

AIRA Factoring Public Company Limited



ANNUAL REPORT 2020



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AIRA Factoring Public Company Limited

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• Vision

The Company determines to become the leader in the factoring credit service



• Mission

To determine and develop our factoring service to become the leading factoring firm that provide short-term credit service to manage our core business while delivering excellent service toward our customer, creating constantly great benefit to our shareholder and employee. All our missions are subject to the appropriate risk management policy and commit to the Corporate Social Responsibility



• Goal

To become the leader of domestic factoring and finance supporting for driving the national economic growth



• Value

- Putting the customer at the center
- To be the organization of cooperation in providing services
- Professionalism
- Focus on the creating innovation of efficient business operation



Message from Chairman



During the year 2020, Covid-19 epidemic impacted to economic of Thailand, this can be considered as a great challenge to the business of the company. However, the Company operated with carefulness and strengthen relationship to our customers and partners in every sector. Furthermore, due to the good cooperation of the Board, Executives, Employees and the Support from shareholders affected the Company was able to overcome obstacles.

Pursuant to the Company's business development plan for 2020-2022 regarding the Company emphasized to enter the digital technology. The Company decelerated to launch our new financial products because of the Covid-19 epidemic. However, our e-Document was served to our customers. The Company perceived that it was the good opportunity to develop our operation for online services namely e-Factoring project being launched in the beginning of year 2021. Moreover, the Company joined with the Bank of Thailand in Digital Factoring project objected to develop factoring service via BOT's digital platform and to easily serve customers to reach their working capital.

In addition to business operations, the Company still adheres to the principles of good corporate governance. Regarding corporate governance assessment of the Thai

Institute of Directors, the company's overall score was 90% (5 stars or "Excellent" level). While also focusing on social and community responsibility concurrently, such as donations to in "Physical Equipment Project" for the Thai With Disability Foundation, office equipment to Suankaew foundation for public purposes. As well as other continuous activities such as donation the used desk calendars to Educational Technology for the Blind Center, and "used staples" to Association of Persons with Physical Disability International.

Finally, on behalf of the Board of Directors, AIRA Factoring Public Company Limited would like to thank the Shareholders, Business Partners, Executives, and Employees who have always provided great support to the Company to go through the crisis of previous year. The success that the Company has received in 2020 is all due to the hard work of both executives and employees, please all believe that the company will continue to strive to conduct business under ethics and good corporate governance guidelines to steadily move forward forever.

(Mr. Sorasit Soontornkes)
Chairman of the Board of Directors



The Board of Directors and Managements



Mr. Sorasit Soontornkes
Chairman of the Board of Directors
and Independent Director
Age : 68 Years

Date of appointment : May 14, 2018

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master of Business Economics, Thammasat University
- Master of Accounting, Chulalongkorn University
- Bachelor of Accounting, Chulalongkorn University
- Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Executive Development Program (Wharton School) University of Pennsylvania, U.S.A.
- Capital Market Academy Leader Program Class 8
- Advanced Army Academics Program (regular class 46), Army War College

Director Training from Thai Institute of Directors Association (IOD) :

- Director Certification Program (DCP) Class 91/2007
- Advanced Audit Committee Program Class 33/2019

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2018 - Present	Chairman of the Board of Directors and Independent Director	AIRA Factoring Public Company Limited
2018 - 2020	Independent Director & Chairman of the Audit Committee	Allianze Ayudhya Capital Public Company Limited
2017 - 2020	Advisor to Board of Director & Chairman of the Risk Oversight Committee	Nok Air Public Company Limited

Board member / Management in Non-listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2018 - Present	Independent Director and Chairman of the Audit Committee	J.D. Food Products Company Limited
2018 - 2020	Independent Director and Chairman of the Audit Committee	Allianze Ayudhya General Insurance Public Company Limited

การดำรงตำแหน่งในองค์กรอื่น / กิจกรรมพิเศษสำคัญ : 3 แห่ง

year	Position	Company
2018 - Present	Audit Committee	Eastern Economic Corridor office of Thailand
2017 - Present	Audit Committee	Bank of Thailand
2017 - Present	Director, Internal Audit Office	Chulalongkorn University
2012 - 2016	President and Director	Deposit Protection Agency

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-

Mr. Kunakorn Makchaidee

**Independent Director and
Chairman of Audit Committee**
Age : 65 Years



Date of appointment : November 10, 2016

Shareholding as of December 31, 2020 : 16,000,000 shares (1.00%)

Education / Training :

- Master of Business Administration (Finance), Delta State University, U.S.A.
- Bachelor of Accounting, University of the Thai Chamber of Commerce
- Certificate of Attendance, Capital Market Academy Leader Program from Capital Market Academy (CMA), The Stock Exchange of Thailand Class 8

Director Training from Thai Institute of Directors Association (IOD) :

- Certificate of Attendance, Chartered Director Class 5/2009
- Certificate of Attendance, Audit Committee Program Class 17/2007
- DCP Re-Refresher Course Class 7/2005
- Diploma of Director Certificate Program and Australian Institute of Company Directors (AICD) Class 7/2001
- Certificate of Attendance, Chairman 2001 and Australian Institute of Company Directors (AICO) Class 5/2001

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 2 companies

year	Position	Company
2020 - Present	Independent Director and Chairman of Audit Committee	Bangkok Ranch Public Company Limited
2016 - Present	Independent Director and Chairman of Audit Committee	AIRA Factoring Public Company Limited
2011 - 2016	Director	AIRA Factoring Public Company Limited
2005 - 2011	Director and Executive Director	AIRA Factoring Public Company Limited

Board member / Management in Non-listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2002 - Present	Director	Chao Khun Agro Products Company Limited
1991 - Dec 2019	Director	Business Venture Promotion Company Limited
2018 - Oct 2019	Independent Director, Audit Committee and Chairman of the Nomination and Remuneration Committee	Hydroquip Company Limited
2018 - Apr 2019	Independent Director and Audit Committee	Eastern Energy Plus Company Limited
2002 - Jan 2019	Director	BVP Business Consultants Company Limited

Position in other organization / Institutions : 4 places

year	Position	Company
2001 - Present	Audit Committee	The Thai Chamber of Commerce and Board of Trade of Thailand
2001 - Present	Fellow Member	Thai Institute of Directors Association (IOD)
2000 - Present	Founder member	Thai Factoring Association
1955 - Present	Founder member	Thai Venture Capital Association

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-



Mrs. Yajai Pattanasukwasun

Independent Director,
Audit Committee and Chairman of
Nomination and Remuneration Committee
Age : 61 years

Date of appointment : August 14, 2014

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master of Public Administration, Chulalongkorn University
- Bachelor of Accountancy, Thammasat University
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Certification of Public Law, Thammasat University

Director Training from Thai Institute of Directors Association (IOD) :

- Boards that Make a Difference (BMD) Class 6/2018
- Risk Management Program for Corporate Leader Class 16
- Advanced Audit Committee Program (AACP) Class 22/2016
- Audit Committee Program (ACP) Class 4/2005
- Director Certification Program (DCP) Class 43/2004

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2014 - Present	Independent Director, Audit Committee and Chairman of Nomination and Remuneration Committee	AIRA Factoring Public Company Limited

Board member / Management in Non - Listed Company - The Stock Exchange of Thailand : 3 company

year	Position	Company
2020 - Present	Director	Office of the National Anti-Corruption Commission
2020 - Present	Audit Committee and Office Evaluation	The Market Organization Under the Ministry of Interior
2020 - Present	Director and Audit Committee	AIRA Asset Management Company Limited
2019 - Present	Director	Small and Medium Enterprise Development Bank of Thailand
Jan 2019 - Sep 2019	Director, Chairman of Risk Management Committee and Remuneration and Nomination Committee	
Apr 2019 - Sep 2019	Inspector for Ministry of Finance	Office of Permanent Secretary Ministry of Finance
2018 - Sep 2019	Director and Audit Committee	Sports Authority of Thailand
2016 - Apr 2019	Advisor on Policy and Strategy	Office of Permanent Secretary for Finance, Ministry of Finance
2014 - Sep 2019	Director, Director of Executive Committee and Legal Advisor	Government Pharmaceutical Organization

Position in other organization / Institutions : 2 places

year	Position	Company
2019 - Present	Vice president	Thammasat University Commerce and Accountancy Alumni
2012 - Present	Director and CFO	Institute of Research and Development for Public Enterprises
2015 - 2019	Secretary	Thammasat University Commerce and Accountancy Alumni

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-

Mr. Poonsak Thiapairat

Independent Director, Audit Committee and
Nomination and Remuneration Committee

Age : 56 years



Date of appointment : February 25, 2004

Shareholding as of December 31, 2020 : 8,440,000 shares (0.53%)

Education / Training :

- MBA (Finance and International Business),
Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Master of Science Program in Logistics, Chulalongkorn University

Director Training from Thai Institute of Directors Association (IOD) :

- Finance for Non-Finance Director (FN) class 23/2005
- Directors Accreditation Program (DAP) class 11/2004

Work Experience (5 years Past Experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand: 1 company

year	Position	Company
2004 - Present	Independent Director, Audit Committee and Nomination and Remuneration Committee	AIRA Factoring Public Company Limited

Board member / Management in Non - Listed Company - The Stock Exchange of Thailand : 2 companies

year	Position	Company
2015 - Present	Director	Poons Group of companies
2014 - Present	Director	Bellugg Group Company Limited
2014 - 2020	Director and Senior Executive Advisor	Eternity Grand Logistics Public Company Limited and the subsidiaries company

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-



Mrs. Ladavan Tanatanit

Director, Chairman of Executive Committee
and Authorized Director

Age : 75 years

Date of appointment : March 1, 2011

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master of Business Administration, Finance and Banking, Eastern New Mexico University, U.S.A.
- Bachelor of Business Administration, Finance, Thammasat University
- Advanced Bank Management Program (ABMP), Asian Institute of Management, Republic of the Philippines
- Diploma, National Defence College, The Joint State - Private Sector Course Class 9
- Certificate of the Capital Market Leadership Program, Capital Market Academy, Class 6
- Politics and Governance in Democratic Systems for Executives, King Prajadhipok's Institute, Class 13
- The Program for Senior Executives on Justice Administration, National Justice Academy, Office of Judiciary, Class 17

Director Training from Thai Institute of Directors Association (IOD) :

- Director Certification Program (DCP) Class 96/2007

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2011 - Present	Director, Chairman of Executive Committee, Authorized Director	AIRA Factoring Public Company Limited

Board member / Management in Non - listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2012 - Present	Finance and Real Estate Business Advisor	DTGO Corporation Limited

Position in other organization / Institutions : 1 place

year	Position	Company
2014 - Present	Associate Justice	The Central Intellectual Property and International Trade Court

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-

Mr. Visit Vongruamlarp

**Director and
Chairman of Credit Committee**
Age : 71 years



Date of appointment : April 29, 2011

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Bachelor of Accounting, Thammasat University
- Politics and Governance in Democratic Systems for Executives Class 1, King Prajadhipok's Institute
- Improving the Quality of Finance Reporting

Director Training from Thai Institute of Directors Association (IOD) :

- Director Accreditations Program (DAP) Class 14/2004
- Director Certification Program (DCP) Class 44/2004

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 2 companies

year	Position	Company
2017 - Present	Independent Director	Don Muang Tollway Public Company Limited
2011 - Present	Director and Chairman of Credit Committee	AIRA Factoring Public Company Limited
2015 - 2018	Director	Bangchak Corporation Public Company Limited
2007 - 2015	Director	D.T.C. Industries Public Company Limited

Board member / Management in Non - Listed Company - The Stock Exchange of Thailand :

year	Position	Company
2016 - 2017	Director, the Property Management Office	Thammasat University
2008 - 2016	Director and Audit Committee, Property Management Office	Thammasat University

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-



Mrs. Naline Ngamsetthamas
 Director, Nomination and Remuneration
 Committee, Executive Committee and
 Authorized Director
 Age : 61 years

Date of appointment : March 1, 2011

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Ph.D. (Honorary Degree) in Finance, Sripatum University
- Certificate Master Marketing, Thammasat University and University of Gutenberg
- Master of Business Administration (Finance Management), National Institute of Development Administration (NIDA)
- Bachelor of Science, Srinakharinwirot University
- Advanced Master of Management Program (AMM Batch#1), The National Institute of Development Administration (NIDA)
- Thailand Insurance Leadership Program (OIC Batch#7), Office of Insurance Commission
- Thammasat World Leadership Program (TWLP Batch# 1), Thammasat University Alumni Association
- Leadership Succession Program (LSP Batch#4) Institute of Research and Development for Public Enterprises (IRDP)
- Thammasat Leadership Program (TLP Batch# 3), Thammasat University Alumni Association
- Advanced Security Management Program (ASMP Batch# 3), Thailand National Defense College
- Capital Market Academy Leadership Program (CMA Batch#8), The Capital Market Academy, The Stock Exchange of Thailand (SET)

Director Training from Thai Institute of Directors Association (IOD) :

- Director Forum 2017 “The Board’s role in CEO Succession Planning
- CAC Conference 2017 “Bright Spots: Lighting the way to a corruption free society”
- Corporate Governance for Capital Market Intermediaries (CGI) Class 15/2016
- IOD Exclusive Event (M-IEE) Class 1/2015
- Role of Chairman Program (RCP) Class 31/2013
- Director Accreditation Program (DAP) Class 61/2007

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 2 companies

year	Position	Company
2011 - Present	Authorized Director, Member of the Executive Committee and Member of the Nomination and Remuneration Committee	AIRA Factoring Public Company Limited
2010 - Present	Authorized Director, Chairman of Investment Committee and Chief Executive Officer	AIRA Capital Public Company Limited

Board member / Management in Non - listed Company - The Stock Exchange of Thailand : 9 companies

year	Position	Company
October 2020 – Present	Authorized Director	Aspiration Two Company Limited
2018 - Present	Authorized Director	AIRA Venture Capital Company Limited
2017 - Present	Authorized Director	AIRA Asset Management Company Limited
2016 - Present	Authorized Director	Travelx (Thailand) Company Limited
2016 - Present	Chairman of the Board of Directors, Authorized Director and Chairman of Executive Committee	AIRA Leasing Public Company Limited
2015 - Present	Authorized Director, Chairman of Executive Committee and Chief Executive Officer	AIRA Property Company Limited
2015 - Present	Chairman of the Board of Directors and Authorized Director	Aspiration One Company Limited
2014 - Present	Authorized Director, Chairman of Nomination and Remuneration Committee	AIRA & AIFUL Public Company Limited
2007 - Present	Authorized Director	AIRA Securities Public Company Limited
2013 - June 2020	Chairman of the Board of Directors and Authorized Director	AIRA International Advisory (Singapore) Pte., Ltd.
2017 - 2019	Member of the Executive Committee	Nok Airline Public Company Limited
2017 - 2019	Chairman of the Board of Directors and Authorized Director	Nok Scoot Airline Company Limited
2014 - 2019	Chairman of Executive Committee	AIRA & AIFUL Public Company Limited
2017 - 2018	Director	Nok Mangkang Company Limited
2012 - 2016	Chairman of the Board of Directors and Authorized Director	AIRA Advisory Company Limited
2007 - 2016	Member of the Executive Committee	AIRA Securities Public Company Limited

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-



Mrs. Nongluk Chantarasombat

**Director, Credit Committee and
Authorized Director**

Age : 64 years

Date of appointment : May 14, 2018

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master of Business Administration, Kasetsart University
- Bachelor of Economics, Ramkhamhaeng University
- Situational Leadership for Top Leaders
- Digital Banking & Inspirational Leadership
- Executive Leadership Development Program (ELDP) Compass Institute, LEAD Business & Cornell University
- Business Strategy
- Strategic Management for Growth
- The 7 Habits of Highly Effective

Director Training from Thai Institute of Directors Association (IOD) :

- Director Accreditation Program (DAP) Class 152/2018

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2018 - Present	Director, Credit Committee and Authorized Director	AIRA Factoring Public Company Limited
2014 - 2017	Executive Vice President, Group Management, the credit restructuring group 2	Krung Thai Bank Public Company Limited
2015	Executive Vice President, Group Management, the credit restructuring group 2 and Acting Group Management of Property for Sale	Krung Thai Bank Public Company Limited
2013	Senior Vice President, Group Management, the credit restructuring group 2	Krung Thai Bank Public Company Limited

Board member / Management in Non - Listed Company – The Stock Exchange of Thailand : -None-

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-

Admiral Navapol Damrongpong

Independent Director

Age : 61 years



Date of appointment : May 12, 2020

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master of Public and Private Management Program, National Institute of Development Administration (NIDA)
- Naval Cadet Program Class #75, Royal Thai Naval Academy
- Cadet Program Class #18, Armed Forces Academies Preparatory School
- FO MWW CO/XO Designate Course, Australia
- Executive Relationship Development Course (ERDC) Class 17
- Naval Staff Program Class #53, Naval Command and Staff College
- Naval War Program Class #36, Naval War College, Royal Thai Navy
- The National Defence Course Class #55, National Defence College
- Capital Market Leader Program Class #25, Capital Market Academy
- Advance Master Management Program (AMM) Class #1, National Institute of Development Administration (NIDA)

Director Training from Thai Institute of Directors Association (IOD) :

- Director Accreditation Program (DAP) Class 177/2020

Work Experience (5 years past experiences) :

Board member / Management in Listed Company – The Stock Exchange of Thailand : 2 companies

year	Position	Company
2020 - Present	Independent Director, Audit Committee, Nomination and Remuneration Committee	Raja Ferry Port Public Company Limited
2020 - Present	Independent Director	AIRA Factoring Public Company Limited

Work Experience (5 years past experiences) :

year	Position
2018 - 2019	Deputy Chief of Defence Forces
2017 - 2018	Assistant Commander-In-Chief Royal Thai Navy
2015 - 2016	Board of Malaysia -Thailand Joint Authority (MTJA)
2015 - 2016	Assistant secretary, Special Economic Zone policy committee
2015 - 2016	Advisor to Chairman, Industrial Estate Authority of Thailand
2016 - 2017	RTN Advisory Group Royal Thai Navy
2014 - 2016	Director General Naval Logistic Department

Board member / Management in Non - listed Company – The Stock Exchange of Thailand : -None-

Position in other organization / Institutions: -None-

Position in conflict of interest to the company: -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries: -None-

Criminal-Free Track Record for the past 10 years: -None-

History of potential conflict of interest with the Company in the past year: -None-



Mr. Akrawit Sooksai

Director, Executive Committee,
Credit Committee, Authorized Director and
Chief Executive Officer
Age : 47 years

Date of appointment : July 5, 2018

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master of Economics, Thammasat University
- Digital Banking Transformation
- Enterprise Risk Management for Financial Institutions
- Certificate for Credit Underwriting, OMEGA (Financial Accounting for Banker & Credit Policy for Banker)

Director Training from Thai Institute of Directors Association (IOD) :

- Director Certification Program (DCP) Class 286/2019
- Director Accreditation Program (DAP) Class 152/2018

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2018 - Present	Director, Executive Committee, Credit Committee, Authorized Director and Chief Executive Officer	AIRA Factoring Public Company Limited
2011 - 2018	Vice President - Credit Underwriting Department Vice President - Credit Policy & Credit Risk Department	Kasikorn Bank Public Company Limited

Board member / Management in Non - listed Company - The Stock Exchange of Thailand : -None-

Position in other organization / Institutions : 1 place

year	Position	Company
2018 - Present	President of Thai Factors Association	Thai Factors Association

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-

Mr. Chanon Chotvijit**Executive Committee****Age : 61 years****Date of appointment :** July 5, 2018**Shareholding as of December 31, 2020 :** -None-**Education / Training :**

- Master of Economic Law, Chulalongkorn University
- Master of Financial Economics, National Institute of Development Administration
- Bachelor of International Economics (2nd Class Honors), Chulalongkorn University
- National Defence College (NDC 51)
- Top Executive Program, Capital Market Academy (CMA 23)
- Top Executive Program in Commerce and Trade (TEPCoT 10)

Director Training from Thai Institute of Directors Association (IOD) :

- Financial Institutions Governance Program (FGP) Class 4/2012
- Director Certification Program (DCP) Class 55/2005
- Audit Committee Program (ACP) Class 4/2005
- Directors Accreditation Program (DAP) Class 29/2004

Work Experience (5 years past experiences) :**Board member / Management in Listed Company - The Stock Exchange of Thailand :** 2 companies

year	Position	Company
2018 - Present	Executive Committee	AIRA Factoring Public Company Limited
2015 - Present	Independent Director, Chairman of Audit Committee, and Nomination and Remuneration Committee	Chayo Group Public Company Limited

Board member / Management in Non - listed Company - The Stock Exchange of Thailand : 3 companies

year	Position	Company
2016 - Present	Chairman of Executive Committee	Brain Consultant International Company Limited
2015 - Present	Qualified member of Subcommittee on Investment Financial Institutes Fund	Ministry of Finance
2012 - Present	Chief Executive Officer	Is Property Company Limited

Position in other organization / Institutions : 1 place

year	Position	Company
2017 - Present	Advisor	Thai Valuers Association

Position in conflict of interest to the company : -None-**Relation among Family with other Directors and Management of the Company or Subsidiaries :** -None-**Criminal-Free Track Record for the past 10 years :** -None-**History of potential conflict of interest with the Company in the past year :** -None-



Mr. Suthiporn Tanthikul

Executive Committee and Credit Committee

Age : 59 years

Date of appointment : July 5, 2018

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master of Economics program, National Institute of Development Administration
- Bachelor of Economic, The University of the Thai Chamber of Commerce
- Leadership Succession Program (Batch#5) Institute of Research and Development for Public Enterprises (IRDP)
- Thammasat Leadership Program (Batch#4), Thammasat University
- Risk Management Program (Batch#2), Chulalongkorn University

Director Training from Thai Institute of Directors Association (IOD) :

- Director Certification Program (DCP) Class 215/2016
- Risk Management Committee (RMP) Class 4/2014

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 2 companies

year	Position	Company
2019 - Present	Executive Committee	AIRA Factoring Public Company Limited
2018 - Present	Credit Committee	AIRA Factoring Public Company Limited
2013 - present	Managing Director and Risk Management Committee	AIRA Capital Public Company Limited

Board member / Management in Non - listed Company - The Stock Exchange of Thailand : 6 companies

year	Position	Company
Jan 2021 - Present	Director of Executive Committee	AIRA Securities Public Company Limited
Oct 2020 - Present	Authorized Director	Aspiration Two Company Limited
Feb 2018 - Present	Leasing Committee	AIRA Leasing Company Limited
Jun 2016 - Present	Authorized Director	AIRA Leasing Company Limited
2016 - present	Authorized Director	AIRA Asset Management Company Limited
Dec 2016 - Present	Authorized Director	AIRA Venture Capital Company Limited
2016 - Present	Authorized Director and Director of Executive Committee	AIRA and AIFUL Public Company Limited
2016 - Jan 2021	Director of Executive Committee	AIRA Leasing Company Limited
2015 - Nov 2020	Authorized Director	AIRA Property Public Company Limited

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-

Mr. Watana Sangvongmai

Credit Committee

Age : 60 years



Date of appointment : April 1, 2020

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master Degree: MS Finance and banking NIDA
- Bachelor Degree: BC Economic Thammasat
- Mini MBA, Chulalongkorn University
- Financial Executive Development Program-FINEX 20, The Thai Institute of Banking and Finance Association

Director Training from Thai Institute of Directors Association (IOD) : -None-

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2020 - Present	Credit Committee	AIRA Factoring Public Company Limited
2017 - 2019	FSVP SME Relationship Management Bangkok Division	Siam Commercial Bank Public Company Limited
2015 - 2017	FSVP SME Control & Development	Siam Commercial Bank Public Company Limited
2011 - 2015	FSVP SME Northeast Region	Siam Commercial Bank Public Company Limited
2006 - 2011	SVP SME Bangkok Region	Siam Commercial Bank Public Company Limited
1995 - 2002	Business Banking	Siam Commercial Bank Public Company Limited
1987 - 1995	Agricultural and Commodity Division	Siam Commercial Bank Public Company Limited

Board member / Management in Non - Listed Company - The Stock Exchange of Thailand : -None-

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-



Mr. Virut Danarthikhom

Credit Committee

Age : 63 years

Date of appointment : November 10, 2020

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Bachelor of Economics, Ramkhamhaeng University
- Bachelor of Law Thammasat University
- MBA, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Director Training from Thai Institute of Directors Association (IOD) :

- Ethical Leadership Program (ELP) Class 6/2016

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2020 - Present	Credit Committee	AIRA Factoring Public Company Limited
2015 - 2018	Executive Vice President of Risk Management and Debt Recovery	AIRA Factoring Public Company Limited
2007 - 2014	Head of Corporate	RHB Bank Berhad, Bangkok Branch

Board member / Management in Non - Listed Company - The Stock Exchange of Thailand : -None-

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-

Mrs. Pornpilai Burasai

Managing Director

Age : 57 years



Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master of Business Administration (MBA), National Institute of Development Administration (NIDA)
- Mini MBA, Chulalongkorn University
- Bachelor of Economic, Thammasat University
- Graduated Diploma in English for Business and Management (EBM), Thammasat University
- Peace Ambassadors Class 1, Mahachulalongkornrajavidyalaya University

Director Training from Thai Institute of Directors Association (IOD) :

- Executive Director Program (EDP) Class 9/2011

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2019 - Present	Managing Director	AIRA Factoring Public Company Limited
2018	Acting Managing Director	AIRA Factoring Public Company Limited
2011 - 2018	Executive Vice President of Credit and Marketing Department 2	AIRA Factoring Public Company Limited

Board member / Management in Non - listed Company - The Stock Exchange of Thailand : -None-

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-



Mr. Vuthipong Anurattada

Executive Vice President, Credit
and Marketing Group 1

Age : 49 years

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master of Business Administration, University of the Thai Chamber of Commerce
- Bachelor of Business Administration, University of the Thai Chamber of Commerce

Director Training from Thai Institute of Directors Association (IOD) :

- Executive Development Program (EDP) Class 6

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2018 - Present	Executive Vice President, Credit and Marketing Group 1	AIRA Factoring Public Company Limited
2001 - 2018	Senior Vice President of Credit and marketing 1	AIRA Factoring Public Company Limited

Board member / Management in Non - listed Company - The Stock Exchange of Thailand : -None-

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-

Mr. Pipob Jirawongsakorn
Executive Vice President, Operation and
Information Technology Division
Age : 50 years



Shareholding as of December 31, 2020 : -None-

Education / Training :

- Bachelor of Business Administration (Accounting), Suthothai Thammathirat Open University
- Bachelor of Arts (General Management), Suan Dusit Teacher's College
- Minis Master of Management, National Institute of Development Administration

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2019 - Present	Executive Vice President, Operation and Information Technology Division	AIRA Factoring Public Company Limited

Board member / Management in Non - Listed Company - The Stock Exchange of Thailand : -None-

year	Position	Company
2017 - 2019	Vice President, Operation	Souteast Capital Company Limited
2011 - 2017	Vice President, Operation	Bangkok Grand Pacific Lease Public Company Limited

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-



Mr. Perayot Ketchat

Executive Vice President,
Risk Management and Debt Recovery Division
Age : 46 years

Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master of Business Administration (M.B.A.), Burapha University
- Bachelor of Finance, Dhurakijpundit University
- Certificate, Banking and Finance Law Program (Batch#4), Thammasat University

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2019 - Present	Executive Vice President, Risk Management and Debt Recovery Division	AIRA Factoring Public Company Limited
2014 - 2018	Assistant Vice President, Corporate Credit Risk Analysis Office 2	Land and Houses Bank Public Company Limited

Board member / Management in Non - Listed Company - The Stock Exchange of Thailand : -None-

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-

Mr. Pattawut Veerapradit

Executive Vice President,
Finance & Administration Division
Age : 48 years



Shareholding as of December 31, 2020 : -None-

Education / Training :

- Master of Business Administration: Corporate Finance, University of Dallas, TX, U.S.A.
- Bachelor of Business Administration: Finance & Banking, The Faculty of Commerce and Accountancy, Thammasat University
- Refreshment of the Role and Expectation of A CFO, Federation of Accounting Professions under the Royal Patronage of His Majesty King

Work Experience (5 years past experiences) :

Board member / Management in Listed Company - The Stock Exchange of Thailand : 1 company

year	Position	Company
2019 - Present	Executive Vice President, Finance & Administration Division	AIRA Factoring Public Company Limited

Board member / Management in Non - listed Company - The Stock Exchange of Thailand :

year	Position	Company
2010 - 2019	Vice President: Finance Division and Manager of Thailand Representative Office	TACL Management Co. (Malaysia) SDN. BHD.

