash received from establishing the subsidiary	-	300	-	-
Dividend payment	(1,479,939,337)	(72,486,979)	(1,479,939,337)	(72,486,979)
Cash paid for interest	(709,276,045)	(671,132,930)	(709,276,045)	(671,132,930)
Net cash flows from financing activities	440,835,801	5,255,554,911	440,835,801	5,255,554,611
Net increase in cash and cash equivalents	215,183,978	23,529,671	49,250,988	21,289,515
Cash and cash equivalents at beginning of year	213,946,721	190,417,050	211,706,565	190,417,050
Cash and cash equivalents at end of year	429,130,699	213,946,721	260,957,553	211,706,565
Supplement cash flows information				
Non-cash item				
Properties foreclosed received for debts settlement	630,236,770	500,092,079	630,236,770	500,092,079

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 2019

1. Corporate information

Ratchthani Leasing Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its parent company is Thanachart Capital Public Company Limited, a public company incorporated in Thailand (2018: The parent company is Thanachart Bank Public Company Limited and the parent company of the Group is Thanachart Capital Public Company Limited). 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.
- (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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 Group has adopted the revised (revised 2018) and new financial reporting standards and interpretations 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 adoption of these financial reporting standards does not have any significant impact on the Group financial statements. However, the new standard involves changes to key principles, which are 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.

This standard does not have any significant impact on the Group's financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. 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 except the following new standards which involve changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

A 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 Group believes that the adoption of these standards will not have any significant impact on the financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Group believes that adoption of these standards will not have any significant impact on the financial statements.

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

c) Post-employment benefits (Defined benefit plans)

The Company and its subsidiary have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiary treat 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.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company and its subsidiary recognise restructuring - related costs.

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 reduce 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 techniques 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 determine 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 financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash	2,712	6,890	2,712	6,890
Bank deposits	426,419	207,057	258,246	204,817
Total	429,131	213,947	260,958	211,707

As at 31 December 2019, bank deposits in saving accounts carried interests between 0.20 and 0.63 percent per annum (2018: between 0.37 and 0.80 percent per annum).

7. Hire purchase receivables

- 7.1 As at 31 December 2019 and 2018, 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			
	2019			
	Amounts due under the agreements			
	Due within 1 year ⁽¹⁾	1 - 5 years	Due over 5 years	Total
Hire purchase receivables	23,021,712	34,206,504	19,222	57,247,438
Less: unearned financial income ⁽²⁾	(3,134,578)	(2,848,003)	(309)	(5,982,890)
Present value of the minimum lease payment receivables	19,887,134	31,358,501	18,913	51,264,548
Less: Allowance for doubtful accounts ⁽³⁾	(2,190,868)	(24,774)	(43)	(2,215,685)
Hire purchase receivables - net	17,696,266	31,333,727	18,870	49,048,863

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

⁽²⁾ Presented net of deferred initial direct costs of hire-purchase.

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

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	2018			
	Amounts due under the agreements			
	Due within 1 year ⁽¹⁾	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 ⁽²⁾	(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 ⁽³⁾	(2,097,703)	(26,198)	(23)	(2,123,924)
Hire purchase receivables - net	15,868,936	29,985,184	11,472	45,865,592

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

⁽²⁾ Presented net of deferred initial direct costs of hire-purchase.

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

7.2 As at 31 December 2019 and 2018, 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					
2019					
Age of receivables	Number of contracts	Hire purchase receivables - net		Rate of allowance for doubtful accounts	Allowance for doubtful accounts
		Hire purchase receivables - net of unearned financial income	of unearned financial income and collateral value ⁽¹⁾		
Not yet due	47,306	38,077,382	2,409,039	1%	24,090
Past due not more than 1 installment	7,816	5,521,293	343,149	1%	3,431
Past due more than 1 installments	8,019	5,625,320	248,953	2%	4,979
Past due more than 3 installments	1,136	718,243	718,243	20%	143,649
Past due more than 6 installments	443	219,127	219,127	50%	109,564
Past due more than 12 installments	456	182,939	182,939	100%	182,939
Court judge receivables	744	503,171	503,171	100%	503,171
Receivables under compromise agreement	174	97,898	97,898	100%	97,898
Receivables from sales of property foreclosed /recoverable damages receivables	1,138	319,175	319,175	100%	319,175
Total	67,232	51,264,548	5,041,694		1,388,896
Allowance for doubtful accounts					
- additional provision for uncollectible receivables					826,789
Total					2,215,685

⁽¹⁾ 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)

Consolidated and separate financial statements					
2018					
Age of receivables	Number of contracts	Hire purchase receivables - net			
		Hire purchase receivables - net of unearned financial income	of unearned financial income and collateral value ⁽¹⁾	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