Position in other organization / Institutions : -None-

Position in conflict of interest to the company : -None-

Relation among Family with other Directors and Management of the Company or Subsidiaries : -None-

Criminal-Free Track Record for the past 10 years : -None-

History of potential conflict of interest with the Company in the past year : -None-



Financial Highlights

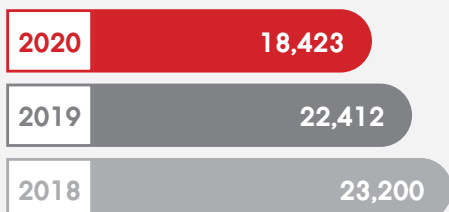
Financial Information	2020	2019	2018
Financial position (MB)			
Cash and cash equivalents	62.52	51.14	101.11
Total assets	2,176.84	2,556.46	2,502.62
Total liabilities	1,655.60	2,028.09	1,976.40
Total shareholders' equity	521.24	528.37	526.22
Results of Operations (MB)			
Interest income from factoring	159.62	177.20	179.72
Fee and services income	41.07	47.76	47.29
Total revenues	209.94	230.61	230.83
Financial costs	42.06	54.89	54.02
Operating expenses	117.57	127.08	125.00
Net Profit	42.71	42.16	48.92
Ratio Analysis			
Quick Ratio (Time(s))	1.26	1.24	1.24
Gross Profit Margin (%)	79.04	75.60	76.20
Net Profit Margin (%)	20.35	18.28	21.19
ROE (%)	8.14	8.00	9.13
ROA (%)	1.96	1.65	1.95
Debt to asset ratio (Time(s))	0.76	0.79	0.79
Debt to equity ratio (Time(s))	3.18	3.84	3.76
Value per share (Baht per share)			
Earnings per share	0.0267	0.0263	0.0306
Book value per share	0.34	0.35	0.35



Financial Highlights



Volume (MB)



Decreased from last year

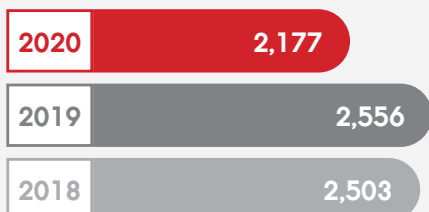


↓ **17.80%**

In the year 2020, the Company has purchase volume was 18,423 million Baht decreased by 17.80% from the previous year



Assets (MB)



Decreased from last year

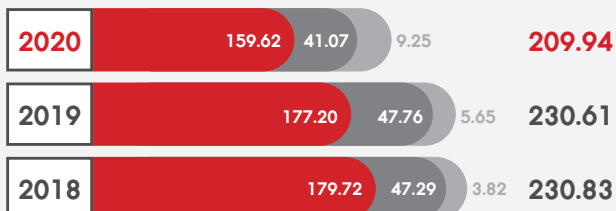


↓ **14.83%**

The ending year 2020, the Company's total assets was 2,177 million Baht decreased by 379 million Baht or 14.83%.



Revenues (MB)



Decreased from last year

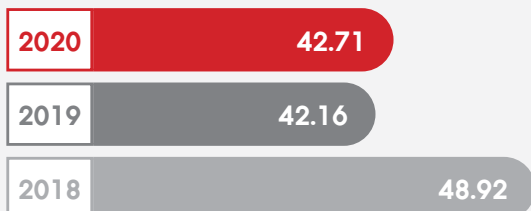


↓ **8.96%**

In 2020, the Company's revenues were 209.94 million Baht decreased by 8.96 % from the previous year.



Net Profit (MB)



Increased from last year



↑ **1.30%**

In 2020, the Company's net profit was 42.71 million Baht increased by 0.55 million Baht or 1.30% from the previous year.



Interest income from factoring



Fee and services income



Other revenues



General Information

Company Name	: AIRA Factoring Public Company Limited
Head Office Address	: 319 Chamchuri Square, 17 th Floor, Phayathai Road, Pathumwan Sub-district, Pathumwan District, Bangkok 10330 Thailand
Nature of Business	: The Company's main business is to provide short-term financing service by transferring creditors' right or factoring service.
Registration Number	: 0107547000141
Website	: www.airafactoring.co.th
Telephone	: +66(0) 2657 6222
Fax	: +66(0) 2657 6244, +66(0) 2657 6245
Registered Capital	: Baht 400,000,000
Paid-up Capital	: Baht 400,000,000
Par Value	: Baht 0.25 per share
Number of Issued Ordinary Shares	: 1,600,000,000 shares

References

Stock Registrar	: Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand Tel. +66(0) 2009 9000 Fax +66(0) 2009 9991
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Auditor	: Mr. Wonlop Vilaivaravit CPA Registration No. 6797 or Mr. Chavala Tienpasertkij CPA Registration No. 4301 or Mr. Yongyuth Lertsurapibul CPA Registration No. 6770 or Mrs. Nisakorn Songmanee CPA Registration No. 5035
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Deloitte Touche Tohmatsu Jaiyos Audit Company Limited
AIA Sathorn Tower, 23rd - 27th Floor,
11/1 South Sathorn Road, Yannawa, Sathorn,
Tel. +66 (0) 2034 0000 Fax: +66 (0) 2034 0100

Other information	: -None-
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Company Business Overview

AIRA Factoring Public Company Limited (“AF” or “the Company”) offers factoring services in Thailand (Domestic Factoring). Factoring is a short term loan where the clients transfers their rights to collect Account Receivables to the Company, while the Company will loan out a discounted amount and collect the money from the customers when it is due. The main clients of AF are clients with high potential, outstanding growth, and continuous expansion. The main clients of AF are in businesses that sell consumer products that supply to Modern Trade customers, electronics, electronic parts, telecommunication, consumer products, and services that concerns with beauty. The industries that compose the main clients of the company are ones that are important core industries to the country, continuously growing, and clear simple operation where these multiple industries allow AF to efficiently diversify the risks and further expand the projected revenue for the future.

AF has been in the factoring business for more than 23 years, with deep experience and know-how as our

competitive advantage, clients have trusted us and kept an ongoing relationship for a long time. Moreover, AF have received great support from our main shareholders concerning the evaluation of clients that supply our shareholders and confirming the transfer of rights to collect the accounts receivable from clients which is the key risk to the factoring industry. Nonetheless, in order to sustain AFs and our client’s business, AF has helped support the client operations by giving advice and recommendations that would benefit the business for example, inventory management, raw material sourcing, and managing suppliers. Moreover, the Company is prompt to expand credit limit to further expand the opportunity of the clients.

For the general overview of the company for 2020, the company’s total revenues decreased by 20.67 million Baht from previous year. In year 2020, total operating revenues were 209.94 million Baht or down by 8.96% by comparing with the same period of previous year. Total revenues decreased from previous year due to COVID-19 crisis.

Revenue Structure

The revenue of the company can be broken down into the following services:

Type of Service	Type of Income	Source of the Income
Domestic Factoring	Revenue from factoring services	Interest Income from Factoring
	Fees and Services	Fee from opening credit limit Fee from purchasing rights

The revenue structure of the company from 2020 to 2018 as follows:

Revenue Breakdown	2020		2019		2018	
	Amount	%	Amount	%	Amount	%
Interest Income from Factoring	159,621	76.03	177,199	76.84	179,721	77.86
Fees and Service Income	41,071	19.56	47,756	20.71	47,294	20.49
Other Income	9,248	4.41	5,650	2.45	3,815	1.65
Total	209,940	100.00	230,605	100.00	230,830	100.00

Product and Services

The main operation of the company is servicing clients with factoring.

● Nature of Service

AIRA Factoring Public Company Limited (“the Company”) operates the business by offering factoring services to the applicant (“the Client”) or simply the transfer of account receivables rights from the Client to the Company (Domestic Factoring). In exchange for the transfer of rights, the Company finances the short-term cash flow of the Client according to the sales of the discounted account receivables of the Client. The main Clients of the Company are small to middle businesses that are in need of short-term cash to fund their working capital. Most of the Clients are businesses that are growing or planning to expand where factoring would strengthen the financials of the Clients to achieve their target.

In order to reduce risk that the Company may sustain from operations, the Company has set up a diversified portfolio of companies in prospective

industries. Currently, these companies comprise from industries such as Electronic Equipments and Parts, Telecommunication, Consumer Products, and Health and Beauty industry. The industries mentioned beforehand are large core industries in the economy with clear operations which would benefit the management of risk for the Company and improve future transactions.

In the normal course of business, the Client would offer a credit term to the buyer (“Customer”). In the case that the Client would require a source of fund to help support their working capital or purchase of raw materials, the Client can transfer the rights of their account receivables by selling the documents to the Company. Documents include purchase order, delivery order, and billing. The Company would then lend a discounted sum of around 80% of the documents sold. The credit term limit of the loan is limited at no more than 180 days where the Company would collect the full sum of the documents from the Customer and return the difference between total sum and all fees back to the Client.

The Factoring Flow Chart



Marketing and Competition

● Industrial Condition and Competition

The Thai Economy in the third quarter of 2020 declined by 6.4 percent, improving from a 12.1-percent contraction in the previous quarter. On expenditure side: government expenditure and public investment expanded, while private consumption, private investment, and export of goods declined at a slower pace compared with the previous quarter. On production side: construction section accelerated, while the accommodation and food service activities, manufacturing, agriculture, transportation and storage, wholesale and retail trade, and repair of motor vehicles and motorcycles, and electricity, gas, steam, and air conditioning supply sectors all declined but at a slower pace than the preceding quarter. After seasonal adjustment, the economy increased by 6.5 percent from the second quarter. In the first 9 months of 2020, the Thai economy contracted by 6.7 percent.

● The Thai Economy in Q3/2020

- **Private consumption expenditure** decreased by 0.6 percent, less than a 6.8 percent decrease in the previous quarter following the ease of lockdown measures, the removing of restrictions on travel, the implementing measures to support, remedy and stimulate the economy, and the improvement of production and income bases. The expenditure on non-durable goods expanded by 2.7 percent, accelerated from a 1.6-percent expansion in the previous quarter. Food and Non-alcoholic spending, one of major spending categories, grew by 2.9 percent. Expenditure on services expanded by 3.8 percent, improved from a 7.6-percent decrease in the previous quarter, in line with an increase in several major spending such as (1) Housing, Water, Electricity, Gas and Other Fuels (2) Health, and (3) Education which grew by 3.7 percent, 4.3 percent and 0.7 percent, respectively. Expenditure on semi-durable goods fell by 14.0 percent, improved from a 15.7 percent drop in the previous quarter, in line with a decrease in

major expenditures such as spending on furnishings, household equipment and routine maintenance of the house, and clothing and footwear which dropped by 5.2 percent and 20.4 percent, respectively. Expenditure on durable goods decreased by 19.3 percent, compared with a 30.4-percent decrease in the previous quarter, following the reduction of major categories including purchase of vehicles which declined by 17.6 percent, compared with a 43.0 percent drop in the previous quarter. The improvement in private consumption was caused by the ease of lockdown measures and domestic travel restrictions, and government measures to provide assistance and remedy for citizens affected by the COVID-19 pandemic. As a result, consumer confidence index stood at 43.0, increased from 40.3 in the previous quarter.

- **Total investment** decreased by 2.4 -percent improved from decreased by 8.0 -percent drop in the previous quarter. Private investment decreased by 10.7 percent, continued from a 15.0-percent drop in the previous quarter, in accordance with a reduction of investment in machinery and equipment, while investment in construction returned to expand. Investment in machine and equipment decreased by 14.0 percent, compared with an 18.4-percent decline in the previous quarter. Investment in construction returned to a positive growth of 0.3 percent, improved from a 2.0-percent decrease in the previous quarter. This was in line with a decrease in the imports of capital goods, domestic machinery sales and newly registered motor vehicles for investment which dropped by 13.6 percent, 7.9 percent, and 9.4 percent, less than 18.8 percent, 21.2 percent and 24.5 percent decreases, respectively. Investment in construction returned to a positive growth of 0.3 percent, improved from a 2.0-percent decrease in the previous quarter. This was in line with the positive growth of municipal construction at the permitted areas which recorded a growth at 1.3 percent, compared with a 0.5- percent drop in the previous quarter, as well as

the raise of domestic construction material sales index which recorded an expansion of 0.5 percent. From the business perspective, BSI (Business Sentiment Index) rose to 45.4 from 35.2 in the previous quarter.

- **Exports** in US dollar terms was recorded at 58.0 billion US dollars, decreased by 8.2 percent, less than a 17.8-percent decline in the previous quarter due to the economic recovery in key trading countries, the growth in key exports of products benefit from the outbreak of COVID-19, and trade protection measures. The export volume index dropped by 7.6 percent, less than a 16.1-percent decrease in the previous quarter, following the reduction in export volume of manufacturing products which decreased by 9.1 percent, less than an 18.6-percent drop in the previous quarter. The export volume of agricultural commodities and fishery products fell by 10.0 percent and 16.0 percent, compared with a 3.6-percent growth and a 7.9-percent decline in the previous quarter, respectively. The export price dropped by 0.7 percent, compared with a 2.0-percent decline in the previous quarter. Excluding unwrought gold, export value fell by 10.5 percent, improved from a 21.4-percent decrease in the previous quarter. In Baht term, export value was recorded at 1,816 billion Baht, decreased by 6.3 percent, improved from a 16.8-percent drop in the previous quarter.

Export items with increased value included canned, prepared, or preserved fish (10.1 percent), rubber products (34.1 percent), animal food (18.0 percent), microwave ovens and other ovens (71.8 percent), refrigerators (21.9 percent), and furniture & parts (17.0 percent). On the other hand, Export items with decreased value included rice (-18.3 percent), rubber (-35.5 percent), sugar (-49.6 percent), passenger cars (-22.9 percent), pick up & trucks (-29.5 percent), Vehicle parts & accessories (-16.0 percent), computer parts & accessories (-1.8 percent), air condition machines (-7.2 percent), machinery & equipment (-9.6 percent), chemicals (-6.7 percent).

- **Agricultural sector** decreased by 0.9 percent improved from a drop of 3.3 percent in the previous quarter. The contraction of agricultural sector mainly due to the drought and lower level of water in major reservoirs and natural water resources. This was in line with a contraction of Agricultural Production Index of 0.1 percent. The production of agricultural product decreased, yet likely to rebound, including (i) paddy (-4.2 percent) as a result of product was supplied to the markets, (ii) rubber (-2.3 percent) caused by the higher domestic and global demands, and (iii) white shrimp (-1.9 percent) caused by heavy rainfall which lead to the catching accelerated before maturing. The production of agricultural products that continued to decline consisted of oil palm (-5.6 percent) and cassava (-0.8 percent) resulting from drought, delayed rainfall, and plant disease outbreaks. Meanwhile, major agricultural products with production expansion included maize (22.7 percent), poultry (6.7 percent), and fruits (2.5 percent), etc. Agricultural Price Index rebounded with 6.4 percent growth compared with 1.4 percent contraction in the previous quarter. This was mainly contributed by the increase in price index of key agricultural products, such as paddy (6.4 percent), oil palm (44.2 percent), fruits (8.8percent), swine (11.8 percent), and rubber (5.0 percent). In contrast, major agricultural price index with the downward trend consisted of poultry (-6.2 percent), and egg (-0.4 percent). The increase in agricultural price index led to overall Farm Income Index increased for the first time in 3 quarters with 6.2 percent growth.

- **Manufacturing sector** dropped by 5.3 percent improved from a 14.6 percent contraction in the previous quarter, in line with the rebound in export volume of manufacturing products. Similarly, Manufacturing Production Index decreased by 8.3 percent compared to 20.0 percent contraction in the previous quarter. Manufacturing Production Index of the industries (with 30 - 60 percent export share to total production) declined by 23.9 percent, improved from 51.1 percent decrease in the previous quarter mainly

caused by the production of vehicles (-30.2 percent), and weaving textiles (-26.2 percent), and the continuous drop of sugar (-65.2 percent). Manufacturing Production Index of export oriented industries (with export share of more than 60 percent to total production) declined by 6.0 percent, bounced back from 13.1 drop in the previous quarter, following the contraction in other rubber products (-8.2 percent) and air conditioner (-5.2 percent). Key manufacturing productions returned with expansion such as household electrical applicants (25.6 percent), and preserved of fruit and vegetables (9.8 percent). Manufacturing Production Index of the domestic-oriented industries (with export share of less than 30 percent to total production) declined by 1.6 percent comparing with 7.7 percent contraction in the previous quarter, mainly due to the contraction in petroleum products (-7.5 percent), steel (-7.0 percent), and parts and accessories for motor vehicles (-20.1 percent), along an the expansion of fertilizer (30.7 percent), pharmaceuticals (15.5 percent), and animal feed (6.2 percent). The average capacity utilization rate stood at 60.5 percent, increased from 52.9 percent in the previous quarter, however the figure was lower than 64.8 percent in the same quarter last year.

- Accommodation and food service activities sector declined by 39.6 percent, following to the contraction in number and revenue from foreign tourists. However, the recovery of domestic tourists and household spending led to an improvement in accommodation and food service activities sector from a 50.2-percent decrease in the previous quarter. This was in line with an increase of Average Occupancy Rate by 26.76 percent improved from 6.51 percent in the previous quarter. In the third quarter of 2020, the total number of foreign tourists recorded at zero, accounted for 100 percent contraction, continuously declined for two consecutive quarters. This was mainly due to the ongoing pandemic of COVID-19 around the world. As a result, Thai government continued to implement the emergency situation pursuant under the Emergency

Decree on Public Administration in Emergency Situations, B.E. 2548 since 25 March 2020 (No.1) continued until September 2020 (No. 14). With an announcement of the Notification on Conditions for Aircraft Permission to Enter Thailand since July 2020 (No. 2) continued until September 2020 (No.3) by the Civil Aviation Authority of Thailand (CAAT). As a consequence, the entry into Thailand of Thai and Non-Thai nationals, can be achieved without intension for tourism purposes, and abide by the conditions. However, foreign tourists, were not allowed to entry the country. The total revenue from tourism stood at 0.116 trillion Baht, dropped by 84.3 percent, continuously decreased from a 97.1-percent contraction in the previous quarter. This was attributed to Foreign tourism receipts, which decreased sharply by 100.0 percent, continually declined for two consecutive quarters, only Thai tourism receipts, were recorded at 0.116 trillion Baht, declined by 55.9 percent, compared to a 92.8-percent decrease in the previous quarter. The Average Occupancy Rate was at 26.76 percent, increased from 6.51 percent in the previous quarter, however the figure was lower than 64.03 percent expansion in the same period last year.

- Transportation and storage sector declined by 23.6 percent compared with a 38.8 percent decrease in the previous quarter, following the contraction of air transport services which was essentially affected by the COVID-19. However, there was a signal of improvement from the previous quarter after easing of lockdown measures. In the third quarter of 2020, Transport services declined by 24.9 percent improved from a drop of 41.3-percent in the previous quarter, as a result of the contraction of goods and passengers transport services, yet likely to rebound. This was attributed to (i) 71.9-percent decline in air transport services, (ii) 17.2-percent decline in land and tubes transport services, and (iii) 0.6-percent decline in water transport services. Besides, shipping support services dropped by 22.7 percent compared with a 26.1-percent decrease in the previous quarter. Meanwhile, postal

services increased by 5.0 percent, in line with the higher of entrepreneur revenue.

The Thai economy in 2020 is projected to decrease by 6.0 percent. Export value of goods in US dollar term is anticipated to decrease by 7.5 percent. Meanwhile, private consumption expenditure and total investment are expected to contract by 0.9 percent and 3.2 percent, respectively. Headline inflation is estimated to decline by 0.9 percent and the current account is projected to record a surplus of 2.8 percent of GDP.

The Thai economy in 2021 is expected to expand within the range of 3.5 – 4.5 percent, mainly supported by (i) the improvement of domestic demand, (ii) the recovery of the world economy and global trade, (iii) the government budget's disbursement and economic stimulus measures, and (iv) the low growth base in 2020. Consequently, it is estimated that export value of goods, private consumption expenditure, and total investment will increase by 4.2 percent, 2.4 percent, and 6.6 percent, respectively. Headline inflation is expected to be in a range of 0.7 - 1.7 percent, and the current account tends to register a surplus of 2.6 percent of GDP.

Source: Office of National Economic and Social Development Board (NESDB)

● Competitors

Since factoring has many players in the industry, the competition is therefore fierce from both banks and other independent factoring company. Since factoring is a financial product, banks will be able to offer factoring to their already vast number of products. Nonetheless, the company will focus to keeping current Clients and expanding to new Clients continuously in industries with excellent prospect and SMEs; companies of this size would require working capital to fund their business.

Currently, there are many companies and offer factoring which they can be separated into 3 categories as of follows:

1. Factoring businesses that are banks or have banks as their major shareholder: this group has vast reach towards customer due to the network available for commercial banks as well as low financial cost but credit approval by the bank is difficult as no collateral is present to follow their policy.
2. Factoring businesses that are large retailers or companies in leading industries: this group has vast reach towards suppliers of large retailers and companies in leading industries. The Clients of this group will generally be specialized.
3. Other General Factoring businesses: this group is composed of the most businesses that the other groups and operate in various target of Clients. The group operate with the most flexibility in analyzing the credit of Clients but is restricted by the capital and number of experienced individuals to operate.

● Business Goal

Our business goal is to create more strengthen capacity and support potential entrepreneurs to have more options to get financing for supporting its working capital and not rely on its main bank only. We will pay attention to support working capital to SMEs and develop new digital technology to be applied for running business such as e-Document and e-Factoring platform that would be quick respond to clients' requirement, increasing efficiency, crashed operating time from 2 - 3 days to be done in 1 - 1.5 days, and step down some factor process to handle more business transactions and reduce credit risks.

Moreover, from the above business goal, the Company will run business under good governance and Corporate Governance Code for create more return to the shareholders, growing on good quality and sustainability.

In the year 2020, the company has prepared a business development plan from 2020 - 2022 as a

framework for business operations and preparing to enter digital technology. Both system development and financial product development as follows:

1. e-Factoring Project is an online service channel. By developing a system to support the transfer of trade rights to reduce the process of assigning rights and reducing the risk of purchase. As well as facilitate the customers to request documents which customers can make transactions via the internet.
2. Modify the approval authorization structure by increasing the level of approval authority in the form of a credit subcommittee. By setting approval levels in the form of a credit subcommittee, this will result in flexibility in doing business and reduce the turnaround time for credit approval without having to wait for the credit committee meeting and in line with the goal of the Service Level Agreement (SLA) under acceptable risk.
3. Credit enhancement project and the development of online credit approval processes using digital technology to speed up credit approval.
4. A project to increase financial products such as Supply Chain Financing, which will be products that will increase revenue for the company in 2021.

● **Competitive Strategy**

1. The Company has competitive strategy to expand business in term of B2B. B2B is built up the client portfolio with business alliance or debtors (called sponsor). The debtors will cooperate to acknowledge the outright of trade receivable to the Company. The sponsor will introduce its suppliers to use factor with us. These would be support more strengthen on the supply chain which would be helpful to the Company for credit risk control management and efficiency due to strong financial status of the sponsors as well as cooperate in verifying the debt to be discounted. Therefore, the

credit risks would be minimized and can be verified the correctness.

2. In 2020, the company has a policy to expand clients base in potential industry sectors such as contractors on government projects, medical and health equipment, renewable energy and startup business.

3. Technology will be applied for business such as developing e-Document, e-Factoring and Digital Marketing project to enhance the efficiency in acquire new clients faster, reduced risk, and comprehensive services. Moreover, the Company pay attention on digital transformation in all angles for support change of technology, clients and customers behavior, and more confidential that the Company has enough capability to run business smoothly with Consistent situation.

4. The company aims to expand our clients base by focusing on EEC potential business areas, such as Chonburi, Rayong, etc. by implementing the developed projects such as e-Document and e-Factoring to apply to increase the efficiency of services for clients located in other provinces.

5. The company has a development plan to increase the variety of services to meet the needs of clients to be completed. Therefore, there are additional services as various types of loans such as supplier chain financing, exporters credit, including revolving credit etc.

The Company Strength are as follows:

1. The Company has targeting clients who have low credit risk and debts can be verified. In addition, the Company pays attention on debtors who have good credibility and acceptance of the outright trade receivable transfer. Therefore, the collection risk is rather minimized.
2. The Company has groups of the shareholders who have high stability and able to support

on both business and funding. They have fully supported to the Company.

3. The Company has standard procedure for factoring and financing facilities, reliable process, credit evaluation process, risk system and debt recovery. The monitor and control have been activated for operating risk reduction purpose.
4. The Company based on Customer Centrix and CRM, the customer is center. The Company can provide consult and advice for customers' interest. The flexibility and fast services on all angles will be responded to customer under suitable conditions.
5. The Company has prepared the readiness in technology by using technology and electronics apply for factoring business to enhance of service efficiency. These will be the direction future of funding transactions as well.
6. The company has personnel with experience, knowledge and expertise in the business for over 20 years, able to provide advice and services in order to responding to customer needs appropriately.

● Pricing Policy

The Company revenues comprise of interest income from factoring, fees and services income (upfront

fee and factoring fee). Both interest and fees will be considered from the following factors;

1. Qualification of both client and guarantor, business size, type of business, experience, and management.
2. Qualification of customer, supplier credit term, and customer's financial status.
3. Operating cost such as operating cost for collection, reporting, etc.
4. The Company's financing cost.

All above criteria will be considered with market interest rate and competition situation together with default risk, and collection difficulty. These will be considered to set offering interest rate and fees for each client.

● Market

The Company has launched advertisement through medias such as the Company's website, billboards, digital media. In year 2020, the Company will launch advertisement through more other medias for acquiring new clients.

Clients can request our factoring service through many channels such as Digital Media (Facebook), walk in contact, word to word from existing clients, cooperation with other associations, and groups of the shareholders or direct contact by RM.



Risk Factors

The operation of factoring business is directly involved with risk management. The capability to manage risk is, then, a key success factor of the business.

In 2012, the Company established the Office of Risk Management to serve the expansion of business. It is responsible for examining and monitoring the business operations to be in line with the business plan and credit policy resulting in efficient risk management and acceptable risk criterion.

The Office of Risk Management is also responsible for the monitoring of credit risk as well as other risks affecting the company from both internal and external factors. Monitoring all types of risk and being well prepared to handle them is the most important aspect for corporate sustainability. Communications between departments are prioritized in order to keep risk at an acceptable level.

To invest in the securities of the Company, investors should consider the risk factors which arise from the nature of business operations of the Company. However, apart from the risk factors mentioned in this document, there would be other risks which the Company is presently not aware or the Company considers that it would not have an effect on its business operations. The investors, therefore, should carefully consider all risk factors. The major risk factors can be classified as follows:

1. Risk Management Structure

In 2015, the Company modified the Office of Risk Management to be Risk Management and Debt Recovery Department to which the department is assigned 2 additional roles including initial debt screening and debt recovery.

In 2019, regarding to have internal processes for considering the facts when the Company has founded any offenses or errors that cause damage to the Company. The Company has separated Risk Management Department as 2 sectors consist of Credit Sector and Operation Sector since 2020. Thus, the Risk Management and Debt Recovery Department is comprised of 4 roles including;

1. Risk Management Department, Credit Sector
2. Risk Management Department, Operation Sector
3. Initial Debt Screening
4. Debt Recovery

2. Risk Management Procedures

The Company manages risk thru 3 processes as follows:

1. **Risks identification** which can be separated into 8 risks as follows;
 - 1.1 Credit Risk
 - 1.2 Risk from source of fund procurement for credit expansion
 - 1.3 Risk from relied on the customer and major debtors including existing shareholders
 - 1.4 Risk from fluctuation of interest rate
 - 1.5 Risk from competitive
 - 1.6 Risk of the Company having the majority shareholder holding more than 50% of shares
 - 1.7 Operating risk

2. Follow up and risk control

The Company has an Early Warning Signs for credit risk. It is the tool to detect any clients who have been deteriorated on performance and quality. In addition, the Company have annual credit review on

both clients and customers for considering performance of both clients and customers, better or worst. These will be tool for control use of funds of clients and customers accordingly.

The Company has set up policies and standard operation procedures (SOP) for enhancement of efficiency and risk reduction as follows;

- 2.1 Policy of debt level and provision of bad debts
- 2.2 Policy of debt restructuring
- 2.3 SOP of credit evaluation
- 2.4 SOP of debts recovery
- 2.5 SOP of problem debts tracking and execution
- 2.6 SOP of the unusual incident reporting process

3. Risk Reports

The Company has reported on risk status on all angles. These will be reported on current status and what will be done to related parties and management. In addition, debt recovery will have monthly report to the Executive Committee.