⁽¹⁾ 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 2019, the Company had hire purchase receivables amounting to approximately Baht 2,649 million, for which revenue recognition has ceased (2018: Baht 2,271 million).
- 7.4** As at 31 December 2019, the Company had non-performing loans (receivables overdue more than 3 installments) amounting to approximately Baht 2,041 million (2018: Baht 1,781 million).
- 7.5** During the year ended 31 December 2019, receivables under 897 hire purchase contracts amounting to Baht 884 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	356	317,636
Due in over 1 year	533	560,432
Premature settlement	8	6,336
Total	897	884,404

As at 31 December 2019, there remained 1,580 hire purchase receivable contracts for which modifications of terms had been negotiated, with outstanding balances totaling Baht 1,119 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 2019 and 2018, 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		
	2019		
	Amounts due under the agreements		
	Within 1 year ⁽¹⁾	1 - 5 years	Total
Financial lease receivables	263,617	488,465	752,082
Less: Unearned financial income ⁽²⁾	(39,326)	(44,015)	(83,341)
Present value of the minimum lease payments receivables	224,291	444,450	668,741
Less: Allowance for doubtful accounts	(8,674)	(318)	(8,992)
Financial lease receivables - net	215,617	444,132	659,749

⁽¹⁾ The current portion of financial lease receivables included receivables for which revenue recognition has ceased.

⁽²⁾ Presented net of deferred initial direct costs of financial leases.

(Unit: Thousand Baht)

	Consolidated and separate financial statements		
	2018		
	Amounts due under the agreements		
	Within 1 year ⁽¹⁾	1 - 5 years	Total
Financial lease receivables	215,421	411,433	626,854
Less: Unearned financial income ⁽²⁾	(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

⁽¹⁾ The current portion of financial lease receivables included receivables for which revenue recognition has ceased.

⁽²⁾ Presented net of deferred initial direct costs of financial leases.

8.2 As at 31 December 2019 and 2018, 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				
	2019				
	Financial lease receivables - net				
	Number of contracts	Financial lease receivables - net of unearned financial income	of unearned financial income and collateral value ⁽¹⁾	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Age of receivables					
Not yet due	427	613,295	39,521	1%	395
Past due not more than 1 installment	15	30,621	3,087	1%	31
Past due more than 1 installments	11	16,268	462	2%	9
Past due more than 3 installments	-	-	-	20%	-
Past due more than 6 installments	-	-	-	50%	-
Past due more than 12 installments	-	-	-	100%	-
Court judge receivables	4	4,462	4,462	100%	4,462
Receivables under compromise agreement	2	4,095	4,095	100%	4,095
Total	459	668,741	51,627		8,992

⁽¹⁾ Financial lease receivables that are more than 3 installments past due court judge receivables and receivables under compromise agreement are presented after deduction of unearned financial income, without deducting collateral value.

(Unit: Thousand Baht)

Consolidated and separate financial statements					
2018					
Age of receivables	Number of contracts	Financial lease receivables - net			
		Financial lease receivables - net of unearned financial income	of unearned financial income and collateral value ⁽¹⁾	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 court judge receivables and receivables under compromise agreement are presented after deduction of unearned financial income, without deducting collateral value.

8.3 As at 31 December 2019, the Company had financial lease receivables for which revenue recognition has ceased, and had non-performing loans amounting to approximately Baht 9 million (2018: 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	
	2019	2018	2019	2018	2019	2018
			(%)	(%)		
RTN Insurance Broker Company Limited	4,000	4,000	100	100	4,000	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 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2019	2018
Balance beginning of the year	2,133,724	1,842,749
Add: Doubtful account increase during the year	193,531	402,597
Less: Bad debt written - off	(102,578)	(111,622)
Balance end of the year	2,224,677	2,133,724

11. Property foreclosed

(Unit: Thousand Baht)

	Consolidated and separate financial statements			
	For the year ended 31 December 2019			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Cost	122,531	684,880	(578,341)	229,070
Less: Allowance for impairment	(43,738)	(29,150)	-	(72,888)
Net	78,793	655,730	(578,341)	156,182

(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

12. Investment properties

The investment properties represent land which currently undetermined future use. As at 31 December 2019, the fair value of investment properties amounted to Baht 35 million determined based on market price performed by an independent valuer. (2018: Baht 35 million)

13. Land, building and equipment

(Unit: Thousand Baht)

Consolidated financial statement							
For the year ended 31 December 2019							
	Land	Condominium units	Building improvement	Furniture, fixtures and equipment	Motor vehicles	Building improvement in process	Total
Cost							
1 January 2019	5,890	94,215	28,585	41,350	27,438	4,924	202,402
Additions	-	-	683	2,856	1,673	35	5,247
Disposals/written off	-	-	-	(88)	(3,832)	(4,757)	(8,677)
31 December 2019	5,890	94,215	29,268	44,118	25,279	202	198,972
Accumulated depreciation							
1 January 2019	-	28,842	15,980	28,811	14,888	-	88,521
Depreciation for the year	-	4,711	4,532	4,933	4,433	-	18,609
Disposals/written off	-	-	-	(88)	(3,351)	-	(3,439)
31 December 2019	-	33,553	20,512	33,656	15,970	-	103,691
Net book value							
31 December 2019	5,890	60,662	8,756	10,462	9,309	202	95,281
Depreciation charge for the year							18,609

(Unit: Thousand Baht)

Consolidated financial statement							
For the year ended 31 December 2018							
	Land	Condominium units	Building improvement	Furniture, fixtures and equipment	Motor vehicles	Building improvement in process	Total
Cost							
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
Accumulated depreciation							
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
Net book value							
31 December 2018	5,890	65,373	12,605	12,539	12,550	4,924	113,881
Depreciation charge for the year							18,910

(Unit: Thousand Baht)

Separate financial statement							
For the year ended 31 December 2019							
	Land	Condominium units	Building improvement	Furniture, fixtures and equipment	Motor vehicles	Building improvement in process	Total
Cost							
1 January 2019	5,890	94,215	28,585	40,620	27,438	4,924	201,672
Additions	-	-	683	2,023	1,673	35	4,414
Disposals/written off	-	-	-	(88)	(3,832)	(4,757)	(8,677)
31 December 2019	5,890	94,215	29,268	42,555	25,279	202	197,409
Accumulated depreciation							
1 January 2019	-	28,842	15,980	28,811	14,888	-	88,521
Depreciation for the year	-	4,711	4,532	4,635	4,433	-	18,311
Disposals/written off	-	-	-	(88)	(3,351)	-	(3,439)
31 December 2019	-	33,553	20,512	33,358	15,970	-	103,393
Net book value							
31 December 2019	5,890	60,662	8,756	9,197	9,309	202	94,016
Depreciation charge for the year							18,311

(Unit: Thousand Baht)

Separate financial statement							
For the year ended 31 December 2018							
	Land	Condominium units	Building improvement	Furniture, fixtures and equipment	Motor vehicles	Building improvement in process	Total
Cost							
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
Accumulated depreciation							
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
Net book value							
31 December 2018	5,890	65,373	12,605	11,809	12,550	4,924	113,151
Depreciation charge for the year							18,910

As at 31 December 2019, 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 35 million (2018: Baht 27 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 2019				
	Balance -				Balance -
Remaining	beginning				end of
useful lives	of the year	Additions	Amortised		the year
Cost	0 - 5 year	36,747	13,297	-	50,044
Less: Accumulated amortisation	(31,491)	-	(1,713)		(33,204)
Net book value	5,256	13,297	(1,713)		16,840
Amortisation during the year					1,713

(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 statement				
	For the year ended 31 December 2019				
	Balance - beginning of the year	Additions	Amortised	Balance - end of the year	
Remaining useful lives					
Cost	0 - 5 year	36,717	12,994	-	49,711
Less: Accumulated amortisation		(31,491)	-	(1,652)	(33,143)
Net book value		5,226	12,994	(1,652)	16,568
Amortisation during the year				1,652	

(Unit: Thousand Baht)

Separate financial statement				
For the year ended 31 December 2018				
	Balance - Remaining useful lives	Balance - beginning of the year	Additions	Amortised end of the year
Cost	0 - 7 year	36,439	278	-
Less: Accumulated amortisation		(27,576)	-	(3,915)
Net book value		8,863	278	(3,915)
Amortisation during the year				3,915

As at 31 December 2019, 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 27 million (2018: Baht 27 million).

15. Deferred tax assets/income tax expenses

15.1 Deferred tax assets

As at 31 December 2019 and 2018, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets				
Allowance for doubtful accounts	407,523	393,000	407,523	393,000
Allowance for impairment - properties foreclosed	14,578	8,748	14,578	8,748
Provision for long-term employee benefits	9,753	5,915	9,685	5,915
Others	4,011	3,584	4,011	3,584
Total	435,865	411,247	435,797	411,247
Deferred tax liabilities				
Deferred initial direct costs of hire-purchase	88,521	88,268	88,521	88,268
Deferred fees/expenses on borrowings	5,359	2,877	5,359	2,877
Difference of financial lease income	3,608	3,023	3,608	3,023
Others	3	40	3	40
Total	97,491	94,208	97,491	94,208
Deferred tax assets - net	338,374	317,039	338,306	317,039