3. Major Risk Factors

3.1 Credit Risk

To operate factoring business, there are 3 involved parties as follows:

1. The Company as the factor who purchase the accounts receivables
2. Clients as the seller of the account receivables
3. Customers as the buyer of goods on credit

The clients will transfer its creditors' right to the factor. Therefore, to identify credit risk, the consideration on both of client and customers risk must be made. In this regard, the credit risks of factoring business are as follows:

a. Debt Service Coverage of Clients and Customers Factor is the transfer of the creditors' right from the clients (Seller of Goods) to collect debt on goods on the due date. If it cannot collect money from the customers (Buyer of Goods), the factor has a right to require clients to pay debt unless there is a transferring condition such as the right transfer with the without recourse condition. The factor, then, has to carefully consider the business status of the clients and customers. The Company has an efficient credit administration system which allows the Company to monitor clients and customers in a timely manner. The Company frequently follows up accrued debts so that the Company could acknowledge the problems and solve them promptly in case that there is risk default. The Company focuses on the group of stable customers who cooperate with the Company in transferring the right to receive money, especially the credible customers in the group of department stores and retail business who provide cooperative assistance in verifying data before purchasing the commercial documents. This, then, could significantly reduce its credit risks. In 2018, 2019 and 2020, the Company's bad debt (overdue for more than 6 months) is just only 3.07% 2.95 % and 4.07 of total customers respectively.

b. Risk from deduction of debt between clients and debtors or seller and buyer of products This risk is according to commercial agreements which can occur in case there is any defect in the product, when the product is outdate, or when there is reduction of commercial expenses i.e. product delivery expense and compensation, consideration from sale of product. Thus, buyer of product is entitled to deduct such expenses before making payment to the Seller. This is one of the risks in factoring business since the factoring company makes advance payment for the product on behalf of the buyer (debtor). Thus, there are chances that the factoring company does not receive full payment of debt in such cases. To mitigate the risk, the Company has validated historic transactions between client and

customer for 6 months period and considered type of product i.e. products that are not easily out dated or products with high potential of return should be taken into consideration. Also, the Company should establish proper buying proportion of commercial instruments (buying value calculated in per cent compared to the value of commercial instrument) in order to have a margin in case there may be incomplete payment for product according to the instruments value, including the guarantee amount for the credit amount in certain cases.

3.2 Risk from source of fund procurement for credit expansion

Since factoring business is giving short term credit, not exceeding 180 days average, source of fund should be short-term source of fund. Currently, there are several financial intuitions giving financial support to the company at the amount of more than 2,740 million Baht. In this regard, such amount consists of the overdraft amount and short-term loan where there is risk of being called for repayment of loan before the Company receives repayment of debt. However, the Company manages its liquidity to prevent such risk by borrowing money under the term in line with the debt buying period. Since most debtors are from modern trade group and large motor vehicle components, the due date of debt is specific. The Company, thus, can manage its liquidity effectively and more flexible in the matter of source of fund for granting of credit in the future. As of the end of 2018, 2019 and 2020, the proportions of liabilities to equity are equal to 3.75, 3.84 and 3.18 times respectively.

3.3 Risk from dependence on the customer and major debtors

Dependence on major clients in 2019 and 2020, the proportion of income the Company gained from top 10 clients are 25.12% and 25.48% of total income of the Company respectively. The Company mainly depends on the clients in auto components industry and metal component. This results from

expansion of client base to disseminate risk from dependence on client from any one industry. As at 2019, the Company has the value of outstanding debt of clients from such industries (2 clients from top 10 clients) is 154.40 million Baht in total or equal to 4.93% of the outstanding clients and the Company has outstanding amount of the clients in such industries (3 clients from top 10 clients) 240.45 million Baht in total or equal to 9.98% of the proportion of outstanding clients for the year ended 31 December 2020.

Dependence on major clients in 2019 and 2020, the Company has outstanding debt of top 10 clients equal to 42.96% and 39.54% of outstanding debt of total debtor respectively. Most of such debtors are mostly from the retail industry. The Company has outstanding debt of the client in such industry 2 clients from top 10 debtors in amount of 521.73 million Baht or 16.67% of the outstanding debt for the year ended 2019 and the amount of (4 clients from top 10 clients) 571.81 million Baht, or equal to 23.74% of the outstanding debtors for the year ended 2020. The Company depends on one major debtor in the retail industry with outstanding debts of 12.51% and 11.50% of outstanding debts of the debtors at the end of 2019 and 2020 respectively.

However, the Company has a policy to operate business by specifying more targeted clients of medium and small sizes. As regards to the debtor, the Company has a policy to give precedence to the debtor with firm financial status and good payment record including cooperative support in acceptance of transfer of claim, which is an important business base, thus, there is still concentration of the debtor in the future.

3.4 Risk from fluctuation of interest rate

As the interest rate which is the main cost of the Company's business fluctuated according to the situation of interest rate in the market and affect fixing of interest rate to be applied with the client and capability

to compete with competitors in the market. Thus, change of interest rate may affect the business operation of the Company. However, the Company use the measures to reduce such risk by sourcing the consistent source of loan and loan from transfer of claim in order for the Company to maintain average accumulate spread of interest rate pursuant to the Company's policy as well as analyzing interest rate change term of factoring debtor and deposit loan, and 1-3 month-term type. Moreover, the Company can adjust the interest rate called from debtor in case there is change of interest rate. This creates the Company's flexibility to adapt itself in case of interest rate fluctuation. Thus, the risks from interest rate fluctuation dose not significantly affect the Company's operation.

3.5 Risk from competitive

At present, there are approximately 15 factoring businesses and businesses with similar operations in Thailand. Each operator aims at different targeted clients. The competition slightly affects the spread of interest rate but results in expansion of credit, as it makes the business operators get to know and understand the factoring service and interested in adopting the service. The Company aims at domestic factoring service by focusing on the clients in small and medium industries which are suppliers of debtors in modern trade system and group of automobile components, in which the Company has expertise, namely, major mall group, supermarket, minimart, and manufacturer of automobile components, etc. Most of debtors are cooperative to acknowledge the transfer of right to receive repayment and to examine the ground of obligation before buying the debt, which reduce risk of the Company. Such factors create prominent points for the Company's service. Moreover, the Company has close and good relationship with the clients and has sufficient information to give useful advice and recommendations to the client's business, as well as effective credit management, low operation cost. Thus, the Company is very outstanding for its competitiveness.

3.6 Risk of the Company having the majority shareholder holding more than 50% of shares

Due to the Company having its majority shareholder as AIRA Capital Public Company Limited holding the shares of 1,144,751,099 or 71.55% of the paid up capital of the Company, and Summit Corporation Limited having the same majority shareholder as AIRA Capital Public Company Limited, i.e. Jurangkool family holding the shares of 46,672,000 or 2.92% of the paid up capital of the Company, resulting in their control of the shareholders' resolution in most significant matters such as appointment of the Board of Directors or request of any resolution that requires the majority vote from the shareholders' meeting, except in the event that the laws or the Company's regulations impose three-fourth votes from the shareholders' meeting. Thus, any other shareholder is unable to collect the vote to for balance of power with the majority shareholders (Information on the list of shareholders from Thailand Securities Depository Company Limited as at 30 December 2020)

However, the Company has appointed 3 in 4 independent directors that are independent directors as well as audit directors. The Audit Committee is assigned to audit and consider any transactions that may lead to conflict of interest in accordance with laws and regulations stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission in order to ensure that such transaction is conducted rationally and with greatest benefit to the Company as well as to create transparency and accountability for the Company's administration.

3.7 Operating Risk

In 2020, the Company has been developing new core system. The new core system will be the main system for operations. The system will be accurate, faster, reduction error from operators and can be validated the correctness promptly.



Major Changes and Developments of the Company

Company Background

AIRA Factoring Public Company Limited (“AF” or “the Company”), formerly known as Dhanamitr Factoring Public Company Limited was incorporated on 6 January 1997 with a registered capital of 20 million Baht through a joint venture between Central Retail Corporation Limited, holding 50%; the Siam Commercial Bank Public Company Limited group, holding 38% and another 12% by minor shareholders. The objective of the Company is to provide factoring services. On 2 March 2004, the company registered from limited company to public limited company and consequently registered into the Market for Alternate Investment (mai) in August 2004. Listing the Company on the mai allowed the company to issue an additional 4 million shares, equivalent to a total share capital of 100 million Baht composed of 20 million ordinary shares.

Then, on 25 February 2011, two of the major shareholders; the Chirathivat Group and Siam Commercial Bank Public Company Limited group had disposed of the Company’s shares to AIRA Capital Public Company Limited. In the total amount of 11,470,200 shares or 57.35% of total issued and paid-up shares of the Company. On September 2011, the Company had raised its registered capital from 100 million Baht to 200 million Baht and registered the change of the Company name from “Dhanamitr Factoring Public Company Limited” to “AIRA Factoring Public Company Limited”.

Additionally, on the 25 August 2015, the Company altered the value of the Company’s share by splitting the value from 5.00 Baht per share to 0.25 Baht per share. During the same year on 30 September 2015, the Company increased the registered capital from 200 million Baht to be 400 million Baht composed of 1,600 million ordinary shares.

Important development and changes for the last 5 years

Year 2013

- February: The shareholders’ structure of the Company changed as Summit Corporation Company Limited sold 6,420,000 shares equivalent to 16.05% of the Company to AIRA Capital Public Company Limited resulting in AIRA Capital Public Company Limited holding a total of 29,607,617 shares equivalent to 74.02% of the Company.

- April: The Company moved the headquarter from 444 Olympia Thai Tower, 6th Floor, Ratchadapisek Road, Samsennok, Huaykwang, Bangkok, 10320 to 319 Chamchuri Square, 20th Floor, Phayathai Road, Pathumwan, Bangkok 10330

Year 2015

- August: The Company changed the value of the Company’s share by splitting the value from 5.00 Baht per share to 0.25 Baht per share.

- September: Increased the registered capital from 200 million Baht to 400 million Baht.

Year 2016

- AF awarded Total Innovation Management Award 2016 organized by the Stock Exchange of Thailand and National Innovation Agency as outlined under the Promotion Innovation Capability through the appraisal process.

Year 2018

- May: the meeting of the Board of Directors no. 2/2018 had the resolution to appoint Mr. Sorasit Soontornkes to be the Company Chairman, effective from 14 May 2018 onwards.

- July: the meeting of the Board of Directors no. 4/2018 had the resolution to appoint Mr. Akrawit Sooksai, effective from 5 July 2018 onwards.

Year 2020

- June: The Company moved the headquarter from 319 Chamchuri Square, 20th Floor, Phayathai Road, Pathumwan, Bangkok 10330 to 319 Chamchuri Square, 17th Floor, Phayathai Road, Pathumwan, Bangkok 10330

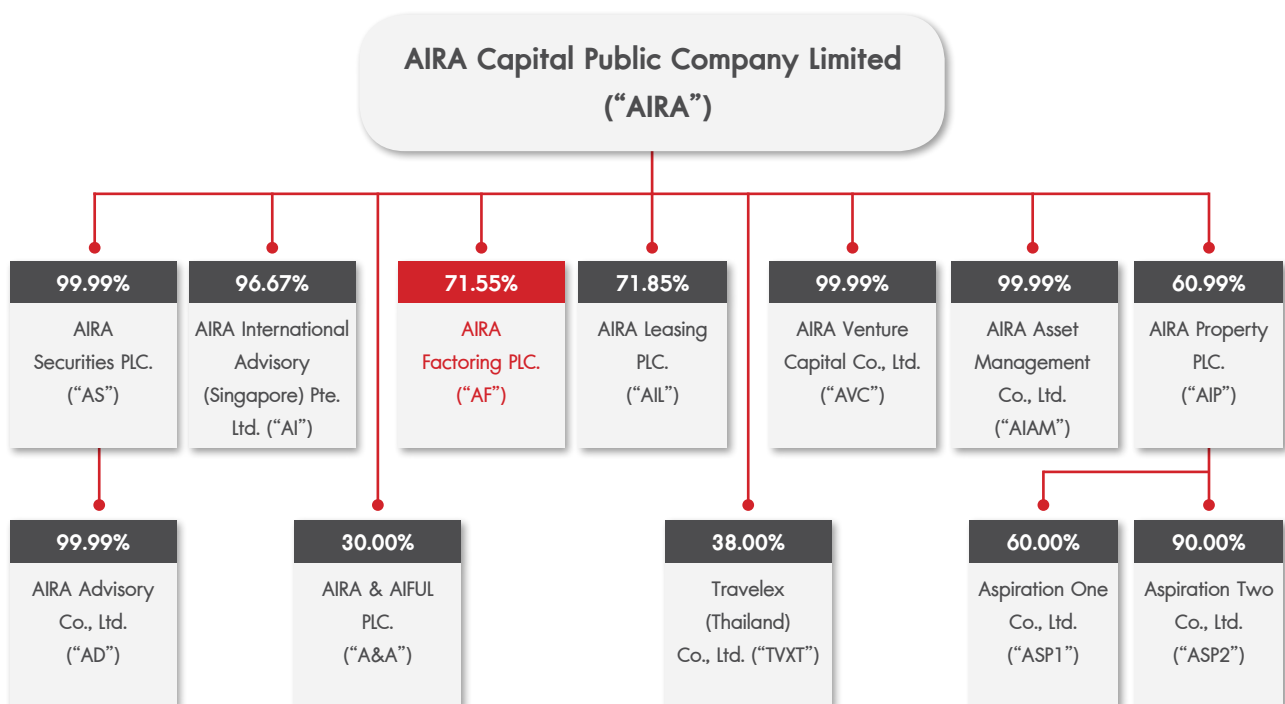
- September: The Company was the Certified Companies of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) since 30 September 2020.



Relationship with business of major shareholders

The Company's factoring business is a part of AIRA Capital Public Company Limited's business, which is a holding company at 31 December 2020, holding shares equal to 71.55% of the Company's paid up capital. AIRA

Capital has JRK Holdings Company Limited. As a major shareholder holding shares equal to 36.68% of paid up capital. The structures of major business are as follows;



AIRA Capital Public Company Limited has a policy to have each of its affiliates to have a policy and manage its own company. Since AIRA Capital Public Company Limited do the business by holding shares in other company (holding company) and no direct operation. Given such business, most of AIRA Capital's income is from its affiliates, namely,

AIRA Capital Public Company Limited is a core company. Subsidiary company are 7 companies consist of

1. AIRA Securities Public Company Limited (Subsidiary is AIRA Advisory Company Limited)
2. AIRA International Advisory (Singapore) Pte. Ltd.
3. AIRA Factoring Public Company Limited
4. AIRA Leasing Public Company Limited

5. AIRA Venture Capital Company Limited
6. AIRA Property Public Company Limited (Subsidiaries are Aspiration One Company Limited and Aspiration Two Company Limited)
7. AIRA Asset Management Company Limited and associated company are 2 companies consist of
 1. AIRA & AIFUL Public Company Limited
 2. Travelex (Thailand) Company Limited

Thus, business operation of core business and subsidiary are main source of income of AIRA Capital Public Company Limited.



Major Shareholders

The list of the top 10 Major Shareholders as at 30 December 2020

Name	Amount (shares)	% of total shares
1. AIRA Capital Public Company Limited	1,144,751,099	71.55
2. Mr. Kulawut Viratmalee	89,107,700	5.57
3. Mr. Nutthaphon Jurangkool	78,631,100	4.91
4. Summit Corporation Company Limited	46,672,000	2.92
5. Mrs. Piyaporn Vichitpun	42,578,000	2.66
6. Mr. Wiwat Kongkasai	40,000,000	2.50
7. Mr. Thaveechat Jurangkool	39,331,400	2.46
8. Mr. Natee Rongkarattanakul	17,217,400	1.08
9. Mr. Kunakorn Makchaidee	16,000,000	1.00
10. Mr. Puchong Viratmalee	11,146,700	0.70
Total	1,525,435,399	95.35
Others	74,564,601	4.65
Total Issued and Paid-up Shares	1,600,000,000	100.00

Foreign Investment Limited

Foreign investors cannot hold exceeding 49% of the total shares. As at 30 December 2020, there was foreign investor in the company, equivalent to 0.00001% of the total shares.



Management Structure

The Company's management structure consists of 5 group of committees which are the Board of Directors, Executive Committee, Audit Committee, Nomination and Compensation Committee, and Credit Committee with the names and authority on 31 December 2020 as follows:

Name	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Executive Committee	Credit Committee
1. Mr. Sorasit Soontornkes	☑	-	-	-	-
2. Mr. Kunakorn Makchaidee	✓	☑	-	-	-
3. Mrs. Yajai Pattanasukwasun	✓	✓	☑	-	-
4. Mr. Poonsak Thiapairat	✓	✓	✓	-	-
5. Mrs. Ladavan Tanatanit	✓	-	-	☑	-
6. Mr. Visit Wongrumlap	✓	-	-	-	☑
7. Mrs. Nalinee Ngamsetthamas	✓	-	✓	✓	-
8. Mrs. Nongluk Chantarasombat	✓	-	-	-	✓
9. Admiral Navapol Damrongpong ⁽¹⁾	✓	-	-	-	-
10. Mr. Akrawit Sooksai	✓	-	-	✓	✓
11. Mr. Chanon Chotvijit	-	-	-	✓	-
12. Mr. Suttiporn Tanthikul	-	-	-	✓	✓
13. Mr. Watana Sangvongmai ⁽²⁾	-	-	-	-	✓
14. Mr. Virut Danarthikhom ⁽³⁾	-	-	-	-	✓
15. Mr. Wutthiphum Jurangkool ⁽¹⁾	-	-	-	-	-
16. Mrs. Kongkeaw Piamduaytham ⁽³⁾	-	-	-	-	-
Total	10	3	3	5	6

☑ Chairman ✓ Director

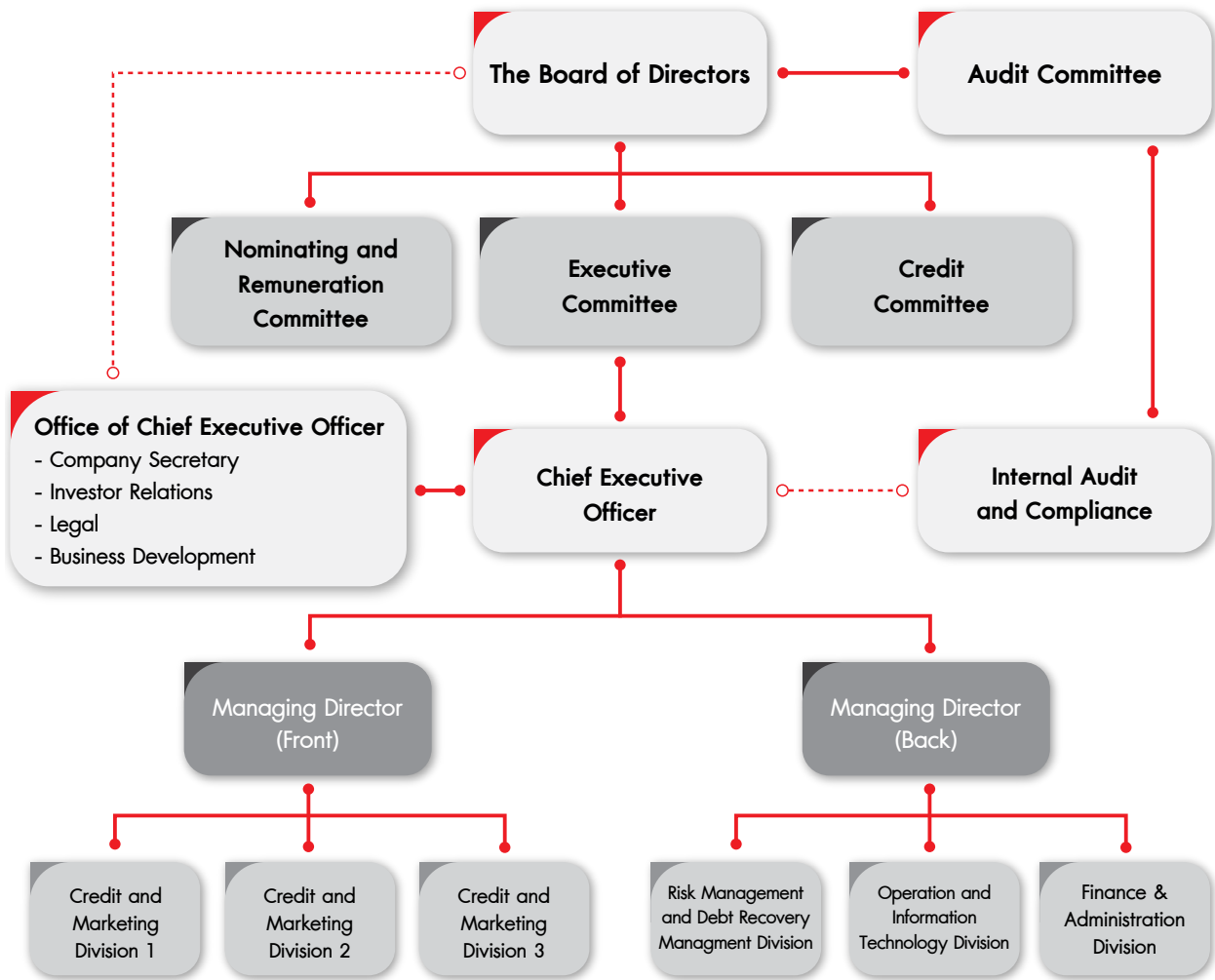
Ms. Wattara Arun as Company Secretary

- Note:**
- ⁽¹⁾ Admiral Navapol Damrongpong has appointed to be the Director and Independent Director, instead of Mr. Wutthiphum Jurangkool who resigned from the position of Director and Authorized Director, by the Board of Directors Meeting No. 3/2020 held on 11 May 2020.
 - ⁽²⁾ Mr. Watana Sangvongmai has appointed to be the member of Credit Committee by the Board of Directors Meeting No. 3/2020 held on 1 April 2020.
 - ⁽³⁾ Mr. Virut Danarthikhom has appointed to be the member of Credit Committee, instead of Mrs. Kongkeaw Piamduaytham by the Board of Directors Meeting No. 5/2020 held on 10 November 2020.

Authorized Directors consist of Mrs. Nalinee Ngamsetthamas, Mrs. Ladavan Tanatanit, Mrs. Nongluk Chantarasombat, and Mr. Akrawit Sooksai. Two of four directors sign together with the Company's seal.

Management

The Company's Organization Chart as of 31 December 2020 as follows;



The Management on 31 December 2020 is as follows;

Name	Position
1. Mr. Akawit Sooksai	Chief Executive Officer
2. Mrs. Pornpilai Burasai	Managing Director
3. Mr. Pattawut Veerapradit	Executive Vice President, Finance & Administration Division
4. Mr. Pipob Jirawongsakorn	Executive Vice President, Operation and Information Technology Division
5. Mr. Perayot Ketchat	Executive Vice President, Risk Management and Debt Recovery Division
6. Mr. Vuthipong Anurattada	Executive Vice President, Credit and Marketing Group 1



Corporate Governance

The Board of Directors realizes on the critical importance of good corporate governance (CG) in the pursuit of sustainable growth, creation of long-term value and securing the trust of all stakeholders, including shareholders, customers, competitors, counter parties, employees, and society, etc.

The Company has confident that the good corporate governance and code of conduct which is an important foundation for enhancing corporate governance. The Company therefore has adopted a written good corporate governance policy and code of conduct which is approved by the Board of Directors. The good governance policy and code of business Conduct has been acknowledged and strictly adhered to the directors, management and employees. Besides, the policy and main principles of good governance is also published on the Company's website: www.airfactoring.co.th in topic; "Investor Relations."

During 2020, the Company has received an evaluation on 100 scores of AGM Checklist from Thai investors Association and corporate governance from the Thai Institute of Directors in which the company's overall score was 90% (5 stars or "Excellent") higher than the previous year's score of 87%, categorized as good. Furthermore, the Company has practiced according to the 5 categories of good corporate governance, including: Rights of the Shareholders, Equality Treatment of the Shareholders, Role of the Stakeholders, Disclosure and Transparency, and Responsibility of the Boards of Directors following the guidelines established by the Stock Exchange of Thailand. The company has set stand procedures which apply to the Board to be complied with the good corporate governance for the listed company B.E. 2560. There are 8 principles as follows:

1. Establish Clear Leadership Role and Responsibilities of the Board
2. Define Objectives that Promote Sustainable Value Creation
3. Strengthen Board Effectiveness
4. Ensure Recruitment and development of top management and personal management
5. Promotion of innovation and business responsibility
6. Strengthen Effective Risk Management and Internal Control
7. Ensure Financial creditability and information disclosure
8. Ensure Engagement and Communication with Shareholders

Corporate Governance Policy

In 2020, the Board of Directors Meeting No. 6/2020 held on 15 December 2020 reviewed the corporate governance policy in accordance with the guidelines of the government agencies. The revision is to be in line with the international standards and for sustainable growth of the company.

The Company's corporate governance practices in 2020 are summarized as follows:

1. Rights of Shareholders

The Company has complied with its Corporate Governance Policy with the aim of ensuring that shareholders enjoy their rights and exercise such rights in an equitable manner, such as buying or selling shares, receiving dividends and receiving adequate, timely and complete information about the Company through easily accessible channels. In addition, shareholders are entitled to take part in material business decisions, e.g., payment of dividends, appointment and removal

of directors, determination of directors' remuneration, appointment of auditors, determination of audit fees, amendment to provisions of the Memorandum and Articles of Association, and approval of special transactions (e.g., capital increase or reduction, acquisition or disposal of significant assets, or connected transactions). The shareholders may cast their votes on the aforesaid matters according to details provided in the Notice of an Annual General Meeting of Shareholders or, if applicable, the Notice of an Extraordinary General Meeting of Shareholders. The principles adopted by the Company in respect of treatment of shareholders are shown in detail on the Company's website (www.airafactoring.co.th) under the sequence of menu headings "Investor Relations".

1.1 Shareholders' Meeting

In 2020, the Company held its Annual General Meeting of Shareholders (AGM) on 8 October 2020. The Company conducted the proceedings in a manner to ensure that the shareholders were able to exercise their rights in accordance with the law, relevant regulations and good governance practices under the COVID-19 crisis.

1) To ensure that shareholders receive clear and adequate information, have sufficient time to consider agenda items of the AGM, and are able to easily access the Notice of the AGM and its accompanying documents, the Company posted the Notice of the AGM, accompanying documents, and proxy forms in both Thai and English on its website 30 days prior to the meeting date. Then, the Notice of the AGM, in both Thai and English, together with the 2019 Annual Report (in QR Code format) was sent via post to shareholders in advance of the meeting date. The aforesaid Notice of the AGM contained information such as date, time and venue of the meeting, and details of each agenda item (including factual background, purposes, rationale, and opinions or recommendations of the Board) as well as accompanying documents, including details of

meeting procedures, voting and proxy appointments. The Meeting Notice was also advertised in newspapers in accordance with law. Also, shareholders were entitled to receive the printed 2018 Annual Report from the company secretary upon request.

2) The Company recognizes shareholders' rights allow shareholders to submit questions in advance of the AGM to the company secretary through various channels, including via post or e-mail at ir_af@airafactoring.co.th, during 1 October 2019 to 31 December 2019. The questions are collected and then proposed to the Board via the Nomination, Compensation and Corporate Governance Committee.

3) To encourage and facilitate participation of all shareholders (individuals, juristic persons and institutional investors) to attend the AGM and exercise their rights in an equitable manner, the Company delivered the Proxy Form B to shareholders for the appointment of proxies to attend the meeting on their behalf in the event that they were unable to attend the AGM in person.

4) To facilitate attendance by all shareholders and proxy holders, the AGM was held during business hours and on a working day at Mandarin A Room, 1th Floor, Mandarin Hotel, Rama IV Road, Pathumwan, Bangkok. On the meeting day, the registration counters were open at least one hours prior to the meeting time to facilitate procedural document checks and registration. The Company's meeting registration service made use of a bar code system. For efficiency and convenience, the Company allocated to each shareholder or proxy holder the ballot bearing the same bar code as their registration bar code for voting on each agenda item. The meeting registration remained open to shareholders during the meeting, allowing shareholders to register and attend the meeting at any time and vote on any remaining agenda item.