15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2019 and 2018 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2019	2018	2019	2018
Current income tax:				
Current income tax charge for the year	519,116	458,006	490,598	458,006
Deferred tax:				
Relating to origination and reversal of				
temporary differences	(19,443)	(47,301)	(19,412)	(47,301)
Income tax expenses reported in the				
statements of comprehensive income	<u>499,673</u>	<u>410,705</u>	<u>471,186</u>	<u>410,705</u>

The amount of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial	
	statements		statements	
	2019	2018	2019	2018
Deferred tax relating to actuarial loss	<u>1,892</u>	<u>139</u>	<u>1,855</u>	<u>139</u>

Reconciliation between income tax expenses and the product of accounting profits multiplied by the applicable tax rate for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Accounting profits before tax	2,463,246	2,051,412	2,320,889	2,051,460
Applicable tax rate	20%	0 - 20%	20%	20%
Income tax at the applicable tax rate	492,649	410,283	464,178	410,292
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	7,024	413	7,008	413
Income tax expenses reported in the statements of comprehensive income	499,673	410,705	471,186	410,705

16. Short-term loans from financial institutions

(Unit: Thousand Baht)

		Consolidated and separate financial statements	
	Interest rate	2019	2018
Related party - Thanachart Bank Plc. ⁽¹⁾			
Short-term loan - Promissory notes	Fixed	150,000	1,030,000
		150,000	1,030,000
Unrelated party			
Short-term loan - Promissory notes	Fixed	1,390,000	2,690,000
Bill of exchange	Fixed	12,947,076	12,310,348
Total		14,337,076	15,000,348

⁽¹⁾ Thanachart Bank Plc. was the parent company until 3 December 2019 and became a related company since then due to having a common director.

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 2019, the short-term credit facilities with its related company and unrelated companies which have not yet been drawn down amounted to Baht 9,650 million. (2018: Baht 3,970 million)

17. Short-term loans

As at 31 December 2019 and 2018, 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		Separate financial	
	statements		statements	
	2019	2018	2019	2018
Payables for car purchase	243,684	301,605	243,684	301,605
Other payables - insurance premium payable	52,790	109,925	3,301	109,925
Accrued expenses	36,500	33,011	36,037	33,011
Other payables	3,066	11,634	3,088	11,634
Total other payables	336,040	456,175	286,110	456,175

19. Liabilities under hire purchase and finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated and separate financial	
	statements	
	2019	2018
Liabilities under hire purchase and finance lease agreements	8,927	12,518
Less: Deferred interest expenses	(507)	(826)
Total	8,420	11,692
Less: Current portion due within one year	(3,828)	(4,288)
Liabilities under hire purchase and finance lease agreements - net of current portion	4,592	7,404

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 2019, 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			
2019			
	Less than		
	1 year	1 - 5 years	Total
Minimum lease payments	4,146	4,781	8,927
Less: Deferred interest expenses	(318)	(189)	(507)
Present value of minimum lease payments	3,828	4,592	8,420

(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

20. Long-term loans

(Unit: Thousand Baht)

Consolidated and separate financial statements		
	2019	2018
a) A long-term credit facility from a bank amounting to Baht 450 million, repayable in full within 3 years from the drawdown date, with interest at fixed rate per annum and payable monthly	450,000	-
b) Long-term loans in the form of promissory notes		
- Related persons and related parties	-	28,000
- Unrelated persons and unrelated parties	201,000	261,000
Total	651,000	289,000
Less: Deferred loans issuing costs	(87)	-
Long-term loans	650,913	289,000
Less: Current portion due within one year	(50,000)	(189,000)
Long-term loans - net of current portion due within one year	600,913	100,000

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 2019 and 2018 are summarised below.

(Unit : Thousand Baht)

	Consolidated and separate financial statements	
	For the years ended 31 December	
	2019	2018
Balance as at the beginning of the year	289,000	1,239,000
Add: Loans drawdown during the year	601,000	50,000
Less: Loans repayment during the year	(239,000)	(1,000,000)
Balance as at the end of the year	651,000	289,000

21. Debentures

The Company issued registered, unsecured, unsubordinated debentures as follows:

(Unit: Thousand Baht)					
Year of issuance	Debenture period	Maturity date	Interest rate	Consolidated and separate financial statements	
				2019	2018
			(% p.a.)		
2016	2 - 3 years	July - September 2019	2.95 - 3.00	-	2,820,000
2016	3 - 4 years	July 2019	3.00	-	615,000
2017	2 years	March 2019	2.52	-	2,000,000
2017	2 - 3 years	January - December 2020	2.39 - 2.88	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
2019	2 years	January - October 2021	2.57 - 2.99	1,540,000	-
2019	2 - 3 years	February 2021 - October 2022	2.65 - 3.30	6,620,200	-
2019	3 - 4 years	July 2022 - July 2023	3.10 - 3.40	676,300	-
2019	5 years	July 2024	3.50	593,700	-
Total				26,645,200	22,650,000
Less: Deferred debentures issuing costs				(17,954)	(14,385)
Debentures				26,627,246	22,635,615
Less: Current portion due within one year				(14,130,919)	(5,434,032)
Debentures - net of current portion				12,496,327	17,201,583

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 statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Beginning balance of provision for long-term employee benefits	29,575	25,566	29,575	25,566
Recognised in profit or loss:				
Current service cost ⁽¹⁾	3,352	2,749	3,304	2,749
Interest cost ⁽¹⁾	1,348	886	1,334	886
Past service costs and gains or losses on settlement	7,314	-	7,220	-
Recognised in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumption changes	(24)	690	(24)	690
Financial assumption changes	7,488	(2,122)	7,304	(2,122)
Experience adjustments	1,997	2,125	1,997	2,125
Benefit paid during the year	(2,001)	(319)	(2,284)	(319)
Ending balance of provision for long-term employee benefits	49,049	29,575	48,426	29,575

⁽¹⁾ Long-term employee benefit expenses recognised in selling and administrative expenses.

As at 31 December 2019, the weighted average duration for payment long-term employee benefits of the Company is 22 years, (2018: 22 years) and the Company expects to pay long-term employee benefits within next 1 year amounting to Baht 8 million.

Key actuarial assumptions at the valuation date are as follows:

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
	(% per annum)		(% per annum)	
Discount rate	1.61	3.35	1.61	3.35
Future salary increase rate (depending on age of employee)	5.38	5.36	5.38	5.36
Staff turnover rate (depending on age of employee)	0 - 7	0 - 6	0 - 7	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 2019 and 2018 are summarised below:

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	2019					
	Discount rate		Salary incremental rate		Turnover rate	
	Increased	Decreased by	Increased	Decreased by	Increased	Decreased by
	by 0.5%	0.5%	by 0.5%	0.5%	by 0.5%	0.5%
Increase (decrease) in provisions						
for long-term employee benefits	(2,378)	2,617	2,439	(2,244)	(2,439)	2,930

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	2018					
	Discount rate		Salary incremental rate		Turnover rate	
	Increased	Decreased by	Increased	Decreased by	Increased	Decreased by
	by 0.5%	0.5%	by 0.5%	0.5%	by 0.5%	0.5%
Increase (decrease) in provisions						
for long-term employee benefits	(1,249)	1,360	1,285	(1,193)	(1,310)	1,543

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.

On 2 April 2019, the Annual General Meeting of Shareholders passed the resolutions as follows:

- 1) Decrease the Company's registered share capital by 330 ordinary shares of Baht 1 each. The Company registered the decrease in its registered share capital with the Ministry of Commerce on 17 April 2019.
- 2) 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. The Company registered the increase in its registered share capital with the Ministry of Commerce on 18 April 2019.

On 20 August 2019, the Extraordinary General Meeting of Shareholders passed the resolution to decrease the Company's registered share capital by 1,151 ordinary shares of baht 1 each. The Company registered the decrease in its registered share capital with the Ministry of Commerce on 26 August 2019.

Dividend

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.

On 2 April 2019, the Annual General Meeting of Shareholders passed resolutions to pay an annual dividend from net profit for 2018, consisting of a cash dividend of Baht 0.29 per share for 3,020 million shares 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, or a total of Baht 1,631 million. The Company paid the dividend to the shareholders on 26 April 2019.

On 30 August 2019, the Board of Directors Meeting passed resolutions to pay an interim dividend from net profit for the six-month period ended 30 June 2019 of Baht 0.16 per share, or a total of Baht 604 million. The Company paid the dividend to the shareholders on 26 September 2019.

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		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2019	2018	2019	2018
Bad debt and doubtful accounts	193,531	402,597	193,531	402,597
Salary and wages and other employee benefits	295,969	268,869	288,370	268,869
Bank charges and service fee expenses	37,083	37,656	36,582	37,610
Impairment loss on property foreclosed	29,150	2,980	29,150	2,980
Depreciation and amortisation	20,322	22,826	19,963	22,826
Legal fees	57,895	43,822	57,895	43,822

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 2 April 2019, the Annual General Meeting of Shareholders passed resolutions to pay an annual dividend from net profit for 2018, consisting of a cash dividend of Baht 0.29 per share for 3,020 million shares and a stock dividend of 755 million shares (to be allocated at a rate of 1 dividend share for every 4 shares held).