5) The chairman presided as the chairman of the shareholders' meeting, there are 10 of 10 directors attended the meeting mission. However, the Chairman of other subcommittees were in attendance together with the Company's senior executives and the external auditors in order to clarify and respond to any questions or issues raised. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting and vote counting practices for each agenda item. Holders of the Company's ordinary and preferred shares, including proxy holders who attended the meeting, were entitled to cast their votes based on the one-share-one-vote basis. In order to increase the efficiency and speed of the voting process, only the ballots for disapproval and abstention votes were collected. The agenda to consider election of directors who are retired by rotation will be kept all ballots. Voting and ballot counting were conducted openly, and the bar code system was employed in tabulating and reporting votes. Mr. Pasinbhum Jitkla was assigned by the Company to review and inspect the validity of the proxy appointments, adequacy of quorum, and tabulation and reporting of votes. Further, the voting results for each agenda item were reported to the meeting in a timely, accurate and transparent manner. In additional, Presentations were used at the meeting to highlight both the performance in 2019 and the business strategies for 2020. The chairman of the meeting allowed shareholders to ask questions and/or make recommendations on an equitable treatment basis and asked that comprehensive responses be provided to all questions or issues raised. The directors and management jointly responded to shareholders' questions and clarified issues. The company secretary recorded minutes of the meeting and the votes cast under each agenda item. Additionally, the meeting proceeded in accordance with the announced agenda, and the Company did not switch, add, or revise any agenda items, or modify previously issued information at the meeting.

6) Following the meeting adjournment, the resolutions adopted were posted in both Thai and English on the websites of the Stock Exchange of Thailand and of the Company on the meeting date. In addition, the minutes of the AGM in Thai and English were submitted to the Stock Exchange of Thailand and made available on the Company's website within 14 days from the meeting date to provide shareholders. The Company shall give an opportunity for the shareholders to give opinions and make additional amendments to the minutes of the meeting in the period of 1 month. The minutes of the meeting contained the list of directors and senior executives who attended the meeting, the voting procedures, abstracts of the questions and issues raised and the answers or clarifications provided by the Board and senior executives, and the resolutions reached, together with the number of approval, disapproval and abstention votes on each agenda item that required voting.

1.2 Election of Director on an Individual Basis

Election of Director on an Individual Basis is part of the director election process, the profiles of directors nominated for election are disclosed in the notice of the AGM to support the shareholders' consideration. Each profile includes information such as the nominee's age, education, work experience, positions in other listed and non-listed companies, date of appointment as director, meeting attendance in the previous year, and type of directorship. In the case of independent directors, the Company additionally provides its definition of independent directors and other information such as their relationship or conflicts of interest with the Company, its parent companies, its subsidiary companies, its associate companies and any other parties having the authority to control the Company or juristic persons with potential conflicts of interest with the Company either at present and the past to their appointment as an independent director of the Company.

At every AGM, one-third of the directors retire by rotation. For the 2020 AGM, there are 3 directors retired by rotation. The Company arranged for shareholders to elect individual directors to replace the outgoing directors by casting their votes. Similar to the voting on other agenda items, only disapproval and abstention ballots were collected and tabulated. The AGM minutes clearly showed the voting results for each director appointed by the shareholders.

1.3 Determination of Director's Remuneration

As stipulated in the Company's Articles of Association approved by the shareholders' meeting, a director is entitled to receive remuneration from the Company through gratuities, meeting allowances, rewards, bonuses or other benefits consistent with the Articles of Association or the resolution of the shareholders' meeting. Such remuneration may be fixed or specified from time to time according to the regulations laid out or may be allowed to remain in effect until changed. Further, a director is also entitled to a per diem and fringe benefits according to the regulations of the Company. The Nomination, Compensation and Corporate Governance Committee is assigned by the Board to recommend directors' remuneration to the Board prior to proposing the remuneration to an AGM for approval on an annual basis. The Board has set as a policy that the directors' remuneration should be; appropriate and commensurate with directors' scope of duties and responsibilities; comparable to other major listed companies and the same industry.

1.4 Communication Among the Company's Shareholders

The Company does not seek to prevent communication among its shareholders. Shareholders are at liberty to share information with each other and may request a copy of the list of the Company's shareholders from the Business Development Department of the Ministry of Commerce.

2. Equitable Treatment of Shareholders

As stipulated in the Company's Corporate Governance Policy, all shareholders, i.e., major, minor, institutional and foreign shareholders, are entitled to the same shareholder rights and are treated on an equitable and fair basis. The principles of equitable treatment of shareholders, to which the Company has adhered, are provided on the Company's website; www.airafactoring.co.th under the sequence of menu headings "Investor Relations".

2.1 Invitation to Shareholders to Propose Agenda Items, Candidates for Directorship, and Questions Prior to the Shareholders' Meeting

The Company's shareholders were invited to propose matters to be included as agenda items and candidates for directorship using the criteria provided on the Company's channel or e-mail "ir_af@airafactoring.co.th" prior to the AGM. The company secretary would preliminary evaluation of the shareholders' proposals prior to submit the Nomination and Remuneration Committee and the Board of Directors for further consideration, respectively. The conclusion would be notified to the shareholders for acknowledgment. Any proposals which were agreed by the Board, they would be addressed on the AGM's Agenda accordingly.

For the 2020 AGM, the Company invited shareholders to propose agenda items and candidates for directorship (including questions) from 1 October 2019 to 31 December 2019. For the 2021 AGM, the Company invited shareholders to propose agenda items and candidates for directorship (including questions) from 1 October 2020 to 31 December 2020. However, there was no shareholders proposed any agenda and candidate to be elected as a director.

2.2 The shareholders proxy for attendance of AGM

The Company has made available proxy form for any shareholders who are unable to attend the AGM for right maintenance purpose.

For the 2020 AGM, the Proxy Form B, which indicates specific details of a proxy appointment, were delivered to shareholders together with the Notice of the Annual General Meeting of Shareholders. Shareholders were provided with an additional option of appointing as their proxies one of two independent directors of the Company who did not have any conflict of interest in the relevant agenda items of the AGM. In this regard, shareholders were supplied with complete biographical details of these independent directors. The shareholders were able to appoint either one of the two independent directors or any other person of their choosing as proxy.

2.3 Ballots for Shareholders' Meeting

In the 2020 AGM, ballots were used for voting on every agenda item, but only the ballots indicating disapproval and abstention votes were collected and retained for future examination. In addition, the agenda to consider election of directors who are retired by rotation will be kept all ballots to be evidence.

In order to ensure that the voting process was efficient, accurate, speedy and verifiable, a bar code system was employed in tabulating votes. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting and vote tabulation procedures. In addition, the Company requested shareholders to return all unused ballots to the Company's staffs and kept these ballots as evidence.

2.4 Protection of the using insider information from directors and employees

The Board of Directors recognize the importance of the internal control in order to prevent the director, management and employee from using internal information in a manner that is likely to cause damage to the Company. The Board also sets the principle about undertaking related party transaction

in order to prevent the conflict of interest and requires directors and executives to report their interest according to definitions of the Securities and Exchange Act. The details are as follow;

1) The Company's Board of Directors policy against the use of insider information dictates that directors, managers, and staffs will not be allowed to use any opportunity or information to benefit themselves or to compete with the Company or related companies. Moreover, directors, managers, and staffs shall not use insider information to benefit themselves from buying or selling shares of the company or offer this information to outsiders. The directors, managers, and staffs from using insider information before the release of financial statements or the status of the company or other important information and must wait at least 24 - 48 hours before the release of such information to the public before commencing any transaction of Company's stock. Under the Principles of Corporate Governance, prevents the transaction of the Company's stock (Non-Trade Period) for directors, managers, and staffs related to the preparation of the financial statements to be 1 month before the publication of the quarterly and annual financial statement. Nonetheless, the directors and managers must report the assets held at first and any changes to the assets held according to section 59 of Stock and Stock Market Act B.E. 2559 (A.D. 2016). The changed of shares of Directors will be proposed to the Board of Directors to acknowledge every quarter.

2) The Company's Board of Directors has specified the guidelines for the directors and managers to report their profit or loss of themselves or anyone related according to Section 89/14 of the Stock and Stock Market Act B.E. 2551 (A.D. 2008) and/or every time there has been a change of information. The information shall be sent to the Company's secretary within 3 days since the date when the transaction happened.

The summarizing changes in shareholding of the directors and executive in 2020.

Name	Amount of shares				% (Totally 1,600 million shares)
	As at 31 Dec 2019	Acquire during the year	Disposal during the year	As at 31 Dec 2020	
1. Mr. Sorasit Soontornkes Chairman and Independent Director	-	-	-	-	0.00%
2. Mr. Kunakorn Makchaidee Independent Director and Chairman of Audit Committee	16,000,000	-	-	16,000,000	1.00%
3. Mrs. Yajai Pattanasukwasun Independent Director, Audit Committee and Chairman of Nomination and Remuneration Committee	-	-	-	-	0.00%
4. Mr. Poonsak Thiapairat Independent Director, Audit Committee and Nomination and Remuneration Committee	8,440,000	-	-	8,440,000	0.53%
5. Mrs. Ladavan Tanatanit Director and Chairman of Executive Committee	-	-	-	-	0.00%
6. Mr. Visit Wongruamlap Director and Chairman of Credit Committee	-	-	-	-	0.00%
7. Mrs. Naline Ngamsetthamas Director, Nomination and Remuneration Committee and Executive Committee	-	-	-	-	0.00%
8. Mrs. Nongluk Chantarasombat Director and Credit Committee	-	-	-	-	0.00%
9. Admiral Navapol Damrongpong Independent Director	-	-	-	-	0.00%
10. Mr. Akrawit Sooksai Director, Executive Committee, Credit Committee and Chief Executive Officer	-	-	-	-	0.00%
11. Mr. Chanon Chotvijit Executive Committee	-	-	-	-	0.00%
12. Mr. Watana Sangvongmai Credit Committee	-	-	-	-	0.00%
13. Mr. Suthiporn Tanthikul Executive Committee and Credit Committee	-	-	-	-	0.00%
14. Mr. Virut Danartnikhom Credit Committee	-	-	-	-	0.00%
15. Mrs. Pornpilai Burasai Managing Director	-	-	-	-	0.00%
16. Mr. Vuthipong Anurattada Assistant Managing Director, Credit and Marketing Group 1	-	-	-	-	0.00%

Name	Amount of shares				% (Totally 1,600 million shares)
	As at 31 Dec 2019	Acquire during the year	Disposal during the year	As at 31 Dec 2020	
17. Mr. Pattawut Veerapradit Assistant Managing Director, Finance & Administration Division (Appointed on 16 December 2019)	-	-	-	-	0.00%
18. Mr. Pipob Jirawongsakorn Assistant Managing Director, Operation and Information Technology Division (Appointed on 16 December 2019)	-	-	-	-	0.00%
19. Mr. Perayot Ketchat Assistant Managing Director, Risk Management and Debt Recovery Division (Appointed on 12 November 2019)	-	-	-	-	0.00%
20. Mrs. Paisri Phakcharoenpol Senior Vice President of Accounting and Finance Department	905,000	-	-	905,000	0.06%
Total (shares)	25,345,000	-	-	25,345,000	1.58%

3. Role of the stakeholders.

All relevant stakeholders would be fairly treated in compliance of any regulations. Then, the Board has promoted and supported to have the fair procedure for treating all stakeholders.

The Board of Directors has set guidelines for treating the stakeholders as follows:

3.1 Shareholders

The Company has committed to be a good representative of shareholders in business operations for creating satisfaction. The Company considers to growth value for long-term including the disclosure of information with transparent and reliable.

3.2 Directors, Managements and Employees

The most important assets of the Company are the personnel (directors, managements and employees) of the organization who drive the accomplishment of business target. Then, the Company has paid attention and specified code of conduct as follows:

1) To build a management system in order to achieve good relationship between managers and staff.

2) The Company has set distinct guidelines for the recruitment and selection of personnel by matching the job description of positions to map with potential candidates and follow up the probation appraisal of new staffs.

3) The Company encourages the employees to equally train in order to further develop skills for the future by allocating a budget for training and develop a plan for development of employees. The aim of the training is to improve the employee's skill, knowledge, and to share experience in order to eliminate weaknesses from employee's work evaluation. Moreover, the Company will develop a plan to improve the personnel in each of his/her area for the long term to support the growth of the Company in the future so that employees will be able to fully exert their potential.

4) The most important matter is to retain skilled employees to work in long term with the

Company. Then, there are the following matters to be done as follows:

4.1) The Company pays reasonably remuneration to staffs as per qualification, knowledge, capability and work experience, including of annual incremental. The annual incremental will be based on performance of each staff in its unit by using Key Performance Indicator (KPI) as a personal appraisal instrument.

4.2) The Company provides welfare for staffs including accident insurance, life insurance, health insurance, and medical expenses additionally to Social Security in order to reduce the burden of the employees. Moreover, the Company offers medical check-up once a year for the employees and other welfares such as wedding benefits, funeral cost, and seminars for staffs.

4.3) The Company provides provident fund for staff who works at one year four months anniversary term.

4.4) The Company has allowed all staffs to participate internal activities such as team building, these activities will enhance relation between management and staffs; team building, new year party, etc. Moreover, the Company opens for staffs' suggestions on all angles. All suggestions will be considered by the Company's management.

5) Regarding the Succession Planning policy of managements to fulfill corporate expansion or reexamination, such policies are well prepared for further expansions.

3.3 Competitors

The Company treats its competitors under the fair competition rules, by keeping the rules of competition and not use fraudulent methods for violating confidential information or knowing the trade secrets of competitors including creating unfair competitive advantages.

3.4 Partners

The Company has business management policy; Credit and approval authority policy, Loan policy,

Collateral policy, Debt classification and provision for doubtful debts policy and Debt restructuring policy, etc. In addition, the Company has provided purchase procurement with clear scope, criteria and related practices for transparent and able to inspect.

3.5 Clients and receivables

The company has committed to respond and provide good service for creating satisfaction and confidence to customers and debtors as follows;

1) Prepare a fair contract with full understanding of the Clients about the service offered by the Company

2) Preservation of confidential information of both Clients and Customers in which the information shall not be disclosed to outsider unless consent is granted from the Clients or Customers or according to law only.

3) Reasonable and careful advice be given to the Clients and Customers for the benefit and reasonable pleasure.

3.6 Creditors

The Company strictly adheres to operate under principle and disciplinary to create creditability of all creditors on fairness return to counter parties by complied with terms and conditions on Agreements such as repayment of debts, loans, interest and responsibility on its guarantee's terms and conditions. Moreover, the Company treats fairly to all competitors under completion norms without any violations to acquire trade secrets of competitors.

3.7 Government agencies

The Company complies with the laws, announcements, requirements and regulations which issued by related government agencies such as Department of Business Development, Ministry of Commerce, Revenue Department, Ministry of Finance, the Securities and Exchange Commission and the Stock Exchange of Thailand, etc.

3.8 Society and environment

The Company firmly upholds and complies with the principle of Corporate Governance together with be prudent in concerning of society, environment and dedication to moral and transparent benefits. The Company therefore provides credit by focusing on SME sector because the Company believes economic stimulus measured by SME growth. The Company also creates awareness for employees in concerning on global warming crisis by persuading employees under campaign for instance “Think before Print” or Use the Re-use paper.

3.9 Anti-Corruption

The Company determines to operate business with transparency and corruption-free as well as encourage every stakeholder to be consciousness of anti-corruption. The Company has proclaimed the anti-corruption policy as the guidelines for employees to strictly comply to and revised the policy at least once a year. In 2018, the Company has sent the notification letter of declarations of Thailand’s Private Sector Collective Action Coalition against Corruption and communicate to staffs and stakeholders to understand under the same policy. In December 2019, the Company submitted a request to certify membership of Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC) and received the Certified Companies of Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC) since September 2020. Moreover, the Company has established a whistle blowing channel that enables the stakeholders to report suspicious issues and specified punishment procedures for any employee who is involved in corruption-related issues via the internal audit department in order to monitor and report to the Board further.

3.10 Non-violation of human rights

The Company has supported and adopted the human rights of all stake holders, no any actions

to violate human rights and equality on gender, age, nationality, religion, training and welfares.

3.11 Non-infringement of intellectual property and copy rights

The Company will act to comply with Intellectual Property and Copy Rights Act, no any violation against intellectual property and copy rights on design, software, and other related matters such as Computer-related Crime Act B.E. 2550 and Copyright Act B.E. 2537, etc. All software which have been using in the Company will have all licenses and not allowed illegal software on its platform.

3.12 Safety and hygiene in the workplace

In 2020, the employees have average sick leave for 4.7 working days and no statistics of accidents or infection due to work. In addition, the company has participated with the management department of Chamchuri Square building for attending to the 2020 Fire Evacuation Training.

3.13 Channels to contact the Company for whistle blowing, information, complain and suggestion.

Any stakeholders can contact the Company for information, news, included whistle blowing and suggestion through the following channels:

- The Company’s website: www.airafactoring.co.th, go to “Contact us” and select item “Internal Audit Committee or Internal Audit and Compliance Office”

E-mail : - auditcommittee@airafactoring.co.th,
address to Audit Committee
- internalaudit@airafactoring.co.th,
address to Internal Audit and
Compliance Office

Telephone : 0 2657 6222

Fax : 0 2657 6244

- Mail address to : Internal Audit Committee or Internal Audit and Compliance Office
Aira Factoring Public Company Limited
319 Chamchuri Square, 17th Floor,
Payathai Road, Pathumwan,
Bangkok, Thailand, 10330

For employees can submit any complains and suggestions to the Board of Directors or management via e-mail directly. All employees have to report any incidents in relation to misconduct and suspicious matters or any adverse impacts to other stake holders or fraud and corruption or breached CG Policy, good governance, procedures or any regulations. Employees must report to supervisor directly. The Company will not disclose the whistle blower's name to protection of any adverse impact to them.

In case employees do wrong or guilty, the report must be submitted to the line of command and the punishment must be fair and complied with the Company's rules. Any guilty from non-employees, the Company must file legal action to them accordingly.

In year 2020, the Company have no any conflicts with the stakeholders.

4. Disclosure and Transparency

The Company places importance on publicizing transparent completion of the Company in the correct matter, included financial and non-financial information, within reasonable time frame by different means of communication.

4.1 Disclosure Information

The Company improved its website for publicizing information to all stakeholders for facilitation and incompliance with all related regulations and rule. Disclosure of information will be appeared on the Company's website, as follows;

1. The Company has disclosed Corporate Governance and Code of Conduct and Anti-Corruption Policy on its website.

2. The disclosure of audited annual financial statements will be released within 60 days from the ending financial year and quarterly financial statements will be disclosed together with the Management Discussion and Analysis (MD&A) within 45 days from the ending quarter for better understanding of investors.

3. Disclosure of any annual reports such as Form 56-1 and Annual Report etc., will be published on the Company's website.

4. Discretionary power of the Board, Audit Committee, Nomination and Remuneration Committee, Executive Committee, Credit Committee, Managements together with all related information of directors and managements including of names, positions, educations and training, shares and work experience, these will be posted on the Company's website.

4.2 Auditors

The auditors' qualifications are scrutinized by the Audit Committee in terms of their independence, suitability, accountability, and absence of any conflict of interest with respect to the Company and its subsidiaries, management, major shareholders or related parties thereof, and approval by the Securities and Exchange Commission (SEC). The Audit Committee also reviews the annual audit fees in terms of the scope of audit and proposes the qualified auditors and the audit fees to the Board for further consideration and consideration by the AGM.

The appointment of the Company's auditor "Deloitte Touche Tohmatsu Jaiyos Audit Company Limited" with the approval from the Annual General Meeting of Shareholders 2020 in which the auditor must not have any conflict of interest with the guidelines of the Stock Exchange of Thailand. The auditing fee for 2020 is equal to 1,010,000 Baht higher than the previous

year for 80,000 Baht or 8.60% without accounting for other non-audit fees. The Company's auditor shall not have any relationship or interest with the Company,

executives, major shareholders or any affiliates with previously mentioned persons. The details of audit fee of 2018 - 2020 are as follows:

(Unit: Baht)

Audit fee	2020	2019	2018
Audit fee	1,010,000	930,000	900,000
Non-audit fee	-none-	-none-	-none-
Total	1,010,000	930,000	900,000

4.3 Investor Relations

The Company has specified a person who can reveal the Company's information called "Investor Relations" for communication and distribution of correct and transparent information within timeline. The shareholders who interested investor can directly contact as below:

Investor Relations Sector
 Aira Factoring Public Company Limited,
 319 Chamchuri Square, 17th Floor,
 Payathai Road, Pathumwan,
 Bangkok, Thailand, 10330
 Tel. 0 2657 6222
 Fax: 0 2657 6244
 E-mail: ir_af@airafactoring.co.th
 Website: www.airafactoring.co.th

In 2020, the Company publicized information and news through public relation media by Mr. Akrawit Sooksai, Director and Chief Executive Officer, gave news and information through public relation, Info Quest and Tanhoon, in regarding the Company's performance and policy.

5. Responsibilities of the Board

5.1 Board Composition

The Board of Directors appoints the Nomination and Remuneration Committee to select and nominate

qualified persons considering from knowledge, capability and experience that are beneficial to the Company's operation and shareholders. The Board consists of two representatives of the shareholders, five independent directors and one from executive committee (during consideration). The Company has a policy not allowed each director to hold directorship more than five listed companies, more information and details will be appeared on "the Board of Directors and Managements".

The Board of Directors appoints the independent directors to take a position of chairman separated from the chief of executive committee and chief executive officer in order to be independent and transparent.

Define and disclose the process of appointing a new director: The process of appointing a director focuses on transparency in choosing and electing a director of the Board of Directors in which the Company's policy places importance on giving the rights to the shareholders to suggest a potential candidate. The Nomination and Remuneration Committee will screen for the right qualifications and suitability of the candidates in the case when any director's term expired or resign from the position where later, the shareholders will confirm the potential candidates as director.

Qualification of the Independent Director

1. Must not hold more than 1% of the shares with voting rights of the total stake of the Company. Parents companies, subsidiaries, Joint Ventures, Major Shareholders or Controlling Shareholder are considered when calculating the total shares held by the Independent Director.

2. The Independent Director must not be or have previously been a Director related to the management of the employees, staffs, a consultant who receives a salary, or someone with authority. Parent companies, subsidiaries, Joint Venture, subsidiaries of the same parent company, Major Shareholders or Controlling Shareholders, in which the Independent Director is not positioned as Director or previously been a Director related to the management of the employees, staffs, a consultant with a salary, or someone with authority must wait at least 2 years before the intention to formally register as an Independent Director. If the Independent Director was previously a government official or a consultant for the Government for which the Government was a Major Shareholder or Controlling Shareholder, such waiting time would be null.

3. The Independent Director must not be blood related or registered legally with the following individuals: father, mother, spouse, brothers, sisters, children, spouse of children, spouse of Management, spouse of Major Shareholders, spouse of someone with the authority to control, or spouse of a nominee for the position of Management, someone with the authority to control, or subsidiaries.

4. The Independent Director does not have or previously have a business relationship with the parent company, subsidiaries, Joint Ventures, Major Shareholders or Controlling Shareholders, in which such relationship will effect on the independent decision making of the Independent Director. The Independent Director does not own or have previously own a significant portion of stocks or have significant business control over parent company, subsidiaries, Joint Venture, Major Shareholders or Controlling Shareholders,

unless the Independent Director has waited at least 2 years before the intention to formally register as an Independent Director.

The definition of a business relationship is defined as the follow: transactions that are in accordance with normal business operations, to lent or rent property, transactions of assets or of service, giving or receiving financial aid from lending or borrowing, guarantees, offering assets to be collateral, and other actions with similar objectives. Such business transactions will result in either the Independent Director or the partner in the business transaction to be in debt and will need to repay the other party in the amount of 3% of the net tangible assets of the Independent Director or an amount higher than 20 Million Baht, whichever is lower. The calculation of such debt will be in accordance to the appraised value of the related transactions announced by the Capital Market Commission in relation to the guidelines of related transactions complied. The verification of such debt will be 1 year prior to such business relationship.

5. The Independent Director must not be or was previously been an Auditor of a parent company, subsidiaries, Joint Venture, Major Shareholder or Controlling Shareholders, and not a Partner of these companies or have authority to control. The Independent Director must also not be a stakeholder of such auditing firms in which audits the parent company, subsidiaries, Joint Venture, Major Shareholders or someone with the authority to control unless the Independent Director has waited at least 2 years before the intention to formally register as an Independent Director.

6. The Independent Director must not be or have previously offered professional services which includes legal and financial consultant receiving more than 2 million Baht per year from the parent company, subsidiaries, Joint Venture, Major Shareholders or controlling shareholders, and not be a Partner or controlling shareholders of such companies that offer professional services unless the Independent Director has waited at least 2 years before the intention to formally register as an Independent Director.

7. The Independent Director must not be appointed to be the representative of other Directors, Major Shareholder or shareholders that are related to the Major Shareholders.

8. The Independent Director must not operate any company with the same business as the Company or any company that significantly competes with the Company or subsidiaries. The Independent Director must also not hold a significant stake of such companies, take the role of Director, Management, Employee, Staffs, or Consultant of such company, and must not hold more than 1% of the total voting rights of the company in which operates in the same business as the Company or significantly competes with the Company or subsidiaries.

9. The Independent Director must not have other characteristics that will not allow the Independent Director to have an independent judgment.

After the appointment of the Independent Director according to (1) to (9), the Independent Director may be given responsibility by the Board of Directors to allow judgment and management of parent company, subsidiaries, Joint Venture, subsidiaries with the same parent company, major shareholders or Controlling shareholders, in which the decision will be regarded as a collective decision.

Qualification of the Director

The person who takes the position of director shall be a person with knowledge, ability, and readiness to take the position as well as the following points:

- The potential director must be qualified and must not have any nature that goes against the Law of Public Companies as well as any nature that shows a lack of confidence to manage the Company in the shareholders' stead according to the Securities and Exchange Commission.
- The potential director must be knowledgeable, skillful, or experienced in accordance with the operations of the Company.
- The potential director must fully dedicate themselves, especially on making important decisions, for the interest of the Company, and to attend meetings of the Board of Directors and shareholders' meeting unless of unprecedented circumstances.
- The potential director must have morality, ethics, and other qualifications according to the law or the suitability of a director.

The Company has 5 independent directors (representing 50.00% of the total directors) are Mr. Sorasit Soontornkes, Mr. Kunakorn Makchaidee, Mrs. Yajai Pattanasukwasun, Mr. Poonsak Thiapairat and Admiral Navapol Damrongpong.

The Board of Directors as at December 31, 2020 as following;

Name	Position	Date of appointment as director	Number of years in directorship
1. Mr. Sorasit Soontornkes	Chairman and Independent Director	May 14, 2018	2 year 8 months
2. Mr. Kunakorn Makchaidee	Independent Director and Chairman of Audit Committee	November 10, 2016	4 years 2 months
3. Mrs. Yajai Pattanasukwasun	Independent Director, Audit Committee and Chairman of Nomination and Remuneration Committee	August 14, 2014	6 years 5 months
4. Mr. Poonsak Thiapairat	Independent Director, Audit Committee and Nomination and Remuneration Committee	February 25, 2004	16 years 10 months
5. Mrs. Ladavan Tanatanit	Director, Chairman of Executive Committee and Authorized Director	March 1, 2011	9 years 10 months

Name	Position	Date of appointment as director	Number of years in directorship
6. Mr. Visit Wongruamlap	Director and Chairman of Credit Committee	April 29, 2011	9 years 9 months
7. Mrs. Nalinee Ngamsetthamas	Director, Nomination and Remuneration Committee, Executive Committee and Authorized Director	March 1, 2011	9 years 10 months
8. Mrs. Nongluk Chantarasombat	Director, Credit Committee and Authorized Director	May 14, 2018	2 year 8 months
9. Admiral Navapol Damrongpong*	Director and Authorized Director	May 12, 2020	8 months
10. Mr. Akrawit Sooksai	Director, Executive Committee, Credit Committee, Chief Executive Officer and Authorized Director	July 5, 2018	2 year 6 months

Note: * Admiral Navapol Damrongpong has appointed to be the Director and Independent Director, instead of Mr. Wutthiphum Jurangkool who resigned from the position of Director and Authorized Director, by the Board of Directors Meeting No. 3/2020 held on 11 May 2020.

5.2 Directors' Term of Position

One-third of the total number of directors must retire by rotation at every annual general meeting of shareholders. Those directors who have held office for the longest time period shall retire. In case the number of directors is not a multiple of three, the number of directors to retire shall be the number closest to one-third of all directors. Directors retiring by rotation may be re-elected to continue their office.