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Number of ordinary shares issued during the year (Thousand shares)	3,775,353	3,020,284	3,775,353	3,020,284
Number of stock dividends (Thousand shares)	-	755,069	-	755,069
Total (Thousand shares)	3,775,353	3,775,353	3,775,353	3,775,353
Profit for the year (Thousand Baht)	1,963,573	1,640,707	1,849,704	1,640,755
Earnings per share (Baht per share)	0.52	0.43	0.49	0.43

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 and its subsidiary'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 and its subsidiary's operating segments for the years ended 31 December 2019 and 2018.

(Unit: Thousand Baht)

Consolidated financial statement			
For the year ended 31 December 2019			
	New cars	Used cars	Total segments
Revenue from external customers			
Hire purchase interest income	2,051,461	1,446,666	3,498,127
Financial lease interest income	35,981	4,540	40,521
Other income	199,570	168,346	367,916
Unallocated other income			331,586
Total revenues	2,287,012	1,619,552	4,238,150
Operating expenses	(54,562)	(61,093)	(115,655)
Impairment loss on property foreclosed			(29,150)
Depreciation and amortisation			(20,322)
Unallocated operating expenses			(404,901)
Bad debts and doubtful accounts			(193,531)
Finance cost			(1,011,345)
Profit before income tax			2,463,246
Income tax			(499,673)
Profit for the year			1,963,573

(Unit: Thousand Baht)

Consolidated financial statement			
For the year ended 31 December 2018			
	New cars	Used cars	Total segments
Revenue from external customers			
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
Total revenues	2,103,503	1,474,992	3,827,367
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)
Profit before income tax			2,051,412
Income tax			(410,705)
Profit for the year			1,640,707

(Unit: Thousand Baht)

	Consolidated financial statement		
	As at 31 December 2019		
	New cars	Used cars	Total segments
Segment assets			
Hire purchase and financial lease receivables	34,473,782	15,234,830	49,708,612
Unallocated assets			1,172,322
Total assets			50,880,934

(Unit: Thousand Baht)

	Consolidated financial statement		
	As at 31 December 2018		
	New cars	Used cars	Total segments
Segment assets			
Hire purchase and financial lease receivables	32,453,054	13,958,580	46,411,634
Unallocated assets			1,119,425
Total assets			47,531,059

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 2019 and 2018, 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 subsidiary 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 2019 amounting to approximately Baht 7 million (the Company only: Baht 7 million) (2018: Baht 7 million in consolidated and separate financial statements) 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.	Was the parent company until 3 December 2019 and became a related company since then due to having a common director
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)

	Consolidated financial statements		Separate financial statements		
	For the years ended 31 December		For the years ended 31 December		Transfer pricing policy
	2019	2018	2019	2018	(For the year 2019)
Transactions with related parties					
Thanachart Bank Plc.					
Interest income	2,076	973	2,076	973	The same rates as charged to general customers
Interest expenses	30,727	32,002	30,727	32,002	As stipulated in agreements a prospectus
Bank fee expenses	6,556	5,325	6,556	5,325	As stipulated in agreements
Premises and equipment expenses	252	340	252	340	As stipulated in agreements
Service fee expenses	3,442	3,268	3,442	3,268	As stipulated in agreements
Subsidiary - RTN Insurance Broker Co., Ltd.					
Rental income	-	-	720	-	As stipulated in agreements
Service income	-	-	2,100	-	As mutually agreed
Related parties					
Interest expenses - Baan Rock Garden Plc.	1,422	3,594	1,422	3,594	As mutually agreed
Interest expenses - Thanachart Insurance Plc.	8,117	10,677	8,117	10,677	As stipulated in prospectus
Insurance expenses - Thanachart Insurance Plc.	2,946	2,452	2,946	2,452	As stipulated in agreements
Management, directors and related persons					
Interest expenses	683	1,085	683	1,085	As mutually agreed