5.3 Segregation of Roles, Duties and Responsibilities

The Company has clearly segregated the positions and authority of the chairman of the Board, the chairman of the Executive Committee, and the president and chief executive officer to enhance the effectiveness of performance, governance and transparency of internal operations as follows:

Chairman of the Board of Directors - The chairman of the Board of Directors is an independent director and shall not serve as the chairman of the Executive Committee or the president and chief executive officer of the Company or be involved in the

Company's routine management. This is in compliance with the principle of segregation of duties in policy formulation and oversight from those in operational management. The key roles of the chairman of the Board are: to ensure that Board meetings are conducted effectively and matters that are essential to the Company's operations and/or performance are placed on the meeting agenda, particularly matters related to corporate strategy; to allocate sufficient time for management to present clear and timely information; to allow attending Board members to voice their opinions and ask questions; and to ensure that Board resolutions are clear and the meeting minutes are correct. The chairman of the Board also presides over the shareholders' meeting. Another key role of the chairman is to ensure that the Company's governance practices, such as the composition of the Board, directors' performance of duties, and succession planning for top executives, is in compliance with adopted policies.

Chairman of the Executive Committee - The chairman of the Executive Committee is a Board-appointed director with powers and duties to manage and control the business of the Company as delegated

by the Board. The chairman of the Executive Committee is empowered to develop and implement key strategies and practices relating to the business of the Company.

Chief Executive Officer - The Chief Executive Officer will be principally in charge of setting the Company's strategic direction and policies, overseeing internal operations to ensure compliance with established plans and the corporate governance principles, and leading the Company toward the realization of its vision and sustainable growth. In case, the Chief Executive Officer need to be in another company position, must be approved by the Board of Directors.

5.4 Role, duty and responsibility of the Board of Directors

1. Every year, the Company's Board of Directors has reviewed and approved the Company's vision and mission in order to create a target for the Management and staff to operate in the same direction with Management and staffs to have the following participation:

1.1 The establishment of the vision, mission, objectives, business plan and the Company's annual budget is open to discussion between the Company's Board of Directors and the Senior Management of the Company in order to coordinate the direction of the organization.

1.2 The establishment of regular review and monitor, these will drive management to operate as outlined under the plan, direction and strategies.

1.3 Give recommendations, comments, and the direction of the Company's Management in order to create a clear business plan in accordance with the Company's targets.

1.4 Communicate the policy, targets, and the Company's direction to all employees through activities. The Chief Executive Officer should meet the employees at least 2 times per year in which the Chief Executive Officer will announce.

2. The Company's Board of Directors has created an internal control system covering the accounting department, operations department, and management department in accordance with the law, rules and regulations. Moreover, the Company's Board of Directors has created a risk management department along with an internal auditing department to efficiently balance out the risk in order to protect, retain, and take care of assets. The senior director of the Company has assigned Ms. Somjai Amornchainoppakun to be an internal auditor of the Company who reports directly to the Audit Committee, prepare a quality report on important issues to the Audit Committee, and construct a clear policy to manage risk.

3. The Company's Board of Directors oversees that the Company has an efficient management of risk in which risk is managed regularly. Therefore, a risk management department was established to thoroughly evaluate the risk factors that would affect the operation and the operational target both qualitative and quantitative as well as any suggestions that would protect and be alert to the risk from the current situation. The risk management department would also evaluate the risk factors that would affect the management. The department would report to the Board of Directors concerning any issues related to risk management

4. The Company's Board of Directors prepared the appraisal of the Chief Executive Officer at the end of every year in which the Nomination and Remuneration Committee will be the appraiser and proceed to present to the Board of Directors the corresponding compensation. Anyhow, the appraisal of the Chief Executive Officer is confidential and thus, will not be disclosed. The criteria for evaluation of the Chief Executive Officer is divided into 2 parts:

Part 1: Evaluate from performance statistics of the Company's operations

Part 2: Evaluate from leadership skills, team building, communication skills, focusing on success,

management skills, and changes in which the evaluated criteria will be used to consider the increase of compensation for the Chief Executive Officer in which the Board of Director will need to authorize

5. 5. Establishment a succession plan for the position of Chief Executive Officer and Managing Directors in order to be confident that the Company has enough Management positions that are knowledgeable and talented to operate their roles with the following criteria:

5.1 The Company's Board of Directors has established a development plan for the Management in order to succeed the position of Chief Executive Officer and Managing Directors.

5.2 Nomination and Remuneration Committee will consider the knowledge, competency, and experience in each of the positions in order to select the Management that matches with the qualification set in order to succeed the different positions of the Company.

5.3 The Chief Executive Officer will evaluate the performance, knowledge, and capability of the Management comparing to the required level and establish a development plan to reduce the competency gap.

5.4 Assign the Human Resource Department with the duty to look after and follow the seminar programs and knowledge development of the successor in the position of Chief Executive Officer and Managing Director.

5.5 Nomination and Remuneration Committee will review and summarize the establishment of the succession plan of the Chief Executive Officer and Managing Director towards the Board of Directors once a year.

6. Regarding the development of the employees, the Company's Board of Directors has a policy to develop the skills of all employees in order

to support the growth of the Company for the future by sending employees to increase their knowledge, skills, and ability in order for the employees to be the main mechanism to develop the Company towards achievements.

7. The Board of Directors has agreed with the Anti-Corruption Policy and promoted all relevant stakeholders to follow it. The Policy was reviewed by the Board of Directors' meeting no. 6/2020 on December 15, 2020.

5.5 Sub Committees

The Company has four subcommittees, namely the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee and the Credit Committee to assist the Board in screening specific matters as assigned by the Board. The meeting schedule of each Board committee is planned in advance for the entire year.

● Audit Committee

The Board of Directors has appointed the Audit Committee to be responsible for review the financial report, internal control systems, risk management, compliance to the rules, regulations and policies and prepare report to provide any suggestion to the Board of Director to approve or propose to the shareholders meeting as follow:

1. Review for the company accurate and sufficient financial reporting.

2. Review for the company to has an internal control system and internal audit that is appropriate and effective. And consider the independence of the Office of Internal Control and Internal Audit as well as granting approval for the appointment, transfer, termination of the Chief of the Office of Internal Control and Internal Audit or any other department responsible for internal auditing including considering and evaluating the annual performance of the Chief of the Office of Internal Control and Internal Audit

3. Review for the company to comply with the law on securities and stock exchange, SET requirements or laws related to the company's business.

4. Considering, selecting and proposing the appointment of an independent person to act as the company's auditor and propose the remuneration for the auditor of the company including attending meetings with auditors without the attendance of management at least once a year.

5. Consider the connected transaction or the transaction that may have conflict of interest to be in accordance with the laws and regulations of the Stock Exchange of Thailand to ensure that these transactions are reasonable and to the maximum benefit to the company.

6. Review the compliance with the corruption policy in accordance with the anti-corruption and policy.

7. Prepare a report on the Corporate Governance of the Audit Committee while disclosing in the annual report of the Company with the approved signature of the Chief of Audit Committee with the follow adequate information:

- a) Correctness and reliability of the financial reports
 - b) Adequate internal control system
 - c) Operate according to the laws of Securities Exchange Commissions law and the Stock Exchange of Thailand or and related laws
 - d) Suitability of the Company's Auditor
 - e) Report that maybe in conflict of interests
 - f) Audit Committee's meeting and the participation of each member of the committee
 - g) Opinions or notes of interest from the duty as Director
 - h) Other reports that shareholder and other investors should acknowledge
8. Other operations in which is delegated by the Board of Directors

In performing its duties within the scope specified above, the Audit Committee shall be directly responsible to the Board of Directors. Nonetheless, the Board of Directors shall remain responsible to third parties for the acts of the Company.

As of 31 December 2020, the Audit Committee comprises three independent directors. The term of office of members of the Audit Committee shall be equal to the period that they remain Board of Directors directorship.

Name	Position
1. Mr. Kunakorn Makchaidee*	Chairman of Audit Committee
2. Mrs. Yajai Pattanasukwasun*	Audit Committee
3. Mr. Poonsak Thiapairat	Audit Committee

Ms. Somjai Amornchainoppakun as Secretary to the Audit Committee

Note: * Mr. Kunakorn Makchaidee and Mrs. Yajai Pattanasukwasun have knowledge and experience in the review of financial statement.

● **Nomination and Remuneration Committee**

The authority and responsibility of the Nomination and Remuneration Committee is as follows;

1. Establish the policies to present to the approval of the Board of Directors as follows:

1.1 Policy Guidelines for the nomination procedure of Directors and Management

1.2 Policy Guidelines for the remuneration procedure for the members of Board of Directors, members of sub-committee and the Chief Executive Officer

2. Select and present the following qualified individuals to the Board of Investment to consider:

2.1 Director

2.2 Directors in the subcommittee with the authorization, role and responsibility directly given by the Board of Directors

2.3 Chief Executive Officer and Managing Director, for the position of Managing Director, the authority is given to the Chief Executive Officer to initially

submit to the Nomination and Remuneration Committee to confirm and then to the Board of Directors for approval.

3. Attend that the Board of Directors is reasonable in size compared to the Company as well as to modify the Board of Directors according to the change in economic environment of the Company.

4. Consider the remuneration, both monetary and non-monetary which is suitable for the Board of Directors and sub-committees and proposing to the Board of Directors for further approval from the shareholders' meeting.

5. Establish and present guidelines as well as an opinion on the performance of the Chief Executive Officer and Executive Management in order to consider the remuneration and bonuses for the year.

6. Consider the criteria for determining suitable remuneration for directors and senior management and propose to the board of directors for approval.

7. Prepare succession plans and monitor the continuity of management that is suitable for the position of Chairman of the Executive Committee, Chief Executive Officer, Managing Director and person with management authority. And recommend to the Board of Directors for acknowledgment and / or approval, as case by case.

8. Prepare director's development plans to improve knowledge of existing directors and new directors to understand the business, directors' roles and responsibilities. And various important developments, including providing orientation and distributed documents and information that are beneficial to the performance of duties of directors in case of new directors.

9. Report the performance of the operations to the Board of Directors at least once a year

10. Operate other operations following the role given by the Board of Directors

As at 31 December 2020, the Nomination and Remuneration Committee of the Company is comprised of 3 persons as per below. The term of office of members of the Nomination and Remuneration Committee shall be equal to the period that they remain Board of Director directorship.

Name	Position
1. Mrs. Yajai Pattanasukwasun	Chairman of the Nomination and Remuneration Committee
2. Mr. Poonsak Thiapairat	Nomination and Remuneration Committee
3. Mrs. Naline Ngamsetthamas	Nomination and Remuneration Committee

Ms. Wattara Arun as Secretary to the Nomination and Remuneration Committee

● Executive Committee

The Executive Committee shall be appointed by the Board of Directors. The number of Executive Committee members shall be determined by the Board. The Board of Directors shall appoint a member of the Board, and may appoint any other person, or persons, who hold management positions at the Company or are outside individuals, to be members of the Executive Committee. The term of office of members of the Executive Committee shall be equal to the period time that they remain Board of Director directorship.

The Company's Executive Committee has the authority, role, and responsibility to manage the operations of the Company in which is normally engaged including the establishment of the policy, business plan, budget, the Company's organization structure, the authority to manage other issues, and to manage the Company according to the economic environment in which the issues will be presented to the Board of Directors' meeting to be considered and approved. The Executive Committee will also monitor and track the operations of the Company according to the policy in which the authority and responsibility of the Executive Committee is as of follows:

1. Operate and manage the Company according to the objective, regulations, policies, regulations, orders, and resolutions of the Board of Directors' meeting and/or the resolutions of the shareholders' meeting.

2. Consider the policy, direction, strategy in order to operation the business, setting financial plan, and budget to present to the Board of Directors' meeting as well as to supervise and control that the operations of the Directors go according to the target set.

3. Consider the allocation of the budget for the year following the presentation from the Management in which the Executive Committee will present the final results to the Board of Directors later.

4. Posses the authority to consider and authorize the payment of the normal operations of the Company.

5. Authorize the important investment that was indicated in the annual budget that was approved by the Company's Board of Directors or following the principles of the Board of Directors that was previously approved.

6. Posses the authority to consider and approve the factoring loans or any loans of the Company under the authorize guidelines of factoring loans of the Company.

7. Posses the authority to consider and approve the sourcing of finance, debt restructuring, or the issuance of debt instruments. Other issues such as guaranteeing, offering collateral in terms of cash or loans, or seek for any loans for the Company will need to be presented to the Board of Directors' meeting.

8. Screen approval and review credit approval requests which is approved by the credit committee.

9. The Company's Executive Committee will give advice to the related departments on the finance policies, marketing policies, human resource, and other operations.

10. Other operations that the Company's Board of Directors established from time to time in which the authority can be given to other individuals. Cases that the Executive are not given authority or cannot pass on the authority are those with conflicting interest with the Company or subsidiaries of the Company that is in accordance with the guidelines of the Stock Exchange of Thailand. These cases will need to be presented to

the Board of Directors or the shareholders' meeting to consider, regarding to Articles of Association or the related legal issues.

As at 31 December 2020, the Executive Committee of the Company is comprised of 5 members as follows:

Name	Position
1. Mrs. Ladavan Tanatanit	Chairman of the Executive Committee
2. Mrs. Naline Ngamsetthamas	Executive Committee
3. Mr. Chanon Chotvijit	Executive Committee
4. Mr. Suthiporn Tanthikul	Executive Committee
5. Mr. Akrawit Sooksai	Executive Committee

Ms. Wattara Arun as Secretary to the Executive Committee

- **Credit Committee**

Duties and responsibilities of the Credit Committee as follows;

1. Consider and approve the following matters as assigned by the Board of Directors and / or the Executive Committee which beyond the approval authority of the management to be in accordance with the credit policy, including other relevant notifications as specified.

- a) Factoring loans and lending of other types of loans
- b) Credit risk management
- c) Collateral
- d) Debt restructuring

2. Screen and review approval requests under item 1.1 before submitting for approval to the executive board and / or board of directors according to the approval authority.

3. Advising or recommending about credit risk management to management for the benefit of building a quality customer base and debtor of the company.

4. Operate other operations following the role given by Executive Committee and/or the Board of Directors.

As at 31 December 2020, the Credit Committee of the Company is comprised of 6 members as per below. The term of office of members of the Credit Committee shall be equal to the period that they remain Board of Director directorship.

Name	Position
1. Mr. Visit Wongruamlap	Chairman of Credit Committee
2. Mrs. Nongluk Chantarasombat	Credit Committee
3. Mr. Watana Sangvongmai ⁽¹⁾	Credit Committee
4. Mr. Virut Danarthikhom ⁽²⁾	Credit Committee
5. Mr. Suttiporn Tanthikul	Credit Committee
6. Mr. Akrawit Sooksai	Credit Committee

Ms. Kasira Sriloymuang as Secretary to the Credit Committee

Note: ⁽¹⁾ Mr. Watana Sangvongmai has appointed to be the member of Credit Committee by the Board of Directors Meeting No. 3/2019 held on 1 April 2020.

⁽²⁾ Mr. Virut Danarthikhom has appointed to be the member of Credit Committee, instead of Mrs. Kongkeaw Piamduaytham by the Board of Directors Meeting No. 5/2019 held on 10 November 2020.

5.6 The Board of Directors' Meeting and subcommittees

The Company's Board of Directors has established the meeting schedule in advance for the Board of Directors' meeting and sub-committee meetings

in which the Board of Directors' meeting shall be held at least once every 3 months with an additional meeting when the occasion rises. In each of the meeting, the meeting agenda is clearly stated including the agenda to be considered, acknowledge, debate, and commented in which all related documents will be delivered 7 days prior to the meeting giving directors enough time to study the information before attending the meeting. The meeting will have enough time for all directors to freely comment in which the chairman will conclude the comments and key results of the meeting. The results of the meeting will be recorded in the minutes of the Board of Directors' meeting by the company secretary and after approval; the minutes will be kept in the files of the legal department. Directors can request additional information through the company secretary.

At each Board meeting, executives are invited to attend the meeting on agenda items concerning their areas of responsibility in order to provide relevant information to the directors. Such discussions and meetings between directors and executives are also beneficial for executive succession planning. In addition, the Board has established a policy that if the meeting has an agenda item to be voted on, at least two-thirds of the total board members in the meeting and in the case of a meeting via electronic media, the attending directors shall not reside in the Kingdom and shall not present at the same place of the meeting.

In 2020, the Company had a meeting of directors without participation of management in one time. The participation of each director attended the Board of Directors Meeting and subcommittee Meeting are as follows;

Name	The Board of Directors	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Credit Committee	Annual General Meeting of Shareholders
1. Mr. Sorasit Soontornkes	6/6	-	-	-	-	1/1
2. Mr. Kunakorn Makchaidee	6/6	6/6	-	-	-	1/1
3. Mrs. Yajai Pattanasukwasun	6/6	6/6	5/5	-	-	1/1
4. Mr. Poonsak Thiapairat	6/6	6/6	5/5	-	-	1/1
5. Mrs. Ladavan Tanatanit	6/6	-	-	13/13	-	1/1

Name	The Board of Directors	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Credit Committee	Annual General Meeting of Shareholders
6. Mr. Visit Wongruamlap	6/6	-	-	-	14/14	1/1
7. Mrs. Naline Ngamsetthamas	6/6	-	5/5	13/13	-	1/1
8. Mrs. Nongluk Chantarasombat	6/6	-	-	-	13/14	1/1
9. Mr. Wutthiphum Jurangkool ⁽¹⁾	2/2	-	-	-	-	-
10. Mr. Akrawit Sooksai	6/6	-	-	13/13	14/14	1/1
11. Admiral Navapol Damrongpong ⁽²⁾	3/3	-	-	-	-	1/1
12. Mr. Chanon Chotvijit	-	-	-	13/13	-	-
13. Mr. Watana Sangvongmai ⁽³⁾	-	-	-	-	10/11	-
14. Mrs. Kongkeaw Piamduaytham ⁽⁴⁾	-	-	-	-	11/11	-
15. Mr. Suttiporn Tanthikul	-	-	-	13/13	14/14	-
16. Mr. Virut Danarthikhom ⁽⁵⁾	-	-	-	-	3/3	-

Note: ⁽¹⁾ Mr. Wutthiphum Jurangkool resigned from the position of Director and Authorized Director on 8 May 2020.

⁽²⁾ Admiral Navapol Damrongpong has appointed to be the Director and Independent Director, instead of Mr. Wutthiphum Jurangkool who resigned from the position of Director and Authorized Director, by the Board of Directors Meeting No. 3/2020 held on 11 May 2020.

⁽³⁾ Mr. Watana Sangvongmai has appointed to be the member of Credit Committee by the Board of Directors Meeting No. 3/2020 held on 1 April 2020.

⁽⁴⁾ Mrs. Kongkeaw Piamduaytham completed the term of the member of Credit Committee on 9 November 2020.

⁽⁵⁾ Mr. Virut Danarthikhom has appointed to be the member of Credit Committee, instead of Mrs. Kongkeaw Piamduaytham by the Board of Directors Meeting No. 5/2020 held on 10 November 2020.

5.7 Board and senior executive assessment

• Director's self-assessment

The Board of Directors promotes self-assessment of the Board as a whole at least once a year in order to review the sufficiency of the operational control and to be as a reference in defining the performance improvement plan so that their performance can be improved upon accordingly. The assessment is done by using the Assessment Form adjusted from the Director's self-assessment form of the Stock exchange of Thailand of which the topic shall be clearly defined. The assessment result shall be summarized and reported to the Board of Directors meeting for acknowledgement and consideration, which can be adopted for continuous improvement.

• Performance Assessment of Chief Executive Officer and Managing Director

The Board of Directors determines assigns the Nomination and Remuneration Committee to handle the performance appraisal for Chief Executive Officer and Managing Director on annually basis. The assessment is done by using the Assessment Form adjusted from the form of the Stock exchange of Thailand of which the topic shall be clearly defined. The form was adjusted in accordance with the goals and the company's strategic plan and present the evaluation results to the Board of Directors for consideration of the remuneration and appropriate incentives the Chief Executive Officer Performance Assessment every year. The goal and criteria of assessment will be a reference in defining the

performance improvement plan and the remuneration for the Chief Executive Officer.

5.8 Procedure for Nomination of Directors and Senior Executives

The Nomination and Remuneration Committee is responsible for screening and proposing to the Board qualified candidates that meet the Company's strategies to serve as directors and members of Board committees based on each candidate's knowledge, capabilities, expertise, and the experience required for any vacancy. In regards to the directors representing major shareholders, in principle, the major shareholders nominate individuals to be elected as the Company's directors and the Board is in charge of verifying that the qualifications of such individuals nominated are not contrary to relevant laws. The Nomination and Remuneration Committee selects candidates for directorship from the director pool of the Thai Institute of Directors Association (IOD) and the proposals submitted by the directors and the shareholders of the Company. After a scrutiny of each candidate's qualifications to ensure compliance with laws and regulations, the Nomination, Compensation and Corporate Governance Committee will propose the nomination to the Board for consideration. Following the Board's endorsement of the nominated candidates, the Company will consult with and seek endorsement from the Company of Thailand prior to proposing the nomination to the shareholders, if applicable, for approval of the appointment.

The above-mentioned processes for nomination, selection and appointment of directors and senior executives are conducted by the Board, the Nomination and Remuneration Committee and relevant management without any discrimination on the grounds of race, religious belief, gender, marital status or physical disability.

5.9 Succession Planning

The Board has assigned the Nomination and Remuneration Committee the responsibility for

succession planning in order to ensure that the Company has in place a succession plan that incorporates the nomination, selection and training for key positions, particularly the positions of chief executive officer, Managing Director and executives at the level of executive vice president or higher, to ensure the continuity of the Company's management and business operations as and when executive positions become vacant due to new appointment, job transfer, retirement, resignation or any other reasons.

The Nomination and Remuneration Committee shall define the criteria and procedure of recruitment and selection depending on current circumstance and propose to seek for approval to the parent company; AIRA Capital Public Company Limited in accordance with the Article of Association of the AIRA Capital Public Company Limited sector 7 No. 56 concerned with monitoring and control the operation of subsidiaries or associated companies.

The Company also develops the career path program of employees for each level and position in order to prepare the succession plan on each department.

5.10 Director Orientation

The Company arranges orientation meetings for all new directors. At these meetings, briefings are provided covering the Company's vision, strategies, key business targets, performance highlights and relevant regulatory rules. Also, important documents provided to new directors include the Director's Manual, the Memorandum and Articles of Association of the Company, the Company's Annual Report, and the Directors Code of Conduct. These documents enunciate, among others, key information regarding the roles and responsibilities of directors, the Corporate Governance Policy, approval authority, prohibitions under applicable laws, roles and responsibilities of the Board committees, and the Anti-Corruption and Bribery Policy.

5.11 Director and Management Development

The Company has supported the training and education of the Directors and Management in order to further apply to the operations of the Company for example, support the meeting between the Directors and Executive Management in order to exchange ideas and support the development of the Executive Management's capabilities.

In 2020, directors and executive management participated training & seminars as follows;

1. Mr. Akrawit Sooksai, Director and Chief Executive Officer, participated training & seminars as follows;

- Thai Economic Outlook in 2021 Forum by maiA
- AI & IoT Summit 2020 organized by Ministry of Digital Economy and Society (MDES) and Thai Digital Technology User Group Association (DUGA)
- Retail Trade Strategy Through COVID-19 Crisis : Digital Transformation to Success organized by The Thai Chamber of Commerce and Board of Trade of Thailand.

2. Akrawit Sooksai, Director and Chief Executive Officer, and Mr. Yossakrai Rujipongwatee, Vice President of Legal office participated the seminar in the topic of Personal Data Protection Act (PDPA) B.E. 2562, organized by The Thai Chamber of Commerce and Board of Trade of Thailand.

3. Mr. Pattawut Veerapradit, Assistant Managing Director of Finance and Administration Division, participated the training program regarding "CFO and Financial Reporting Role and Responsibility", organized by Stock Exchange of Thailand.

5.12 Director and Executive Remuneration

The Board of Directors determines the Executive Remuneration policy with transparency. The Nomination and Remuneration Committee shall set out the remuneration policy for directors to propose for consideration by the Board of Directors and the shareholders meeting, respectively. In addition, the Nomination and Remuneration Committee shall set out the remuneration for high-level executives namely Chief Executive Officer, Managing Director, and Assistant Managing Director, to approval by the Board of Directors.

1. Policy and criteria for paying compensation to Directors

The Company has appointed the Nomination and Remuneration Committee to consider and set out the policy for paying compensation to Directors clearly transparently and in levels of payment in comparison with the industry. The remuneration shall be considered by the Board of Director meeting and the shareholder meeting. The compensation shall be paid in form of meeting allowance and bonus.

2. Policy and criteria for paying compensation to Management

The Company sets out policy for paying compensation to Management including Chief Executive Officer and Managing Director in line with the principle and policy determined by the Board of Director and linked to operational result, individual performance on each task. The compensation shall be paid in form of salary, bonus or else.

1) Director Remuneration

The remuneration of the Director in the form of meeting remuneration, are as follow;

(Unit: Baht)

Committees	Chairman	Member
The Board of Directors ¹	25,000	15,000
Audit Committee	25,000	15,000
Nomination and Remuneration Committee ¹	15,000	10,000

Committees	Chairman	Member
Executive Committee ²	15,000	10,000
Credit Committee ²	15,000	10,000

Note: 1.Executive Director shall receive meeting remuneration by a half.
2.Executive Director shall not receive meeting remuneration.

In 2020, the remuneration of the Director in the form of meeting remuneration, are as follows;

(Unit: Baht)

Name	Meeting Remuneration					Directors' Bonus	Total
	The Board of Directors	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Credit Committee		
1. Mr. Sorasit Soontornkes	150,000	-	-	-	-	150,000	300,000
2. Mr. Kunakorn Makchaidee	90,000	150,000	-	-	-	100,000	340,000
3. Mrs. Yajai Pattanasukwasun	90,000	90,000	-	75,000	-	100,000	355,000
4. Mr. Poonsak Thiapairat	90,000	90,000	-	50,000	-	100,000	330,000
5. Mrs. LadavanTanatanit	90,000	-	195,000	-	-	100,000	385,000
6. Mr. Visit Wongruamlap	90,000	-	-	-	210,000	100,000	400,000
7. Mrs. Nalinee Ngamsetthamas	90,000	-	None	50,000	-	100,000	240,000
8. Mrs. Nongluk Chantarasombat	90,000	-	-	-	130,000	100,000	320,000
9. Mr. Wutthiphum Jurangkool ⁽¹⁾	30,000	-	-	-	-	100,000	130,000
10. Mr. Akrawit Sooksai	45,000	-	None	-	None	100,000	145,000
11. Admiral Navapol Damrongpong ⁽²⁾	45,000	-	-	-	-	-	45,000
12. Mr. Chanon Chotvijit	-	-	130,000	-	-	-	130,000
13. Mrs. Kongkeaw Piamduaytham ⁽³⁾	-	-	-	-	110,000	-	110,000
14. Mr. Suttiporn Tanthikul	-	-	130,000	-	140,000	-	270,000
15. Mr. Watana Sangvongmai ⁽⁴⁾	-	-	-	-	100,000	-	100,000
16. Mr. Virut Danarthikhom ⁽⁵⁾	-	-	-	-	30,000	-	30,000
Total	900,000	330,000	455,000	175,000	720,000	1,050,000	3,630,000

Note: ⁽¹⁾ Mr. Wutthiphum Jurangkool resigned from the position of Director and Authorized Director on 8 May 2020.

⁽²⁾ Admiral Navapol Damrongpong has appointed to be the Director and Independent Director, instead of Mr. Wutthiphum Jurangkool who resigned from the position of Director and Authorized Director, by the Board of Directors Meeting No. 3/2020 held on 11 May 2020.

⁽³⁾ Mr. Watana Sangvongmai has appointed to be the member of Credit Committee by the Board of Directors Meeting No. 3/2020 held on 1 April 2020.

⁽⁴⁾ Mrs. Kongkeaw Piamduaytham completed the term of the member of Credit Committee on 9 November 2020.

⁽⁵⁾ Mr. Virut Danarthikhom has appointed to be the member of Credit Committee, instead of Mrs. Kongkeaw Piamduaytham by the Board of Directors Meeting No. 5/2020 held on 10 November 2020.

2) Other Remuneration

-None -

3) Management Remuneration

As of 31 December 2020 and 2019, the remuneration of the Management in the form of cash; salary, bonus and other benefit, are as follows;

(Unit: Baht)

Type of Remuneration	Amount	
	2020	2019
Salary and Bonus	13,141,503.60	11,643,118.00
Provident Fund	756,245.36	604,830.24
Other Benefit	740,118.24	485,166.00
Total	14,637,867.20	12,733,114.24
Total Management	6	7

Note:

- As of 2020, the Management comprises of six executives; Mr. Akrawit Sooksai, Mrs. Pornpilai Burasai, Mr. Pattawut Veerapradit, Mr. Pipob Jirawongsakorn, Mr. Perayot Ketchat, and Mr. Vuthipong Anurattada.
- As of 2019, the Management comprises of seven executives; Mr. Akrawit Sooksai, Mrs. Pornpilai Burasai, Mr. Pattawut Veerapradit, Mr. Pipob Jirawongsakorn, Mr. Perayot Ketchat, Mr. Vuthipong Anurattada and Mrs. Paisri Phakcharoenphol.

6. Personal

As at December 31, 2020, the Company had number of 88 employees, all of them are permanent staff which can be separated as follows;

Field / Department	Number of staffs (persons)		
	2020	2019	2018
Finance and Administration Division	24	31	15
Credit and Marketing Division	20	24	25
Operation and Information Technology Division	25	23	34
Debt Recovery and Risk Management Division	8	9	9
Office of Chief Executive Officer	9	9	6
Internal Audit and Compliance Office	2	2	2
Total	88	98	91

Noted, the Company has no any arguments to employees within the last 3 years.

- **Employee Compensation**

The Company paid compensation to employees within the last 3 years as follows;

(Unit: Baht)

Compensation	2020	2019	2018
Salary and bonus	39,549,322.81	44,109,432.85	36,655,799.28
Other benefits	12,799,661.51	6,565,522.69	5,547,887.53
Total	52,348,984.32	50,674,955.54	42,203,686.81
Total employees	82	91	91

- **Provident Fund**

The Company has a provident fund: SCB Master Fund which has been managed by SCB Securities Company Limited for create morale and courage of employees. These would persuade the employees to work long term with the Company. In 2020, the Company paid the provident fund of 2,471,135.98 Baht.

- **Other benefits**

The company has provided benefits and other compensation in addition to salaries, bonuses and provident fund contributions as appropriate and in line with the economic conditions and the company's performance, both short-term and long-term. Likely, there will be a project for talent management, good people with high potential (Talent Management) to enable the organization to drive its mission to achieve its goals. Also the substantial succession process which may help employees become satisfied and royalty to the organization due to receiving more challenging job opportunities.

- **Employee Development**

Human resources development policy and the human resource management approach are linked to the company strategy and business direction. The Company believes that the growth of the organization depends on the high potential staff. Therefore, the Company has set out the policy to focus on developing and improving the management system and the

development of personnel to be modern, consistent with technology and according to international standards in order to strengthen and develop the employees as well as to participate in and social contribution. Employees are the primary means of developing the company's success and in order to enhance the competitiveness of the Company.

Company also promoted its position to the potential staff related to each career path. In the year 2019, Key Performance Indicators (KPIs) were used as a framework and assessment criteria of individual employees as well as to evaluate employees' capabilities in line with the organization and move towards the common goal.

- Trained by outsources

1. Personal Data Protection Act (PDPA) B.E. 2562, organized by The Thai Chamber of Commerce and Board of Trade of Thailand
2. Estimated Accrued Expenses, organized by Dharmniti Public Company Limited
3. CFO and Financial Reporting Roles and Responsibility organized by the Stock Exchange of Thailand
4. ALL In One Cybersecurity, organized by So Secure Company Limited
5. Training Course on Personal Data Protection Act, A.D. 2562 organized by Political Science Association of Kasetsart University

6. AI & IOT Summit 2020 organized by Ministry of Digital Economy and Society (MDES) and Thai Digital Technology User Group Association (DUGA)

7. Business Contract with Taxation and Taxation of Foreign payment organized by The Revenue Department

- Internal Training

1. Orientation Program for new staffs
2. Team Building: to strengthen good relations within the organization for employees at all levels organized by Super A Teambuilding and arrange activities at Novotel Hotel, Petchburi Province

3. Personal Data Protection Act (PDPA) for Vice President Level and Upper Level conducted by Mr. Yossakrai Rujipongwatee, Vice President of Legal office

The summary of training hours for employees in the year 2020 is as follows:

- External Training average amount of 1.66 hours per person per year
- Internal Training average amount of 8.22 hours per person per year

● **The Company Secretary**

The Board of Directors meeting no. 3/2020 held on 11 May 2020 has appointed Ms. Wattara Arun to take the position of the Company Secretary in order to take on the position in accordance to the Act of Legislation of the Securities Exchange Commission Act Section 89/15 with the followings:

1. To be a center point in making/storing documents
2. Handling Board/Committees members registrations
3. Arranging shareholders meeting, invitation letter of meeting, and the minutes of the meeting
4. Reporting the interests of Directors and Executives
5. Hold activities between Directors and the Management

6. Coordinate that the work is in accordance with the resolution of the Company's Board of Directors

7. Give opinions relating to the Laws of various Notifications/Announcements

8. Others issues as assigned by the Company's Board of Directors

Biography of the Company Secretary

Name: Ms. Wattara Arun

Education: Master of Business Administration (MBA), Indiana University of Pennsylvania
Bachelor of Accounting, The University of the Thai Chamber of Commerce

Training: Company Secretary Program (CSP)
Class 59/2014 Thai Institute of Directors

Work Experience:

2020 - Present

Company Secretary

AIRA Factoring Public Company Limited
2019 - 2020

Consultant to Company Secretary

Planet Communications Asia Public
Company Limited
2013 - 2019

Company Secretary

Planet Communications Asia Public
Company Limited

2012 - 2013

Secretary and Administrative Manager
Krungdhep Sophon Public Company
Limited

2000 - 2006

Executive Officer

Tongkha Harbour Public Company
Limited



Corporate Social Responsibilities

The Company has paid attention and realize the Corporate Social Responsibilities by starting from inside society of the Company that is “employees”. In case the employees are well being in a small society then the happiness would be with them. The Company has provided more employee benefits additional Labor Law’s requirements such as wedding allowance or money to help employee family member die, etc. The employees’ trainings and developments provide to all staff levels to enhance their knowledge, capability, and efficiency for competition purpose. Moreover, the Company has set a working group to receive all complaints from the employees in case of unfair treatment at work including of modes and consideration process. The whistle blowing can directly address to the Internal Audit and Compliance Office which is an independence party to receive any complaints from the employees.

The Company activity is based on 8 CSR Principles, details as follows;

1. Good governance
2. Anti-corruption
3. Respect on Human Rights
4. Fair labor practices
5. Responsibilities to consumers
6. Environmental protection
7. Community and Social Development Collaboration
8. CSR Innovation and Innovative Expansion besides, realizes on society, environment and stake holders

The Company emphasizes on sustainable operation at all angles as follows;

● Economic

In 2020, the Company has been developing new products to provide more financial services to the

customers, including of fast track and flexibility on consideration process. These would build up more sustainable strength of the Company. The Company plans to use technology in term of e-Factoring for online service which launch about the beginning of 2021. However, The Company continues develop our e-Platform to meet our client satisfaction. Potential development on economic of the Company will be based on good corporate governance and customer satisfaction accordingly. Moreover, the Company has paid attention on SME business groups which have more powerful driving Thai economy. In case these groups are sustainable growth, Thai economy would be the same sustainable growth too. The Company has commitment to provide financial support on these business groups or SMEs as same as in the past. The Company will be a good intermediary in conjunction with variety businesses doing business together.

● Environment

The Company has paid attention to create consciousness to the employees on the reduction of global warming, campaign on utilization of resources for maximum benefit and cost-effective such as think before print, reuse papers and turn off the lights before leaving the office, etc. In addition, the Company has been developing data transfer (receipt and send) technologies for paper reduction and fast track working and enhance of competitiveness accordingly.

● Society

The Company has supported and emphasized on the sustainable happiness of internal and external company together with business ethic and professional. In 2020, the Company had more activities for the benefit of society and environment as follows;

- In February 2020, the Company donated has supported the fund in “Physical Equipment Project” for the Thai With Disability Foundation, Pak Kret District, Nonthaburi Province. In order to buy prostheses for the disabled people who are unable to help themselves including children who are in school-age.



- In February 2020, the Company has donated the used desk calendars to Educational Technology for the Blind Center, Pak Kret District, Nonthaburi Province, to make the teaching braille materials for the visually impaired.



- In July 2020, the Company donated our office equipment to Suankaew foundation for public purpose



- The Company joined “maiA Virtual Run for Queen Savang Vadhana Memorial Hospital at Siracha via Thai Red Cross with the Market for Alternative Investment (mai) which is a distance cumulative run since 1 September 2020 – 31 October 2020.



- In December 2020, the Company donated “used staples” for 1.932 kilograms to Association of Persons with Physical Disability International. These materials will be mixed to produce crutch, walker, handicap equipment including leg prosthesis from the staples. These happened from the cooperation of all staff to collect both materials for the whole year 2020.



Dividend Policy

The Company's policy for dividend payment will not be less than 50% of the year's net profit after deduction of all reserves as specified in the Article of Association and by law except for the cast that the payment of dividends will significantly affect the Company's operations.

Details of the Dividend Payment for the past 3 years

Details of dividend payment	2019	2018	2017
Net Profit (Million Baht)	42.15	48.92	53.27
Number of shares (Million shares)	1,600	1,600	1,600
Dividend payout			
- Interim dividend (Baht/share)	0.025	0.03	0.022
- Dividend payment (Baht/share)	-	-	0.0125
Total amount of dividend (Million Baht)	40.00	48.00	44.00
Dividend payout against net profit (%)	94.90	98.12	82.60



Internal Control and Risk Management

The Company realized and stressed the important of internal control system because the good internal control shall make system work properly, transparently, being accountable and prevent against damage that may be occurred. The Company then developed the internal control system to be efficiency and effectiveness continuously. The Board of Directors appointed the Audit Committee consisting of the three independent directors. All three members are knowledgeable, have experiences in verifying the accuracy of financial statement and complete qualifications following by the Securities and Exchange Act as well as the notice and/or the regulation of the Stock Exchange of Thailand.

The Board of Directors meeting No. 1/2021 was held on 22 February 2021. Three of Audit Committee also attended this meeting. The meeting assessed the sufficiency of the Company's internal control system in several aspects such as internal control system in respect of organization, risk assessment, management operation control, information system, data communication and follow-up process. After taking into a consideration, the meeting deemed that the Company has adequate and appropriate internal control systems that make the operation and management efficient and transparent.

The Audit Committee assigned the internal audit and compliance department which is independent form the management to perform any audit task within organization, to have a clear approach in working according to all the regulations which are relevant to the Company's business, to act as the secretary of the Audit Committee in order to support any activities of the Audit Committee as assigned by the Board of Director as well as to represent as the adviser to give any beneficial suggestion.

On 7 August 2006, the 3/2006 of Audit Committee has appointed Miss Somjai Amornchainoppakun as the Head of the internal audit and compliance department since July 14, 2006 due to her internal audit experiences and well understanding of internal operations. Nevertheless, the consideration and approval of appointment or removal of rotation change position or termination of the Head of the internal audit and compliance department shall be proposed and approved by the Audit Committee.

Profile of the Head of Internal Audit and Compliance Department as below;

Ms. Somjai Amornchainoppakun

Education : - Master of Business Administration
Program in Managerial
Accounting, Graduate School of
Commerce, Burapha University
- Bachelor of Accounting,
Siam University

Work experience :

- 2006 - Present Senior Vice President of Internal
Audit and Compliance
AIRA Factoring Public Company Limited
- 2004 - 2006 Internal Audit and Compliance Manager
Advance Finance Public Company Limited
- 2001 - 2004 Internal Audit and Compliance
Minor holding (Thailand) Company Limited

Qualification : Knowledgeable and experience in the auditing of internal control system, financial reports, accounting and securities and exchange law.



Connected Transactions

In 2020, the Company has the connected transactions as following details:

1. The Company has approved to enter into the one-year loan agreement (13 May 2020 - 12 May 2021) the amounting to Baht 400,000,000.00 from one of major shareholders of Aira Capital Public Company Limited (holding 71.55 % in the Company). The said connected transaction was approved by the Company's Board of Directors Meeting No. 3/2020 and the Board of Directors Meeting No. 3/2563 of Aira Capital Public Company Limited held on 11 May 2020 and 13 May 2020, respectively. The Audit Committee has considered that the said transaction is appropriate and benefit to the Company due to the transaction shall be the reserved for business operations with lower interest rate while comparing with loan from other finance institutes under the same term loan and without collateral.

From 13 May - 31 December 2020, the Company has no the connected transactions.

2. The Company has approved to enter into an agreement to lease office space of AIRA Securities Public Company Limited that have The AIRA Capital holding 99.99%. The Company has move office from Chamchuri Square 20th floor to Chamchuri Square 17th floor to support the increased of employees and expansion of the Company in the future. The Company has agreed to lease the office space of AIRA Securities Public Company Limited in the sublease terms utility space approximately 588.63 square meters, period 22 months (1 July 2020 to 30 April 2022), rental fee including service fee 629.384 Baht/sq.m. Totally 370,474.30 Baht/month and rental fee throughout the contract period is equal to 8,150,434.60 Baht.

Potential transactions between connected parties in the future and policy

In case the Company has transactions between connected parties in the future. The connected transactions are treated on the same basis as normal business course and all transaction must be complied with regulations of the Securities Exchange of Thailand and other related offices, rules, announcements, orders or requirements. The Company will disclose all connected transactions on notes to financial report and annual information (Form 56-1) and annual report (Form 56-2).

Necessary and reasonable connected transactions.

In case the Company agrees to contracts or having connected transactions between the Company, subsidiary companies, related companies and/or external parties. The Company will carefully deliberate the necessary and reasonable course to agree on contracts for the benefit of the Company.

Measures or approval procedures on connected transactions.

In case the Company agrees to contracts or having connected transactions between the Company, subsidiary companies, related companies and/or conflicted of interest parties for the benefit of the Company. The Board of Directors must be considered, approved and determined in compliance with procedures and announcements of the Board of Stock Exchange of Thailand on disclosure and registers all connected transactions with details, prices and conditions, as same as do any transactions with external parties. Any directors who have conflicted interest must no participation on approval processes.



Report of the Audit Committee

The Audit Committee of the AIRA Factoring Public Company Limited (“the Company”) appointed by the Board of Directors has consisted of three members of the Board of Directors who are the independent director as follows:

1. Mr. Kunakorn Makchaidee
Chairman of the Audit Committee
2. Mr. Poonsak Thiapairat
Audit Committee
3. Mrs. Yajai Pattanasukwasun
Audit Committee

The Audit Committee performed its duties as assigned by the Board of Directors and in compliance with the criteria governing the Charter of the Audit Committee. Throughout the year 2020, the Audit Committee held 6 meetings with the Company’s Management and the Internal Audit and Compliance Department to acknowledge the result of internal audit operation, good governance practice and also revise of the sufficiency and suitability of the internal control system and risk management procedure. Besides, the Committee also conducted the meeting together with the external auditor without the Management to consider the result of internal audit activities and review of both the quarterly and annual financial statements. The Audit Committee reported the essence conclusion of every meeting to the Board of Directors on each issue summarized as follows:

- In coordination with the independent certified public auditors and the Management group, the Audit Committee had reviewed the Company’s financial statements and expressed the opinion on the statement that the financial statements were prepared in accordance with generally accepted accounting

principles with appropriate disclosure of information. The independent certified public auditors gave their opinion without any suspicion in their audit report which was proposed to the Board of Directors, the shareholders and the stakeholder on following criteria.

- The Audit Committee had examined the internal control procedure and acknowledged the Internal Audit and Compliance’s report following with the annual audit plan as well as considered on the independence of the Internal Audit department in order to ensure that the Company provided sufficient and appropriate internal control environment within organization and being developed continuously and join for risk management. Besides, the Audit Committee also considered on the transparency of the information disclosure, without the conflict of interest and followed by the law and regulations of the other related organization, to the Board of Directors to acknowledge on each matter.

- The Audit Committee had reviewed organization practice, conformed to the law and regulation of the Stock Exchange of Thailand and other related law and regulation via the audit procedure of the Internal Audit and Compliance Department. The Audit Committee expressed an opinion that there is no significant issue that might omit such law and regulation or any conflict of interest transaction unless declaring on the financial statement regarding the connected person or related transaction.

- The Audit Committee had provided a self assessment of its performance in order to ensure that the Committee performed its duties efficiently and effectively, achieved Company’s objective as assigned by the Board of Director and led to continuous

improvement and then reported the Board of Directors to acknowledge the performance. For year 2020, the overall performance of self assessment was gratifying.

- The Audit Committee considered and nominated the appointment and remuneration of the Company's independent auditor for 2020 and proposed to the Board of Directors to present and seek for an approval from the shareholder annual general meeting afterward.

The Audit Committee has performed its duties following the Charter of the Audit Committee and expressed opinions independently. Throughout the year 2020, in the Audit Committee's opinion, we deemed that the information disclosed in the Company's financial reports has prepared in conformity with generally accepted accounting principles. Besides, the Good Corporate Governance and risk management procedure was conducted sufficiently and appropriately under organization environment as well as the best practice in compliance with relevant rules and regulations.



(Mr. Kurnakorn Makchaidee)

Chairman of the Audit Committee

17 February 2021



Report of the Nomination and Remuneration Committee

The Board of Directors has appointed the Nomination and Remuneration Committee consists of 3 independent directors as follows;

1. Mrs. Yajai Pattanasukwasun
Chairman of the Nomination and Remuneration Committee
2. Mr. Poonsak Thiapairat
Nomination and Remuneration Committee
3. Mrs. Naline Ngamsetthamas
Nomination and Remuneration Committee

Nomination and Remuneration Committee has been performed duties as assigned by the Board of Directors as outlined under the Charter of Nomination and Remuneration Committee with responsible in recruitment of qualified candidates to serve as directors, member in subcommittee and executive management, including remunerations to approve by the Board of Directors or the shareholders meeting.

In 2020, the Nomination and Remuneration Committee held the meeting 5 times for consideration of significant matters and making reports together with suggestions to the Board of Directors for further consideration, details as follows;

1. Nomination

- Considered the appointment of directors to replace those who retired by rotation proposed to the Board of Directors and the Annual General Meeting of Shareholders year 2020, respectively.
- Considered the appointment of Director to replace the member who resigned from the position.
- Considered the appointment of new member of Credit Committee

- Considered the appointment of member of Credit Committee to replace the member who completed the term.

2. Remuneration

- Considered the remunerations of members of the Board of Directors and subcommittees proposed to the Board of Directors and the Annual General Meeting of Shareholders year 2020, respectively.
- Considered the 2020 remunerations of the executive.

3. Others

- Reviewed and improved the Charter of Nomination and Remuneration Committee 2020.
- Appraisal performance of the Nomination and Remuneration Committee for 2020 prior to report the result to the Board of Directors

The Nomination and Remuneration Committee has been performed the entrusted duties with prudential, transparency, fairness and independence from the Company's management in accordance with corporate governance principles and in the best interests of the Company and all sectors of stakeholders.

(Mrs. Yajai Pattanasukwasun)
Chairman of the Nomination and Remuneration Committee



Board of Directors' Responsibility for Financial Reporting

The management has prepared the financial statement ended on 31 December 2020 according to the generally certified accounting standard by choosing to use the appropriate and regularly used policy including using judgment carefully and reasonably in preparation of financial statement and disclose the important information adequately in the remarks of the financial statement.

The Board of directors realized the responsibility for supervising the financial report to be efficient by appointing an audit and corporate governance committee consisting of qualified persons to be responsible for supervision of the quality of the financial report to be accurate and complete, using appropriate and regularly

used policy including validation to have the company got sufficient and appropriate internal control system and participation in evaluation of risk for the company. In order to protect and reduce risks which may occur from fraudulent or abnormal operation significantly and adequacy to maintain the company asset.

From the practical methods and supervision mentioned above, the committee agreed that the financial of AIRA Factoring Public Company Limited as at 31 December 2020 has shown the financial statement and operational results correctly, reliably, compliance with the generally certified accounting standard and practiced in accordance with the laws and related regulations

(Mr. Sorasit Soontornkes)

Chairman of the Board of Directors



Financial Performance Explanation and Analysis

- **Operating outlook**

The Company factoring business end of 2020, total revenues were 209.94 million Baht which decreased by 20.67 million Baht or 9%, net profit 42.71 million Baht which increased 0.55 million Baht or 1.3% compared to the same period of the previous year. Despite the decline of interest income from factoring and fee as a result of COVID-19, the company benefited from lower financial costs compared to the previous year; which had been affected by the economic recession. Moreover, the net profits had increased from effective account receivables management.

- **Thai economy and operating effect**

The overall of the global economy and Thailand in 2021 is still under pressure from the COVID-19, number of patients is increasing continuously. The economy in country began to recover, but the recovery was still not widespread among all groups of people. The economy is likely to slow down in the short term due to a new outbreak in late 2020, but it is expected to resume gradual growth in 2021 due to the positive impact of vaccination and the government's economic stimulus measures. However, tourism sector is still shrinking due to new outbreaks, both domestic and foreign, affecting private consumption as a result of weakening income and employment. A fall in domestic and external demand would also lead to a sharp contraction in private investment. However, public expenditure would play an important role in supporting the economic recovery in the period ahead.

Going forward, the Thai economy would continue to face high uncertainties. Risks to the economic projection tilted downward and depended largely on the impact of COVID-19. The possibilities that the Thai economy would underperform the baseline projection

would be due to the following factors. (1) the uncertainty of the epidemic situation and the delay of vaccination, (2) the delay in the recovery of the tourism sector, (3) the financial condition of the household and business sectors, especially the Debt burdens during the epidemic amidst the labor market and business activities that have not yet fully recovered (4) the drought situation and (5) the volatility of the global economy and financial system.. However, there were possibilities that the Thai economy would outperform the baseline projection due to (1) the recovery of the world economy and global trade volume; (2) the government stimulus measures; (3) the rebound of domestic private demand; and (4) the unusually low base effect in 2020.

- **Performance Analysis for year 2020 and year 2019**

Performance and Profitability

During 2020 year and 2019 year, interest income from factoring was 159.62 million baht and 177.2 million baht respectively. Reduced by 17.58 million baht from the year of 2019, or 9.9%. Reason for the decrease in interest income from factoring, mainly due to the impact of the spread of the COVID-19 virus caused the volume of transactions decreased which resulted in fee and service income decreasing in 2020 by baht 6.68million or 14%. Moreover in 2020 the company sold deteriorated property that other income raised by 3.6 million or 63.7.

Due to the decrease of factoring volume, resulting in the company's financial costs reduced accordingly. The financial expenses in 2020 was 42.06 million baht, decreased from 2019 by 12.83 million baht or 23.4%. Therefore, the total revenue of the company in 2020 was 209.94 million baht, a decrease of 20.67 million baht from 2019, representing 9%.

(Unit: Thousand Baht)

Statement of compressive income	2020	Percent	2019	Percent	Changed	
					Value	Percent
Revenues						
Interest income from factoring	159,621	76.0%	177,199	76.8%	(17,578)	-9.9%
Fees and services income	41,071	19.6%	47,756	20.7%	(6,685)	-14.0%
Finance cost	42,058	20.0%	54,893	23.8%	(12,835)	-23.4%
Gross Profit	158,634	75.6%	170,062	73.7%	(11,428)	-6.7%
Other Income	9,248	4.4%	5,651	2.5%	3,597	63.7%
Total revenues	209,940	100.0%	230,606	100.0%	(20,666)	-9.0%

* Gross income percentage is calculated from the Gross income divided by the core revenue which the core revenue includes Interest income from factoring and Income from fees and services where it corresponds to the core business of the Company

During 2020 year and 2019, the company had administrative expenses was 109.87 million baht and 105.48 million respectively, increasing to 4.89 million baht or 4.2%. The impairment loss according to TFRS9 in 2020 amounted to 7.7 million baht.

For the net profit of 2020 and 2019, the amount was 42.71 million baht and 42.16 million baht respectively. Compared to the 2019 year, the company's net profit increased by 0.55 million baht or 1.3% due to the company could control internal expenses and benefited from lower financial costs compared to the previous year.

(Unit: Thousand Baht)

Statement of compressive income	2020	Percent	2019	Percent	Changed	
					Value	Percent
Expenses						
Administrative expenses	109,868	52.3%	105,482	45.7%	4,386	4.2%
Doubtful accounts	7,704	3.7%	21,599	9.4%	(13,895)	-64.3%
Profit before income tax expenses	50,310	24.0%	48,632	21.1%	1,678	3.5%
Income tax expense (Revenue)	7,597	3.6%	6,473	2.8%	1,124	17.4%
Profit for the period	42,713	20.3%	42,159	18.3%	554	1.3%
Basic earnings per share	0.027	Baht/share	0.026	Baht/share		

Financial Status as at 31 December 2020

The Company's total assets as at 31 December 2020 were 2,176.84 million baht which decreased by 379.63 million baht or 14.8% compared to as at 31 December 2019.

Current assets as at 31 December 2020 were

2,056.15 million baht which decreased by 448.73 million baht or 17.9% compared to as at 31 December 2019 comprised of Factoring Receivables as at 31 December 2020 were 1,822.42 million baht or equivalent to 83.7% of total assets which decreased by 576.69 million baht as the clients slowed down to make transactions with the company.

Non-current assets as at 31 December 2020 were 120.68 million Baht or equivalent to 5.5% of total assets,

increasing to 69.1 million baht or 134%

(Unit: Thousand Baht)

Statement of financial position	As At 30 Dec 20	Percent	As At 31 Dec 19	Percent	Changed	
					Value	Percent
Current Assets						
Cash and cash equivalents	62,520	2.9%	51,140	2.0%	11,380	22.3%
Factoring receivable	1,822,423	83.7%	2,399,113	93.8%	(576,690)	-24.0%
Current portion of loans receivable	169,185	7.8%	53,125	2.1%	116,060	218.5%
Other receivables	731	0.0%	343	0.0%	388	113.1%
Other current assets	1,296	0.1%	1,162	0.0%	134	11.5%
Total current assets	2,056,155	94.5%	2,504,883	98.0%	(448,728)	-17.9%
Non-current assets						
Loan receivable	75,642	3.5%	9,156	0.4%	66,486	726.1%
Equipment	1,387	0.1%	6,756	0.3%	(5,369)	-79.5%
Right-of-use assets	8,022	0.4%	-	0.0%	8,022	100.0%
Intangible assets	8,313	0.4%	7,098	0.3%	1,215	17.1%
Deposits and guarantees	293	0.0%	2,135	0.1%	(1,842)	-86.3%
Deferred tax assets	27,025	1.2%	22,818	0.9%	4,207	18.4%
Assets held for sale	-	0.0%	3,619	0.1%	(3,619)	-100.0%
Total non-current assets	120,682	5.5%	51,582	2.0%	69,100	134.0%
Total assets	2,176,837	100.0%	2,556,465	100.0%	(379,628)	-14.8%

Total liabilities as at 31 December 2020 were 1,655.6 million baht which decreased 372.49 million baht or 18.4% as a result from short-term loans from

financial institutions which is in line with the decrease in assets of factoring receivable.

(Unit: Thousand Baht)

Statement of financial position	As At 30 Dec 20	Percent	As At 31 Dec 19	Percent	Changed	
					Value	Percent
Current liabilities						
Short-term loans from financial institutions	1,523,000	70.0%	1,852,000	72.4%	(329,00)	-17.8%
Retention from factoring	41,862	1.9%	40,291	1.6%	1,571	3.9%
Current portion of liabilities under finance lease agreements	5,205	0.2%	807	0.0%	4,398	545.0%

(Unit: Thousand Baht)

Statement of financial position	As At 30 Dec 20	Percent	As At 31 Dec 19	Percent	Changed	
					Value	Percent
Excess receipt awaiting to repay	21,920	1.0%	67,247	2.6%	(45,327)	-67.4%
Other payables	4,528	0.2%	9,640	0.4%	(5,112)	-53.0%
Dividend payables	33,600	1.5%	40,000	1.6%	(6,400)	-16.0%
Income tax payable	4,794	0.2%	2,346	0.1%	2,448	104.3%
Other current liabilities	1,202	0.1%	1,635	0.1%	(433)	-26.5%
Total current liabilities	1,636,111	75.2	2,013,966	78.8%	(377,855)	-18.8%
Non-current liabilities						
Liabilities under finance lease agreements	2,936	0.1%	2,303	0.1%	633	27.5%
Provision for long-term employee benefits	16,551	0.8%	11,238	0.4%	5,313	47.3%
Other non-current liabilities	-	0.0%	579	0.0%	(579)	-100.0%
Total non-current liabilities	19,487	0.9%	14,120	0.6%	5,367	38.0%
Total liabilities	1,655,598	76.1%	2,028,086	79.3%	(372,488)	-18.4%

Liquidity and Capital Adequacy

As at 31 December 2020, shareholders' equity was 521.24 million baht or equivalent to 23.9% of total

liabilities and shareholders' equity which decreased by 7.14 million Baht or 1.4% because unappropriated retained earnings were declined.