As at 31 December 2019 and 2018, the balances of the accounts between the Company and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash and cash equivalents - cash at bank				
Thanachart Bank Plc.	366,193	122,236	204,812	120,028
Other assets - Deposit				
Thanachart Bank Plc.	-	70	-	70
Other receivables - interest receivable				
Thanachart Bank Plc.	27	15	27	15
Investment in subsidiary				
RTN Insurance Broker Co., Ltd.	-	-	4,000	4,000
Short-term loans from financial institutions				
Thanachart Bank Plc.	150,000	1,030,000	150,000	1,030,000
Short-term loans				
Baan Rock Garden Plc.	58,000	113,000	58,000	113,000
Management, directors and related persons	10,000	10,000	10,000	10,000
Debentures				
Thanachart Bank Plc.	35,000	-	35,000	-
Thanachart Insurance Plc.	140,400	400,000	140,400	400,000
Other payables - accrued expenses				
Thanachart Bank Plc.	-	5	-	5
RTN Insurance Broker Co., Ltd.	-	-	93	-
Accrued interest				
Thanachart Bank Plc.	43	237	43	237
Thanachart Insurance Plc.	974	4,816	974	4,816
Long-term loans				
Management, directors and related persons	-	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 2019			
	Balance beginning of the year	Increase	Decrease	Balance end of the year
<u>Short-term loans from financial institutions</u>				
Thanachart Bank Plc.	1,030,000	84,670,000	(85,550,000)	150,000
<u>Short-term loans</u>				
Baan Rock Garden Plc.	113,000	521,000	(576,000)	58,000
Management, directors and related persons	10,000	30,000	(30,000)	10,000
<u>Long-term loans</u>				
Management, directors and related persons	28,000	-	(28,000)	-
<u>Long-term debentures</u>				
Thanachart Bank Plc.	-	421,400	(386,400)	35,000
Thanachart Insurance Plc.	400,000	40,400	(300,000)	140,400

(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
<u>Short-term loans from financial institutions</u>				
Thanachart Bank Plc.	1,570,000	92,920,000	(93,460,000)	1,030,000
<u>Short-term loans</u>				
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
<u>Long-term loans</u>				
Management, directors and related persons	28,000	-	-	28,000
<u>Long-term debentures</u>				
Thanachart Bank Plc.	31,000	107,000	(138,000)	-
Thanachart Insurance Plc.	350,000	50,000	-	400,000

Directors and management's benefits

During the years ended 31 December 2019 and 2018, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2019	2018	2019	2018
Short-term employee benefits	56,430	49,781	56,430	49,781
Post-employment benefits	1,017	930	1,017	930
Total	57,447	50,711	57,447	50,711

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 2019 and 2018, future minimum lease payments required under these non-cancellable operating leases contracts are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payable within				
Less than 1 year	4,740	4,110	4,740	4,110
1 to 5 years	3,865	3,965	3,865	3,965

30.2 Long-term service commitments

As at 31 December 2019 and 2018, 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 financial statements		Separate financial statements	
	2019	2018	2019	2018
Payable within				
Less than 1 year	304	217	304	217
1 to 4 years	245	220	245	220

30.3 The Company and its subsidiary have commitments under support service agreement with its related company. Service payables due within 31 December 2022 amounting to Baht 9 million (the Company only: Baht 8 million) (2018: Baht 3 million in consolidated and separate financial statements).

30.4 Litigation

As at 31 December 2019, the Company is being sued as defendant or co-defendant in lawsuits with claims totaling Baht 4 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 have 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 2019 and 2018, 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)

(CNY million, unless otherwise stated)						
	Consolidated financial statement					
	2019					
	Fixed interest rates					
	Repricing or maturity date			Floating	Non-	
Transactions	Within	1 - 5	Over	interest	interest	Total
	1 year	years	5 years	rate	bearing	
Financial assets						
Cash and cash equivalents	-	-	-	415	14	429
Hire purchase receivables ⁽¹⁾	17,847	31,358	19	-	2,041	51,265
Financial lease receivables ⁽¹⁾	215	445	-	-	9	669
Financial liabilities						
Short-term loans from financial institutions	14,487	-	-	-	-	14,487
Short-term loans	418	-	-	-	-	418
Other payables	-	-	-	-	296	296
Hire purchase and financial lease payables	4	4	-	-	-	8
Long-term loans	50	601	-	-	-	651
Debentures	14,131	12,496	-	-	-	26,627

⁽¹⁾ 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)

	Consolidated financial statement					
	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	
Financial assets						
Cash and cash equivalents	-	-	-	200	14	214
Hire purchase receivables ⁽¹⁾	16,186	30,011	12	-	1,781	47,990
Financial lease receivables ⁽¹⁾	173	374	-	-	9	556
Financial liabilities						
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

⁽¹⁾ 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 statement					
	2019					
	Fixed interest rates					
	Repricing or maturity date			Floating	Non-	
Transactions	Within	1 - 5	Over	interest	interest	Total
	1 year	years	5 years	rate	bearing	
<u>Financial assets</u>						
Cash and cash equivalents	-	-	-	251	10	261
Hire purchase receivables ⁽¹⁾	17,847	31,358	19	-	2,041	51,265
Financial lease receivables ⁽¹⁾	215	445	-	-	9	669
Investment in subsidiary	-	-	-	-	4	4
<u>Financial liabilities</u>						
Short-term loans from financial						
institutions	14,487	-	-	-	-	14,487
Short-term loans	418	-	-	-	-	418
Other payables	-	-	-	-	247	247
Hire purchase and financial lease						
payables	4	4	-	-	-	8
Long-term loans	50	601	-	-	-	651
Debentures	14,131	12,496	-	-	-	26,627