(Unit: Thousand Baht)

Statement of financial position	As At 30 Dec 20	Percent	As At 31 Dec 19	Percent	Changed	
					Value	Percent
Shareholders' equity						
Issued and fully paid-up	400,000	18.4%	400,000	15.6%	0	-
Share premium	75,845	3.5%	75,845	3.0%	0	-
Capital contribution from parent company	406	0.0%	406	0.0%	0	-
Retained earnings:						
Appropriated	32,200	1.5%	30,000	1.2%	2,200	7.33%
Unappropriated	12,788	0.6%	22,128	0.9%	(9,340)	-42.2%
Total shareholders' equity	521,239	23.9%	528,379	20.7%	(7,140)	-1.4%
Total liabilities and shareholders' equity	2,176,837	100.0%	2,556,465	100.0%	(379,628)	-14.8%

Financial Ratios

Financial Ratios	As at 30 December 2020	
<u>Liquidity Ratio</u>		
Current Ratio	1.26	Times
<u>Profitability Ratio</u>		
Gross Profit Margin	79.04	%
Net Profit Margin	20.35	%
Return on Equity or ROE	8.14	%
<u>Efficiency Ratio</u>		
Return on Asset or ROA	1.96	%
<u>Financial Ratio</u>		
Debt to Asset Ratio	0.76	Times
Debt to Equity	3.18	Times

As per the financial ratio as in the table above, the company has well liquidity and efficiency for making net profits. And also have a suitable financial structure

Commitments and Contingent Liabilities

The Company has entered into lease agreements in respect of the lease of office building space and service agreements. The terms of the agreements are generally 1 year 4 months. Future minimum lease payments required under these non-cancellable operating leases.

Factors which may adversely impact to the performance

- **Credit Risk**

With the nature of factoring credit transactions, this may face the same credit risk as other types of loans. But the factoring transaction is a credit after the delivery of goods and services to the buyer and due to the purchase and reduction of trade receivables, resulting in the right to claim under the law, together with the company has a strict policy and credit control procedures. With a credit consideration process (Underwriting) and monitoring (credit quality) from various data analysis, both for

customers and trade receivables, before and after loan approval as well as establishing credit policies as a standard for assessing credit risk. Require credit review for customer and debtors at least once a year, as well as monitoring and improving the credit process all the time to adjust the process to be efficient and suitable for the economic conditions in each period by using technology and database for risk management. Therefore, the quality of credit management is at a good level in the past.

- **Interest Rate Risk**

The Company's exposure to interest rate risk relates primarily to its cash at banks, factoring receivables, loans receivable, other receivables, bank overdrafts and short-term loans from financial institutions. The Company mitigates this risk by matching the sources of borrowings with factoring receivables to ensure that the Company maintains an accumulated average spread of interest under the Company's policy. Moreover, the Company analyses

the term of interest rate movement of factoring receivables, borrowings and the Company adjusts the interest rate charge to receivables when the interest rate changes. Thus, the Company is flexible in its response to interest rate fluctuations. In addition, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

- **Liquidity Risk**

Liquidity risk is the risk due to the company cannot change assets to cash or unable to provide sufficient funds as needed in a timely manner. However, in the past, the company having liquidity management and receiving sufficient and continuous financial support from financial institutions and business partners. Makes it able to support business operations and expand business in the future effectively as well as having a suitable liquidity management between costs and returns bring continuous good results.



Report of the Independent Certified Public Accountants

To the Shareholders and Board of Directors
Aira Factoring Public Company Limited

Opinion

We have audited the financial statements of AIRA Factoring Public Company Limited (the “Company”), which comprise the statement of financial position as at December 31, 2020, and the related statements of comprehensive income, changes in shareholders’ equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of AIRA Factoring Public Company Limited as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards (“TFRSs”).

Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing (“TSAs”). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Federation of

Accounting Professions’ Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2.5 to the financial statements that AIRA Factoring Public Company Limited has adopted new Thai Financial Reporting Standards which effected the presentation and disclosure in the current period financial statements. Our opinion is not modified in respect of this matter.

Key Audit Matters

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

Key Audit Matters	Audit Responses
Allowance for expected credit losses The allowance for expected credit losses (“ECL”) for factoring receivables and loan receivables is considered to be a matter of most significance as it requires the application of judgment, estimation and the use of subjective assumptions by management including forward economic looking.	Key audit procedures In respect of the first-time adoption of TFRS 9, our procedures for assessing the appropriateness of the implementation of the new standard included, among other things, the following procedures:

Key Audit Matters	Audit Responses
<p>Starting from January 1, 2020, the Thai Financial Reporting Standard No. 9 “Financial Instruments” (“TFRS 9”) was applied. This standard requires the Company to recognize impairment loss based on expected credit losses.</p> <p>The ECL is measured based forward-looking information basis by calculating on a probability-weighted credit losses with respective risk of expected cash shortfalls either based on credit events arising in the 12 months from the reporting date or based on credit events arising over the lifetime of the financial instrument; depending on the significant increase in credit risk (“SICR”) since initial recognition.</p> <p>Accounting policy for allowance for expected credit losses and details of allowance for expected credit losses were disclosed in Note 3.3, Note 7 and Note 8 to the financial statements.</p>	<ul style="list-style-type: none"> ● Assessing the adjustments made to the opening balances on January 1, 2020, resulted from the first time adoption of TFRS 9. ● Assessment of the completeness and appropriateness of disclosures, including those related to the first-time adoption of TFRS 9, as well as quantitative and qualitative requirements. ● Understanding and testing design and operating effectiveness of key controls across the processes relevant to the ECL. This included the classification of assets into stages, data accuracy and completeness, credit monitoring, multiple economic scenarios, and individual provisions. ● Involvement of our internal specialists to assess the model documentation. This included assessing the appropriateness of model design, assumptions, formulas used and post model adjustments and compliance with the requirements of TFRS 9. ● Evaluating relevant inputs and assumptions used by management in each stage of the expected credit loss calculation by considering whether the inputs and assumption appear reasonable, considering the historical loss experience and adjust this for current observable data and considering the relationship between those assumptions and forecast of reasonable and supportable future economic conditions. ● Considering the criteria used to classify factoring receivables and loan receivables to stage 1, 2 and 3 in accordance with TFRS 9. Testing sample of assets in stage 1, 2 and 3 to verify that they were classified to the appropriate stage.

Other Information

Management is responsible for the other information. The other information comprises information in the annual report but does not include the financial statements and our auditor’s report thereon, we have received such other information in the draft annual report that has been prepared for issuance before the date of this auditors’ report.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial

statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to communicate the matter to management and those charged with governance for correction of the misstatement. We 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 TFRSs, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the

economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our 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 Company'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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our

auditor's report. However, future events or conditions may cause the Company 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.

We 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 we identify during our audit.

We also provide those charged with governance with a statement that we 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 our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

BANGKOK

February 23, 2021

Yongyuth Lertsurapibul
Certified Public Accountant (Thailand)
Registration No. 6770
Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.



AIRA Factoring Public Company Limited

Statement of Financial Position

as at December 31, 2020

(Unit : Baht)

	Notes	2020	2019
Assets			
Current Assets			
Cash and cash equivalents	5	62,519,815	51,139,744
Factoring receivables	7	1,822,422,763	2,399,113,551
Loan current receivables	8	169,185,198	53,124,642
Other current receivables		731,180	343,149
Other current assets		1,295,698	1,162,063
Total Current Assets		2,056,154,654	2,504,883,149
Non-Current Assets			
Loan non-current receivables	8	75,642,541	9,155,900
Equipment	9	1,386,841	6,756,314
Right-of-use assets	10	8,022,107	-
Other intangible assets	11	8,313,074	7,097,692
Deposits and guarantees		292,818	2,135,000
Deferred tax assets	18	27,025,101	22,817,726
Assets held for sale	12	-	3,619,000
Total Non-current Assets		120,682,482	51,581,632
Total Assets		2,176,837,136	2,556,464,781
Liabilities and Shareholders' Equity			
Current Liabilities			
Short-term borrowings from financial institutions	13	1,523,000,000	1,852,000,000
Retentions from factoring		41,862,181	40,291,518
Current portion of lease liabilities	14	5,204,748	807,187
Dividend payables	21	33,600,000	40,000,000
Excess receipts awaiting to repay		21,919,654	67,246,601
Other current payables		4,528,597	9,639,704
Corporate income tax payables		4,794,389	2,345,917
Other current liabilities		1,201,766	1,635,283
Total Current Liabilities		1,636,111,335	2,013,966,210

Notes to the financial statements form an integral part of these statements



AIRA Factoring Public Company Limited

Statement of Financial Position (Continued)

as at December 31, 2020

(Unit : Baht)

	Notes	2020	2019
Liabilities and Shareholders' Equity (Continued)			
Non-Current Liabilities			
Lease liabilities	14	2,936,160	2,303,077
Non-current provisions for employee benefits	15	16,550,611	11,238,053
Other non-current liabilities		-	578,794
Total Non-current Liabilities		19,486,771	14,119,924
Total Liabilities		1,655,598,106	2,028,086,134
Shareholders' Equity			
Share Capital			
Authorized share capital			
1,600,000,000 ordinary shares of Baht 0.25 each,		400,000,000	400,000,000
Issued and paid-up share capital			
1,600,000,000 ordinary shares of Baht 0.25 each, fully paid		400,000,000	400,000,000
Additional Paid-Up Capital			
Premium on ordinary shares		75,844,889	75,844,889
Capital contribution from parent company		406,077	406,077
RETAINED EARNINGS			
Appropriated			
Legal reserve	16	32,200,000	30,000,000
Unappropriated		12,788,064	22,127,681
Total Shareholders' Equity		521,239,030	528,378,647
Total Liabilities and Shareholders' Equity		2,176,837,136	2,556,464,781



AIRA Factoring Public Company Limited

Statement of Comprehensive Income

For the year ended December 31, 2020

(Unit : Baht)

	Notes	2020	2019
Revenues			
Interest income from factoring		159,620,727	177,199,201
Fees and services income		41,071,587	47,755,888
Other income		9,228,647	5,615,127
Total revenues		209,920,961	230,570,216
Expenses			
Administrative expenses		109,867,909	105,481,951
Bad debt and doubtful accounts		-	21,598,651
Total expenses		109,867,909	127,080,602
Profit from operating activities		100,053,052	103,489,614
Finance income		19,491	35,617
Finance costs		42,057,964	54,892,770
Impairment loss determined in accordance with TFRS 9		7,703,980	-
Profit Before Income Tax Expense		50,310,599	48,632,461
Income Tax Expense	18	7,597,375	6,473,585
Profit for the Years		42,713,224	42,158,876
Other Comprehensive Income			
Components of other Comprehensive Loss			
that will not be Reclassified Subsequently			
to Profit or Loss:			
Loss on remeasurement of defined benefit plans		(4,292,056)	-
Income tax relating to components of other comprehensive			
loss that will not be reclassified to profit or loss		858,411	-
Other Comprehensive Loss for the years, Net of Tax		(3,433,645)	-
Total Comprehensive Income for the years		39,279,579	42,158,876
Basic Earnings Per Share	Baht	0.0267	0.0263
Weighted Average Number of Ordinary Shares	Shares	1,600,000,000	1,600,000,000

Notes to the financial statements form an integral part of these statements



AIRA Factoring Public Company Limited

Statement of Changes in Shareholders' Equity

For the year ended December 31, 2020

(Unit : Baht)

	Notes	Issued and paid-up share capital	Additional paid-up capital		Retained earnings		Total shareholders' equity
			Premium on ordinary shares	Capital contribution from parent company	Appropriated Legal reserve	Unappropriated	
Beginning balance as							
at January 1, 2019		400,000,000	75,844,889	406,077	27,860,000	22,108,805	526,219,771
Changes during the year							
Total comprehensive income for the year		-	-	-	-	42,158,876	42,158,876
Dividend	21	-	-	-	-	(40,000,000)	(40,000,000)
Legal reserve	16	-	-	-	2,140,000	(2,140,000)	-
Ending balance as at							
December 31, 2019		<u>400,000,000</u>	<u>75,844,889</u>	<u>406,077</u>	<u>30,000,000</u>	<u>22,127,681</u>	<u>528,378,647</u>
Beginning balance as							
at January 1, 2020		400,000,000	75,844,889	406,077	30,000,000	22,127,681	528,378,647
Effect of change in accounting policy	2.5	-	-	-	-	(12,819,196)	(12,819,196)
Balance as at January 1, 2020 after adjustment		400,000,000	75,844,889	406,077	30,000,000	9,308,485	515,559,451
Changes during the year							
Total comprehensive income for the year		-	-	-	-	39,279,579	39,279,579
Dividend	21	-	-	-	-	(33,600,000)	(33,600,000)
Legal reserve	16	-	-	-	2,200,000	(2,200,000)	-
Ending balance as							
at December 31, 2020		<u>400,000,000</u>	<u>75,844,889</u>	<u>406,077</u>	<u>32,200,000</u>	<u>12,788,064</u>	<u>521,239,030</u>



AIRA Factoring Public Company Limited

Statement of Cash Flows

For the year ended December 31, 2020

(Unit : Baht)

	Notes	2020	2019
Cash Flows from Operating Activities			
Profit for the years		42,713,224	42,158,876
Adjustments for:			
Income tax expense		7,597,375	6,473,585
Depreciation and amortization		7,962,002	4,953,364
Impairment loss determined in accordance with TFRS 9		7,703,980	-
Bad debt and doubtful accounts		-	21,598,651
Loss on impairment of assets held for sale		2,947,200	1,862,700
Gain on disposal of equipment		(17,410)	(1,241,238)
Gain on disposal of assets held for sale		(828,200)	-
Non-current provisions for employee benefits		1,020,502	1,549,035
Finance cost		42,057,964	54,892,770
		111,156,637	132,247,743
Operating assets (increase) decrease			
Factoring receivables		558,410,585	(115,420,924)
Loan receivables		(184,930,587)	(4,801,058)
Other current receivables		(247,615)	(184,196)
Other current assets		4,152,650	(3,489)
Deposits and guarantees		1,842,182	(350,934)
Operating liabilities increase (decrease)			
Retentions from factoring		1,570,663	(593,340)
Excess receipts awaiting to repay		(45,326,947)	19,422,667
Other current payables		(1,393,883)	1,733,953
Other current liabilities		(433,517)	57,227
Other non-current liabilities		(578,794)	(161,611)
Cash received from operating activities		444,221,374	31,946,038
Cash paid for income tax expense		(12,784,151)	(13,725,086)
Net cash provided by operating activities		431,437,223	18,220,952

Notes to the financial statements form an integral part of these statements



AIRA Factoring Public Company Limited

Statement of Cash Flows (Continued)

For the year ended December 31, 2020

(Unit : Baht)

	Notes	2020	2019
Cash Flows from Investing Activities			
Cash paid for purchases of equipment	4.1	(203,115)	(1,170,499)
Cash paid for purchases of other intangible assets	4.2	(6,470,436)	(207,045)
Proceeds from sales of equipment		652,300	1,241,629
Proceeds from sales of assets held for sale		1,500,000	-
Net cash used in investing activities		(4,521,251)	(135,915)
Cash Flows from Financing Activities			
Increase (decrease) in short-term borrowings from financial institutions	13	(329,000,000)	35,000,000
Cash for dividend paid		(40,000,000)	(48,000,000)
Cash paid for lease liabilities	4.3	(3,916,678)	(309,736)
Cash paid for interest expenses under lease agreements	4.3	(329,802)	(61,340)
Cash paid for interest expenses		(42,289,421)	(54,685,528)
Net cash used in financing activities		(415,535,901)	(68,056,604)
Net increase (decrease) in cash and cash equivalents		11,380,071	(49,971,567)
Cash and cash equivalents at beginning of the years		51,139,744	101,111,311
Cash and cash equivalents at end of the years	5	62,519,815	51,139,744



AIRA Factoring Public Company Limited

Notes to Financial Statements

For the year ended December 31, 2020

1. General Information and Operations of the Company

AIRA Factoring Public Company Limited (the “Company”) is a public company incorporated and domiciled in Thailand. The Company was listed on the Market for Alternative Investment (MAI) on August 25, 2004. The Company’s office is located at No. 319, Chamchuri Square, 17th floor, Phayathai Road, Pathumwan Sub-District, Pathumwan District, Bangkok. The Company is principally engaged in receivable factoring.

The major shareholder is AIRA Capital Public Company Limited with 71.55% shareholdings which was incorporated in Thailand. The Company’s ultimate shareholder is JRK Holdings Company Limited which was incorporated in Thailand.

Coronavirus Disease 2019 Pandemic

The Coronavirus disease 2019 (“COVID-19”) pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Company operates. Nevertheless, the Company’s management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets, provisions and contingent liabilities.

2. Basis of Preparation and Presentation of the Financial Statements

2.1 The Company maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

2.2 The Company’s financial statements have been prepared in accordance with the Thai Accounting Standard No. 1 (Revised 2019) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2020 onwards, and the Regulation of The Stock Exchange of Thailand dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statements (No.3) B.E. 2562” dated December 26, 2019.

The statement of comprehensive income for the year ended December 31, 2019 has been reclassified to conform to the classification used in the statement of comprehensive income for the year ended December 31, 2020 as follows;

Item	Previous presentation	Current presentation	Amount (Baht)
Interest income	Other income	Finance income	35,617

2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies (see Note 3).

- 2.4 The statements of financial position for the year ended December 31, 2019, presented herein for comparison, have been derived from the financial statements of the Company for the year then ended.
- 2.5 Thai Financial Reporting Standards affecting the presentation and disclosure in the current period financial statements

During the year, the Company has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements, except the following financial reporting standards:

Group of Financial Instruments Standards

In the current year, the Company has initially applied Group of Financial Instruments Standards. The Company has elected to recognize the cumulative effect of initially adopting of TFRS 9 as an adjustment to the opening balance of retained earnings of the reporting period.

TFRS 9 introduced new requirements for:

- 1) The classification and measurement of financial assets and financial liabilities;
- 2) Impairment of financial assets; and
- 3) General hedge accounting.

The Company has applied TFRS 9 in accordance with the transition provisions set out in TFRS 9.

(a) Classification and measurement of financial assets

The date of initial application is January 1, 2020. Accordingly, the Company has applied the requirements of TFRS 9 to instruments that continue to be recognized as at January 1, 2020 and has not applied the requirements to instruments that have already been derecognized as at January 1, 2020. Comparative amounts in relation to instruments that continue to be recognized as at January 1, 2020 have not been restated.

All recognized financial assets that are within the scope of TFRS 9 are required to be measured subsequently at amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

None of the other reclassifications of financial assets have had any impact on the Company's financial position, or comprehensive income in either year.

(b) Impairment of financial assets

In relation to the impairment of financial assets, TFRS 9 requires an expected credit loss model. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk

since initial recognition of the financial assets. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognized.

Specifically, TFRS 9 requires the Company to recognize a loss allowance for expected credit losses on;

- (1) Factoring receivables
- (2) Loan receivables
- (3) Other current receivables

In particular, TFRS 9 requires the Company to measure the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses (ECL) if the credit risk on that financial instrument has increased significantly since initial recognition. However, if the credit risk on a financial instrument has not increased significantly since initial recognition, the Company is measured the loss allowance for that financial instrument at an amount equal to 12-month ECL. The Company applies a general approach for measuring the loss allowance at an amount equal to lifetime ECL for factoring receivables, loan receivables and other current receivables in certain circumstances.

Because the Company has elected to recognize the cumulative effect as an adjustment of retained earnings at the date of initial application, for the purpose of assessing whether there has been a significant increase in credit risk since initial recognition of financial instruments that remain recognized on the date of initial application of TFRS 9.

The result of the assessment is as follows:

Unit: Thousand Baht	
Items existing as at January 1, 2020 that are subject to the impairment provisions of TFRS 9	Cumulative additional (decrease) loss allowance recognized on January 1, 2020
Factoring receivables	10,757
Loan receivables	2,250
Other current receivables	(188)
	12,819

The additional credit loss allowance of Baht 12.82 million as at January 1, 2020 has been recognized against retained earnings, resulting in a decrease in retained earnings at the same amount. The additional loss allowance is charged against the respective asset.

(c) Classification and measurement of financial liabilities

A significant change introduced by TFRS 9 in the classification and measurement of financial liabilities relates to the accounting for changes in the fair value of a financial liability designated as at FVTPL attributable to changes in the credit risk of the issuer.

Specifically, TFRS 9 requires that the changes in the fair value of the financial liability that is attributable to changes in the credit risk of that liability be presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive

income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss, but are instead transferred to retained earnings when the financial liability is derecognized.

The application of TFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities.

(d) Disclosure in relation to the initial application of TFRS 9

There were no financial assets or financial liabilities which the Company has elected to designated as at FVTPL at the date of initial application of TFRS 9.

(e) Impact of initial application of TFRS 9 on financial position

The table below show the amount of adjustment for each financial statement line item affected by the application of TFRS 9 for the current year.

Unit: Thousand Baht

Impact on assets and shareholders' equity as at January 1, 2020	Under previous TFRS	TFRS 9 adjustments (increase/ decrease)	Under new TFRS
Factoring receivables	2,399,114	(10,757)	2,388,357
Loan receivables	62,281	(2,250)	60,031
Other current receivables	343	188	531
Total effect on net assets		(12,819)	
Retained earnings	22,128	(12,819)	9,309
Total effect on shareholders' equity		(12,819)	

The application of TFRS 9 has had no impact on the cash flows of the Company.

Thai Financial Reporting Standard No. 16 "Leases" ("TFRS 16")

The Company has applied TFRS 16 using the cumulative catch-up approach which:

- Requires the Company to recognize the cumulative effect of initially applying TFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.
- Does not restate the comparative information and continue to present comparative information under TAS 17 and TFRIC 4.

(a) Impact of the new definition of a lease

The change in definition of a lease mainly relates to the concept of control. TFRS 16 determines whether a contract contains a lease on the basis of whether the customer has the right to control the use of an identified asset for a period of time in exchange for consideration. This is in contrast to the focus on "risk and rewards" in TAS 17 and TFRIC 4.

The Company applies the definition of a lease and related guidance set out in TFRS 16 to all lease contracts entered into or changed on or after January 1, 2020 (whether it is a lessor or a

lease in the lease contract). In preparation for the first-time application TFRS 16, the Company has carried out an implementation project. The project has shown that the new definition in TFRS 16 will not significantly change the scope of contracts that meet the definition of a lease for the Company.

(b) Impact on Lessee Accounting

Former operating leases

TFRS 16 changes how the Company accounts for lease previously classified as operating leases under TAS 17, which were off balance sheet.

Applying TFRS 16, for all leases (except as noted below), the Company:

- 1) Recognizes right-of-use assets and lease liabilities in the statement of financial position, initially measured at the present value of the future lease payments, with the right-of-use asset adjusted by the amount of any prepaid or accrued lease payments in accordance with TFRS 16.
- 2) Recognizes depreciation of right-of-use assets and interest on lease liabilities in the statement of comprehensive income.
- 3) Separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within financing activities) in the statement of cash flows.

Lease incentives (e.g. rent free period) are recognized as part of the measurement of the right-of-use assets and lease liabilities whereas under TAS 17 they resulted in the recognition of a lease incentive, amortized as a reduction of rental expenses on a straight line basis.

Under TFRS 16, right-of-use assets are tested for impairment in accordance with TAS 36 “Impairment of Assets”.

For short-term leases (lease term of 12 months or less) and leases of low-value assets, the Company has opted to recognize a lease expense on a straight-line basis as permitted by TFRS 16. This expense is presented within “administrative expenses” in the statement of comprehensive income.

The Company has elected not to recognize right-of-use assets and lease liabilities to leases for which the lease term end within 12 months of the date of initial application.

Former finance leases

For leases that were classified as finance leases applying TAS 17, the carrying amount of the leased assets and obligations under finance leases measured applying TAS 17 immediately before the date of initial application is reclassified to right-of-use assets and lease liabilities respectively without any adjustments, except in cases where the Company has elected to apply the low-value lease recognition exemption.

The right-of-use asset and the lease liability are accounted for applying TFRS 16 from January 1, 2020.

Financial impact of the initial application of TFRS 16

The Company recognized lease liabilities in relation to leases, which had previously been classified as operating leases under the principles of TAS 17. The right-of-use assets were measured at amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognized in the statement of financial position immediately before the date of initial application. These liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates. The weight average lessees incremental borrowing rate applied to lease liabilities recognized in the statement of financial position on January 1, 2020 is 3.20%.

The following table shows the operating lease commitments disclosed applying TAS 17 at December 31, 2019, discounted using incremental borrowing rate at the date of initial application and the lease liabilities recognized in the statement of financial position at the date of initial application.

Impact on retained earnings as at January 1, 2020

	Unit: Thousand Baht
Operating lease commitments at December 31, 2019	23,930
Short-term leases and leases of low-value assets	(17,892)
Effect of discounting the above amounts	(273)
Finance lease liabilities recognized under TAS 17 at December 31, 2019	3,110
Lease liabilities recognized at January 1, 2020	8,875

The Company has recognized amounted to Baht 8.85 million of right-of-use assets and amounted to Baht 8.87 million of lease liabilities upon transition to TFRS 16.

In addition, the Federation of Accounting Professions has announced two Accounting Treatment Guidances, which have been announced in the Royal Gazette on April 22, 2020, detail as follows:

Accounting Treatment Guidance on “The temporary relief measures for entities supporting their debtors who effected from the situations that affected Thailand’s economy”

The objective of this accounting treatment guidance is to grant the temporary relief measures for entities helping their debtors who effected from the situations that affected Thailand’s economy with the helping period during January 1, 2020 to December 31, 2021 or until there are any changes from the Bank of Thailand, which require the compliance for such changes. The entities who support their debtors and elect to apply this accounting treatment guidance should be comply with all relief measures specified in this accounting treatment guidance.

The Company has not adopted such accounting treatment guidance in the preparation of the financial statements for the year ended December 31, 2020.

Accounting Treatment Guidance on “The temporary relief measures for additional accounting alternatives to alleviate the impacts from COVID-19 outbreak”

This accounting treatment guidance is the option for all entities applying Financial Reporting Standards for Publicly Accountable Entities. The entities getting impact from COVID-19 and have to prepare financial statements during the period which COVID-19 situation still be highly uncertainty as at the end of reporting period. This may cause the entities’ management to use the critical judgment in the estimation or the measurement and recognition of accounting transactions. The entities can apply this accounting treatment guidance for the preparation of financial statements with the reporting period ending within the period from January 1, 2020 to December 31, 2020.

The Company has not adopted such accounting treatment guidance in the preparation of the financial statements for the year ended December 31, 2020.

2.6 Thai Financial Reporting Standard No.16 “Leases”

TFRS 16 has been amended for the Rent Concessions related to COVID-19, which is effective from June 1, 2020 with earlier application permitted. The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications. In addition, the revised TFRS 16 also added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted. This revised TFRS 16 has been announced in the Royal Gazette on January 27, 2021.

The Company has no such transactions. Therefore, the Company has not adopted such amendment to Thai Financial Reporting Standard in the preparation of the financial statements for the year ended December 31, 2020.

2.7 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective

The Federation of Accounting Professions has issued the Notification regarding Thai Accounting Standards, Thai Financial Reporting Standards, Thai Accounting Standards Interpretation and Thai Financial Reporting Standard Interpretation, which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2021 onwards. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revisions to references to the Conceptual Framework in TFRSs, except for the revisions of definitions and accounting requirements as follows:

Conceptual Framework for Financial Reporting

The revised Conceptual Framework for Financial Reporting consisted of the revised definitions and recognition criteria of asset and liability as well as new guidance on measurement, derecognition of asset and liability, presentation and disclosure. In addition, this Conceptual Framework for Financial Reporting clearly clarifies management’s stewardship of the entity’s economic resources, prudence, and measurement uncertainty of financial information.

Definition of Business

The revised Thai Financial Reporting Standard No.3 “Business Combinations” clearly clarifies the definition of business and introduce an optional concentration test. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. This revised financial reporting standard requires prospective method for such amendment. Earlier application is permitted.

Definition of Materiality

The revised definition of materiality resulted in the amendment of Thai Accounting Standards No.1 “Presentation of Financial Statements” and Thai Accounting Standards No.8 “Accounting Policies, Changes in Accounting Estimates and Errors”, including other financial reporting standards which refer to materiality. This amendment is intended to make the definition of material to comply with the Conceptual Framework which requires prospective method for such amendment. Earlier application is permitted.

The Interest Rate Reform

Due to the interest rate reform, there are the amendments of specific hedge accounting requirements in Thai Financial Reporting Standard No.9 “Financial Instruments” and Thai Financial Reporting Standard No.7 “Financial Instruments: Disclosures”.