⁽¹⁾ 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 statement						
	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		
<u>Financial assets</u>							
Cash and cash equivalents	-	-	-	198	14		212
Hire purchase receivables ⁽¹⁾	16,186	30,011	12	-	1,781		47,990
Financial lease receivables ⁽¹⁾	173	374	-	-	9		556
<u>Financial liabilities</u>	-	-	-	-	4		4
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

⁽¹⁾ 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 2019 and 2018 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statement				
	2019				
	At call	Less than 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	429	-	-	-	429
Hire purchase receivables ⁽¹⁾	-	17,847	31,377	2,041	51,265
Financial lease receivables ⁽¹⁾	-	215	445	9	669
Financial liabilities					
Short-term loans from financial institutions	440	14,047	-	-	14,487
Short-term loans	418	-	-	-	418
Other payables	-	296	-	-	296
Hire purchase and financial lease payables	-	4	4	-	8
Long-term loans	-	50	601	-	651
Debentures	-	14,131	12,496	-	26,627

⁽¹⁾ 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	Consolidated financial statement				
	2018				
	At call	Less than 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	214	-	-	-	214
Hire purchase receivables ⁽¹⁾	-	16,186	30,023	1,781	47,990
Financial lease receivables ⁽¹⁾	-	173	374	9	556
Financial liabilities					
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

⁽¹⁾ 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 statement				
	2019				
	At call	Less than 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	261	-	-	-	261
Hire purchase receivables ⁽¹⁾	-	17,847	31,377	2,041	51,265
Financial lease receivables ⁽¹⁾	-	215	445	9	669
Investment in subsidiary	-	-	-	4	4
Financial liabilities					
Short-term loans from financial institutions	440	14,047	-	-	14,487
Short-term loans	418	-	-	-	418
Other payables	-	247	-	-	247
Hire purchase and financial lease payables	-	4	4	-	8
Long-term loans	-	50	601	-	651
Debentures	-	14,131	12,496	-	26,627

⁽¹⁾ 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 statement				
	2018				
	At call	Less than 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	212	-	-	-	212
Hire purchase receivables ⁽¹⁾	-	16,186	30,023	1,781	47,990
Financial lease receivables ⁽¹⁾	-	173	374	9	556
Investment in subsidiary	-	-	-	4	4
Financial liabilities					
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

⁽¹⁾ 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 2019 and 2018, 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				
	2019				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed					
Cash and cash equivalents	429	429	-	-	429
Hire purchase receivables	49,049	-	-	49,642	49,642
Financial lease receivables	660	-	-	659	659
Investment properties	19	-	-	35	35
Liabilities for which fair value are disclosed					
Short-term loans from financial institutions	14,487	-	14,487	-	14,487
Short-term loans	418	-	418	-	418
Other payables	296	-	296	-	296
Hire purchase and financial lease payables	8	-	8	-	8
Long-term loans	651	-	666	-	666
Debentures	26,627	-	26,835	-	26,835

(Unit: Million Baht)

	Consolidated financial statement				
	2018				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed					
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
Liabilities for which fair value are disclosed					
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 statement				
	2019				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed					
Cash and cash equivalents	261	261	-	-	261
Hire purchase receivables	49,049	-	-	49,642	49,642
Financial lease receivables	660	-	-	659	659
Investment properties	19	-	-	35	35
Liabilities for which fair value are disclosed					
Short-term loans from financial institutions	14,487	-	14,487	-	14,487
Short-term loans	418	-	418	-	418
Other payables	247	-	247	-	247
Hire purchase and financial lease payables	8	-	8	-	8
Long-term loans	651	-	666	-	666
Debentures	26,627	-	26,835	-	26,835

(Unit: Million Baht)

	Separate financial statement				
	2018				
	Book	Fair value			
	value	Level 1	Level 2	Level 3	Total
Assets for which fair value are disclosed					
Cash and cash equivalents	212	212	-	-	212
Hire purchase receivables	45,866	-	-	46,602	46,602
Financial lease receivables	546	-	-	546	546
Investment properties	19	-	-	35	35
Liabilities for which fair value are disclosed					
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

Fair value hierarchy for financial assets and liabilities are presented according to notes 4.17 to the financial statements.

- 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 2019, the Company and its subsidiary's debt-to-equity ratio was 5.63:1 (2018: 5.61:1).

33. Event after the reporting period

On 18 February 2020, 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) A cash dividend payment to the shareholders from net profit for 2019 of Baht 0.16 per share, or a total dividend payment of Baht 604 million.
- 2) An increased budget for debentures to be issued and offered during the year 2020, 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 2020.



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A Thanachart Group Company

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