The Company’s management will adopt such TFRSs in the preparation of the Company’s financial statements when they become effective. The Company’s management is in the process to assess the impact of these TFRSs on the financial statements of the Company in the period of initial application.

3. Significant Accounting Policies

Significant accounting policies adopted by the Company are summarized below:

3.1 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, deposits at bank, and all highly liquid investments with original maturities of 3 months or less and not subject to withdrawal restrictions.

3.2 Factoring and loan receivables

Policies applicable prior to January 1, 2020

Factoring receivables are stated at the outstanding amount net of allowance for doubtful accounts and discount on factoring in advance.

Loan receivables are stated at principal amount net of allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

Policies applicable from January 1, 2020

Factoring receivables are stated at their invoice value less allowance for expected credit losses and discount on factoring in advance.

Loan receivables are stated at principal amount net of allowance for expected credit losses.

The allowance for expected credit losses has been disclosed in Note 3.3.

3.3 Financial Instruments

Financial assets and financial liabilities are recognized in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets

All recognized financial assets are measured subsequently in their entirety at either amortized cost or fair value, depending on the classification of the financial assets.

Impairment of financial assets

The Company always recognizes lifetime ECL for factoring receivables, loan receivables and other current receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(1) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognized in profit or loss.

(2) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the asset's gross carrying amount at the reporting date; for financial guarantee

contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with TFRS 16 "Leases".

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

Financial liabilities

All financial liabilities are measured subsequently at amortized cost using the effective interest method.

Financial liabilities measured subsequently at amortized cost

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through

the expected life of the financial liability, or (where appropriate) a shorter period, to the amortized cost of a financial liability.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

3.4 Equipment

Equipment is stated at cost less accumulated depreciation and allowance for impairment, if any.

Depreciation is calculated by using the straight-line method, based on the estimated useful lives of the assets as follows:

Computers	3 years
Furniture and fixtures	5 years
Office equipment	5 years
Motor vehicles	5 years

When equipment becomes impaired, the allowance for impairment is recorded to recognize loss on impairment in the statements of comprehensive income.

3.5 Other intangible assets

Other intangible assets are stated at cost less any accumulated amortization and allowance for impairment, if any.

Other intangible assets with finite lives are amortized on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method of such other intangible assets are reviewed at least at each financial year end. The amortization expense is charged to profit or loss in the statement of comprehensive income.

Other intangible assets with finite useful lives is computer software, which the useful lives is 5 years.

3.6 Assets held for sale

Assets held for sale is stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) and estimated net realisable value.

Gain (loss) on disposal of assets held for sale is recognized in profit or loss in the statements of comprehensive income upon disposal.

Loss on impairment, if any, is recognized as an expense in profit or loss in the statements of comprehensive income.

3.7 Related party transactions

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

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

3.8 Leases

The Company has applied TFRS 16 using the cumulative catch-up approach and therefore comparative information has not been restated and is presented under TAS 17. The details of accounting policies under both TAS 17 and TFRS 16 are as follows.

a) Policies applicable from January 1, 2020

The Company as lessee

The Company assesses whether a contract is or contains a lease, at inception of the contract. The Company recognizes a right-of-use asset and corresponding lease liability with respect to all lease arrangements in which it is the lease, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For these leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leases assets are consumed.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the lease under residual value guarantees;
- The exercise price of purchase options, if the lease is reasonably certain to exercise the options; and
- Payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

- The lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using an unchanged discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Company did not make any such adjustments during the periods presented.

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Whenever the Company incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under TAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are presented as a separate line in the statement of financial position.

The Company applies TAS 36 “Impairment of Assets” to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in the “Equipment” policy.

Variable rents that do not depend on an index or rate are not included in the measurement the lease liability and the right-of-use asset. The related payments are recognized as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “administrative expenses” in profit or loss.

b) Policies applicable prior to January 1, 2020

Finance leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized 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 included in liabilities under a finance lease agreement, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the shorter of the useful life of the assets or the lease period.

Long-term leases

Leases of building which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

3.9 Non-current provisions for employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognized immediately in other comprehensive income.

Past service cost related to the plan amendment is recognized as an expense in the statement of comprehensive income when the plan amendment is effective.

3.10 Provisions

Provisions are recognized when the Company has 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.

3.11 Recognition of revenues and expenses

Interest income from factoring

Interest income from factoring is recognized in the profit or loss using the effective interest rate method, over the period of contracts of debts being factored.

Fees and services income

Fees and services income are recognized point in time when rights have been transferred or when services have been rendered taking into account the stage of completion.

Other income

Other income is recognized in the statement of comprehensive income on an accrual basis.

Expenses

Expenses are recognized on an accrual basis.

3.12 Finance cost

Finance costs comprise interest expense on borrowings and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in the statement of comprehensive income using the effective interest method.

3.13 Impairment of assets

At the end of each reporting period, the Company performs impairment reviews in respect of the equipment, Other intangible assets and assets held for sale whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognized 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 recognized in profit or loss in the statement of comprehensive income.

3.14 Income tax expense

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 recognizes deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

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

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

3.15 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms, the fair value of the receivables after restructuring is based on the net present value of expected future cash flows, discounted by the

interest rate under the modified terms which forms the basis for making collection from the debtor. Differences between the fair values of receivables as of the restructuring date and their previous book values are recorded in “Revaluation allowance for debt restructuring”, and recognized as an expense in profit or loss in the statement of comprehensive income in the year in which the restructuring takes place. The Company reviews such revaluation allowance based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments to the allowance against bad debt and doubtful accounts.

3.16 Basic earnings per shares

The calculations of basic earnings per share for the year are based on the profit for the year attributable to equity holders divided by the weighted-average number of ordinary shares held by outsiders outstanding during the year. The calculations of diluted earnings per share for the year are based on the weighted-average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

3.17 Fair value measurements

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability as market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis.

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

3.18 Critical accounting judgments and key source of estimation uncertainty

1. Use of management’s judgments

The preparation of financial statements in conformity with Thai Financial Reporting Standards requires the Company’s management to exercise various judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets, liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Although these estimates are based on management’s reasonable consideration of current events, actual results may differ from these estimates.

Critical judgments in applying the Company's accounting policies are as follows:

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, 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.

Significant increase in credit risk

As explained in Note 3.3, expected credit losses are measured as an allowance equal to 12-month ECL for stage 1 assets, or lifetime ECL for stage 2 or stage 3 assets. An asset moves to stage 2 when its credit risk has increased significantly since initial recognition. TFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

Equipment and depreciation

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

In addition, the management is required to review equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

2. Key sources of estimation uncertainty

The Company have estimates with the assumptions concerning the future. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Calculation of expected credit losses and allowance for doubtful accounts

a) Policies applicable from January 1, 2020

When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of defaults is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

b) Policies applicable prior to January 1, 2020

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

Allowance for doubtful accounts for factoring receivables is set at the higher of:

- 1) A percentage of net factoring receivables (i.e. factoring receivables less factoring payables) as follows:

Net factoring receivables	Percentage of receivable
Not yet due	-
Past due up to 3 months	-
Past due over 3 months but within 6 months	20
Past due over 6 months	100

- 2) 0.25% of total net factoring receivables

In addition, the Company considers to set up additional allowance for doubtful accounts for each debtor based on collection experience and analysis of debt aging.

Allowance for doubtful accounts for loans receivable and Other current receivables is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4. Supplementary Disclosure of Cash Flows Information

- 4.1 Non-cash transactions of equipment for the years ended December 31, 2020 and 2019 are as follows:

Unit: Thousand Baht		
	2020	2019
Other payables for purchasing equipment, beginning balance (included in other current payables)	-	590
Add Purchases of equipment	203	581
Less Cash paid for purchases of equipment	(203)	(1,171)
Other payables for purchasing equipment, ending balance (included in other current payables)	-	-

- 4.2 Non-cash transactions of other intangible assets for the years ended December 31, 2020 and 2019 are as follows:

Unit: Thousand Baht		
	2020	2019
Other payables for purchasing other intangible assets, beginning balance (included in other current payables)	3,156	3,156
Add Purchases of other intangible assets	3,314	207
Less Cash paid for purchases of other intangible assets	(6,470)	(207)
Other payables for purchasing other intangible assets, ending balance (included in other current payables)	-	3,156

- 4.3 Reconciliation of liabilities arising from financing activities for the years ended December 31, 2020 and 2019 are as follows:

Unit: Thousand Baht					
	As at January 1, 2020	Changes in cash flows		Non-cash items	As at December 31, 2020
		Cash received	Cash paid		
Lease liabilities	8,875	-	(4,246)	3,512	8,141

Unit: Thousand Baht					
	As at January 1, 2019	Changes in cash flows		Non-cash items	As at December 31, 2019
		Cash received	Cash paid		
Lease liabilities	-	-	(371)	3,481	3,110

5. Cash and Cash Equivalents

Cash and cash equivalents as at December 31, 2020 and 2019 consist of the following:

Unit: Thousand Baht		
	2020	2019
Cash on hand	20	20
Cash at bank - current account	56,258	38,397
Cash at bank - savings account	6,242	12,723
	62,520	51,140

As at December 31, 2020 and 2019, bank deposits in savings accounts carried interests between 0.05% - 0.125% and 0.22% - 0.375% per annum, respectively.

6. Related Party Transactions

The nature of the relationships between the Company and its related parties are summarised below:

Name of related parties	Relationship
J R K Holdings Co., Ltd.	Major shareholder of parent company
AIRA Capital Public Company Limited	Parent company
AIRA Securities Public Company Limited	Common parent company
AIRA International Advisory (Singapore) Pte. Ltd.	Common parent company
AIRA Property Public Company Limited	Common parent company
AIRA Leasing Public Company Limited	Common parent company
AIRA Venture Capital Co., Ltd.	Common parent company
AIRA Asset Management Co., Ltd.	Common parent company
AIRA Advisory Co., Ltd.	Common directors
Aspiration One Co., Ltd.	Common directors
Aspiration Two Co., Ltd.	Common directors
AIRA & AIFUL Public Company Limited	Associated company of parent company and having common directors
Travelex (Thailand) Limited	Associated company of parent company and having common directors
Summit Windmill Golf Club Co., Ltd.	Common major shareholder
Private funds managed by AIRA Securities Public Company Limited	Managed by AIRA Securities Plc.

Balances with related companies as at December 31, 2020 and 2019 consist of the following:

	Unit: Thousand Baht	
	2020	2019
Other payables - related parties		
AIRA Securities Public Company Limited	12	-
AIRA Capital Public Company Limited	5	-
Dividend payables - a related party		
AIRA Capital Public Company Limited	24,040	28,619
Lease liabilities - a related party		
AIRA Securities Public Company Limited	5,838	-

Transactions with related parties for years ended December 31, 2020 and 2019 are as follows:

	Unit: Thousand Baht	
	2020	2019
Directors and management benefit expenses		
Short-term employee benefits	17,563	16,881
Post-employment benefits	705	442
	18,268	17,323

7. Factoring Receivables

Factoring receivables as at December 31, 2020 and 2019 consist of the following:

	Unit: Thousand Baht	
	2020	2019
Factoring receivables	2,408,360	3,079,587
Accrued interest income from factoring	9,128	7,801
	2,417,488	3,087,388
<u>Less</u> Factoring payables	(496,309)	(600,565)
Unearned interest income	(17,484)	(18,689)
	1,903,695	2,468,134
<u>Less</u> Allowance for expected credit losses	(81,272)	-
Allowance for doubtful accounts	-	(69,020)
Factoring receivables, net	1,822,423	2,399,114

The balances of factoring receivables as at December 31, 2020 are classified by staging as follows:

	Unit: Thousand Baht		
	As at December 31, 2020		
	Factoring receivables	Recognized amount as allowance for expected credit loss	Allowance for expected credit loss
Low credit risk receivables	2,302,301	1,834,908	3,444
Significant increase in credit risk receivable	-	-	-
Default receivables in credit risk	106,059	86,271	77,828
Total	2,408,360	1,921,179	81,272

The balances of factoring receivables as at December 31, 2020 and 2019 are classified by aging as follows:

	Unit: Thousand Baht	
	2020	2019
Current	2,202,193	2,874,970
Overdue:		
Not more than 3 months	103,004	109,720
Over 3 months but not more than 6 months	5,083	4,102
Over 6 months	98,080	90,795
<u>Less</u> Allowance for expected credit losses	(81,272)	-
<u>Less</u> Allowance for doubtful accounts	-	(69,020)
	2,327,088	3,010,567

As at December 31, 2019, factoring receivables which are overdue for over 6 months amounting to Baht 90.79 million, respectively before setting off the amount repayable to the transferor upon settlement of the factored debts amounting to Baht 25.73 million, respectively. The Company has provided a full amount of allowance for doubtful accounts for such net receivables.

Allowance for expected credit loss for the year ended December 31, 2020 is as follows:

	Unit: Thousand Baht				
	Allowance for expected credit loss			Allowance for doubtful accounts	Total
	Performing (Stage 1)	Under-Performing (Stage 2)	Non-Performing (Stage 3)		
Balance as at December 31, 2019	-	-	-	69,020	69,020
Impact of adoption of TFRS 9	4,522	-	75,255	(69,020)	10,757
Balance as at January 1, 2020	4,522	-	75,255	-	79,777
Changes in staging	775	-	(775)	-	-
Changes in risk parameters	(4,147)	-	9,376	-	5,229
New financial assets originated or purchased	399	-	-	-	399
Financial assets derecognized	1,895	-	-	-	1,895
Written off	-	-	(6,028)	-	(6,028)
Balance as at December 31, 2020	3,444	-	77,828	-	81,272

8. Loan Receivables

Loan receivables as at December 31, 2020 and 2019 consist of the following:

Unit: Thousand Baht						
	Loan current receivables		Loan non-current receivables		Total	
	2020	2019	2020	2019	2020	2019
Loan receivables	198,608	74,388	75,702	14,991	274,310	89,379
<u>Less</u> Allowance for expected credit losses	(29,423)	-	(59)	-	(29,482)	-
Allowance for doubtful accounts	-	(21,263)	-	(5,835)	-	(27,098)
Loan receivables	169,185	53,125	75,643	9,156	244,828	62,281

As at December 31, 2020 and 2019, the Company has three loan receivables balances which were restructured by means of modification of terms amounting to Baht 36.42 million in each year. However, this restructuring by modification of terms does not result in any loss.

The balances of loan receivables as at December 31, 2020 are classified by staging as follows:

Unit: Thousand Baht			
	As at December 31, 2020		
	Loan receivables	Recognized amount as allowance for expected credit loss	Allowance for expected credit loss
Low credit risk receivables	237,887	237,887	176
Significant increase in credit risk receivables	-	-	-
Default receivables in credit risk	36,423	36,423	29,306
Total	274,310	274,310	29,482

Allowance for expected credit loss for the year ended December 31, 2020 is as follows:

Unit: Thousand Baht					
	Allowance for expected credit loss			Allowance for doubtful accounts	Total
	Performing (Stage 1)	Under-Performing (Stage 2)	Non-Performing (Stage 3)		
Balance as at December 31, 2019	-	-	-	27,098	27,098
Impact of adoption of TFRS 9	42	-	29,306	(27,098)	2,250
Balance as at January 1, 2020	42	-	29,306	-	29,348
Changes in risk parameters	(5)	-	-	-	(5)
New financial assets originated or purchased	139	-	-	-	139
Balance as at December 31, 2020	176	-	29,306	-	29,482

9. Equipment

Equipment as at December 31, 2020 and 2019 consist of the following:

Unit: Thousand Baht					
	Balance as at January 1, 2020	Additions	Disposals	Transfer between accounts	Balance as at December 31, 2020
Cost					
Computer	7,120	151	-	-	7,271
Furniture and fixture	13,705	-	(3,353)	-	10,352
Office equipment	1,286	52	(163)	-	1,175
Motor vehicles	9,020	-	(2,381)	(3,420)	3,219
Total cost	31,131	203	(5,897)	(3,420)	22,017
Accumulated depreciation					
Computer	(5,812)	(898)	-	-	(6,710)
Furniture and fixture	(12,280)	(508)	2,719	-	(10,069)
Office equipment	(998)	(106)	162	-	(942)
Motor vehicles	(5,285)	(342)	2,381	337	(2,909)
Total accumulated depreciation	(24,375)	(1,854)	5,262	337	(20,630)
Equipment	6,756				1,387

Unit: Thousand Baht				
	Balance as at January 1, 2019	Additions	Disposals	Balance as at December 31, 2019
Cost				
Computer	9,103	447	(2,430)	7,120
Furniture and fixture	13,699	6	-	13,705
Office equipment	1,158	128	-	1,286
Motor vehicles	11,427	3,420	(5,827)	9,020
Total cost	35,387	4,001	(8,257)	31,131
Accumulated depreciation				
Computer	(6,883)	(1,358)	2,429	(5,812)
Furniture and fixture	(11,539)	(741)	-	(12,280)
Office equipment	(892)	(106)	-	(998)
Motor vehicles	(10,388)	(724)	5,827	(5,285)
Total accumulated depreciation	(29,702)	(2,929)	8,256	(24,375)

	Balance as at January 1, 2019	Additions	Disposals	Balance as at December 31, 2019
Equipment	5,685			6,756

Depreciation for the years ended December 31,

2020	1,854
2019	2,929

As at January 1, 2020, the Company transferred partial of motor vehicles at cost and net book value of Baht 3.42 million and Baht 3.08 million, respectively, from equipment to right of use assets because the Company has adopted TFRS 16 from January 1, 2020 (see Note 10).

As at December 31, 2020 and 2019, certain equipment items were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 17 million and Baht 18 million, respectively.

10. Right-of-use Assets

Right-of-use assets as at December 31, 2020 consist of the following:

Unit: Thousand Baht

	Balance as at January 1, 2020	Consequence from initial apply to TFRS 16 (see Note 2.5)	Additions	Disposals	Balance as at December 31, 2020
Cost					
Building	-	5,764	7,967	(5,764)	7,967
Vehicles	-	3,420	-	-	3,420
Total cost	-	9,184	7,967	(5,764)	11,387
Accumulated depreciation					
Building	-	-	(3,190)	1,017	(2,173)
Vehicles	-	(337)	(855)	-	(1,192)
Total accumulated depreciation	-	(337)	(4,045)	1,017	(3,365)
Right-of-use assets	-				8,022
Depreciation for the year ended December 31,					
2020					4,045

The maturity analysis of lease liabilities is presented in Note 14.

	Unit: Thousand Baht
	For the year ended December 31, 2020
Amounts recognized in profit or loss	
Depreciation on right-of-use assets	4,045
Interest expense on lease liabilities	330

For the year ended December 31, 2020, the total cash outflows for leases amount to Baht 4.25 million.

11. Other Intangible Assets

Other intangible assets as at December 31, 2020 and 2019 consist of the following:

	Unit: Thousand Baht			
	Balance as at January 1, 2020	Additions	Disposals	Balance as at December 31, 2020
Cost				
Computer software	10,222	1,869	-	12,091
Total cost	10,222	1,869	-	12,091
Accumulated amortization				
Computer software	(3,124)	(2,099)	-	(5,223)
Total accumulated amortization	(3,124)	(2,099)	-	(5,223)
Computer software under installation	-	1,445	-	1,445
Other intangible assets	7,098			8,313

	Unit: Thousand Baht			
	Balance as at January 1, 2019	Additions	Disposals	Balance as at December 31, 2019
Cost				
Computer software	10,015	207	-	10,222
Total cost	10,015	207	-	10,222
Accumulated amortization				
Computer software	(1,101)	(2,023)	-	(3,124)
Total accumulated amortization	(1,101)	(2,023)	-	(3,124)
Other intangible assets	8,914			7,098

Amortization for the years ended December 31,

2020	2,099
2019	2,023

12. Assets Held for Sale

Assets held for sale as at December 31, 2020 and 2019 consist of the following:

Unit: Thousand Baht		
	2020	2019
Machines	11,994	11,994
Less Disposal during the years	(1,994)	-
Allowance for impairment loss	(10,000)	(8,375)
Machines, net	-	3,619

Factoring receivables make partial settlement by transferring machines to the Company. The Company is in the process of selling these assets.

13. Short-Term Borrowings from Financial Institutions

Short-term borrowings from financial institutions as at December 31, 2020 and 2019 consist of the following:

Unit: Thousand Baht				
	Interest rate (% per annum)		2020	2019
	2020	2019		
Promissory notes	1.90 - 4.05	2.75 - 4.20	1,523,000	1,852,000

As at December 31, 2020 and 2019, the Company had credit facilities for short-term borrowings from financial institutions. Under these credit facilities, the Company has to comply with certain terms and conditions prescribed in the agreements such as not to mortgage, pledge or create of commitment over any assets (Negative pledge) or maintain the financial ratio at the rate prescribed in the agreements, etc.

As at December 31, 2020 and 2019, the Company has unused credit facilities of Baht 1,217 million and Baht 888 million, respectively.

Reconciliation of liabilities arising from financing activities are as follows:

Unit: Thousand Baht					
	As at January 1, 2020	Cash flows	Non-cash changes		As at December 31, 2020
			Maturity	Renewal	
Short-term borrowings from financial institutions	1,852	(329)	(16,087)	16,087	1,523

Unit: Thousand Baht					
	As at January 1, 2019	Cash flows	Non-cash changes		As at December 31, 2019
			Maturity	Renewal	
Short-term borrowings from financial institutions	1,817	35	(17,347)	17,347	1,852

14. Lease Liabilities

Lease liabilities as at December 31, 2020 and 2019 consist of the following:

	Unit: Thousand Baht	
	2020	2019
Maturity analysis:		
Year 1	5,417	945
Year 2	2,436	945
Year 3	574	945
Year 4	-	574
	8,427	3,409
Less unearned interest	(286)	(299)
Total	8,141	3,110

	Unit: Thousand Baht	
	2020	2019
Analyzed as:		
Non-current	2,936	2,303
Current	5,205	807
Total	8,141	3,110

The Company does not face a significant liquidity risk with regard to its lease liabilities. Lease liabilities are monitored within the Company's treasury function.

15. Non-Current Provisions for Employee Benefits

Non-current provisions for employee benefits for the years ended December 31, 2020 and 2019 consist of the following:

	Unit: Thousand Baht	
	2020	2019
Non-current provisions for employee benefits for severance pay	16,551	11,238
	16,551	11,238

Non-current provisions for employee benefits for severance pay

Change in the present value of non-current provisions for employee benefits for severance pay for the years ended December 31, 2020 and 2019, are as follows:

	Unit: Thousand Baht	
	2020	2019
Present value of non-current provisions for employee benefits for severance pay, beginning balance	11,238	9,689
Cost of service - current period	834	1,341
Finance cost	187	208
Actuarial losses	4,292	-
Present value of non-current provisions for employee benefits for severance pay, ending balance	16,551	11,238

Non-current provisions for employee benefits for severance pay expenses recognized in the statement of comprehensive income for the years ended December 31, 2020 and 2019 are as follows:

	Unit: Thousand Baht	
	2020	2019
Cost of service - current period	834	1,341
Finance cost	187	208
Total expense recognized in the statements of comprehensive income	1,021	1,549

	Unit: Thousand Baht	
	2020	2019
Actuarial (gain) losses		
- Change in financial assumptions	3,852	-
- Change in demographic assumptions	947	-
- Experience adjustments	(507)	-
Total expense recognized in other comprehensive income	4,292	-

The Company calculated non-current provisions for employee benefits by using actuarial technique. The assumptions at the reporting date consist of the following:

	2020	2019
Financial assumptions		
Discount rate (%)	1.22	2.11
Salary increase (%)	5	5
Demographic		
Resignation rate (%) depending on age group of employees	9, 18, 27	8, 15, 20
Retirement age (years)	60	60

Sensitivity analysis on significant actuarial assumptions represents impact of change in the significant actuarial assumptions on present value of non-current provisions for employee benefits as at December 31, 2020 and 2019 are as follows:

	Unit: Thousand Baht	
	2020	2019
Financial assumptions		
Discount rate		
- 0.5% increase	(416)	(321)
- 0.5% decrease	439	338
Expected rate of salary increase		
- 0.5% increase	442	411
- 0.5% decrease	(423)	(394)
Demographic assumptions		
Turnover rate		
- 10% increase	(452)	(356)
- 10% decrease	496	393

The Labor Protection Act (No. 7) B.E. 2562 has been announced in the Royal Gazette on April 5, 2019, which will be effective after 30 days from the date announced in Royal Gazette. This Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than 400 days at the employees' latest wage rate. This change is considered an amendment to post-employment benefits. The Company reflected the effect of such change by recognizing gain or loss from change in estimate as an expense in the statement of comprehensive income for the year ended December 31, 2019.

16. Legal Reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a legal reserve at least 5% of its net profit after deducting accumulated deficit brought forward, if any, until the reserve reaches 10% of the registered capital. The legal reserve is not available for dividend distribution.

17. Expenses by Nature

Significant expenses classified by nature are as follows:

	Unit: Thousand Baht	
	2020	2019
Salaries, wages and other employee benefits	69,367	67,998
Depreciation and amortization	7,962	4,952
Impairment loss determined in accordance with TFRS 9	7,704	-
Bad debt and doubtful accounts	-	21,599
Specific business tax expenses	6,878	7,567
Examination fees on factoring documents	1,879	2,831
Office rental expenses	2,366	6,692

18. Income Tax Expense

Income tax expenses for the years ended December 31, 2020 and 2019 consist of the following:

	Unit: Thousand Baht	
	2020	2019
Current income tax:		
Current income tax charge	10,946	13,737
Deferred tax:		
Relating to origination and reversal of temporary differences	(3,349)	(7,263)
Income tax expenses reported in the statements of comprehensive income	7,597	6,474

The reconciliation between accounting profit and income tax expenses is shown below:

	Unit: Thousand Baht	
	For the years ended December 31,	
	2020	2019
Accounting profit before tax	50,311	48,632
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	10,062	9,726
Unrecognized temporary differences	(3,179)	(3,051)
Effects of:		
Non-deductible expenses	890	20
Additional expense deductions allowed	(176)	(221)
Total	714	(201)
Income tax expenses reported in the statements of comprehensive income	7,597	6,474

Deferred tax assets as at December 31, 2020 and 2019 consist of tax effects from the following items:

	Unit: Thousand Baht			
	As at December 31, 2019	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income	As at December 31, 2020
Allowance for expected credit losses/ Allowance for doubtful accounts	18,774	2,917	-	21,691
Allowance for impairment loss on assets held for sale	1,674	326	-	2,000
Non-current provision for employee benefits	2,248	205	858	3,311
Accrued rental expense	117	(117)	-	-
Lease liabilities	5	18	-	23
	22,818	3,349	858	27,025

Unit: Thousand Baht

	As at December 31, 2018	Transactions recognized in profit or loss	Transaction recognized in other comprehensive income	As at December 31, 2019
Allowance for doubtful accounts	12,166	6,608	-	18,774
Allowance for impairment loss on assets held for sale	1,302	372	-	1,674
Non-current provision for employee benefits	1,938	310	-	2,248
Accrued rental expenses	149	(32)	-	117
Lease liabilities	-	5	-	5
	15,555	7,263	-	22,818

As at December 31, 2020 and 2019, the Company has deductible temporary differences totalling Baht 4.36 million and Baht 1.69 million, respectively, on which deferred tax assets have not been recognized as the Company believes that it is unlikely that the tax benefits can be utilised.

19. 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 chief operating decision maker has been identified as the Board of Directors of the Company.

The one main reportable operating segment of the Company is the factoring business and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Major customers

For the years 2020 and 2019, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

20. Provident Fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company contributes to the fund monthly at the rate of 5% - 10% of basic salary and employees contribute to the fund monthly at the rate of 5% - 15% of basic salary. The fund, which is managed by SCB Asset Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules.

For the years ended December 31, 2020 and 2019, the Company's contributions included in administrative expenses in the statements of comprehensive income amounting to Baht 2.47 million and Baht 2.25 million, respectively.

21. Dividends

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Interim dividend No. 1 for the net profit of the operation results during January 1, 2020 to September 30, 2020 and the retained earnings	Meeting of the Company's Board of Directors on December 15, 2020	33,600*	0.0210
Total for 2020		33,600	0.0210

* The interim dividend No. 1 for 2020 is to be paid to the Company's shareholders on January 11, 2021. As at December 31, 2020, the Company separately presented this transactions as "Dividend payables" in the statement of financial position.

Dividends	Approved by	Total dividend (Thousand Baht)	Dividend per share (Baht)
Interim dividend No. 1 for the net profit of the operation results during January 1, 2019 to September 30, 2019 and the retained earnings	Meeting of the Company's Board of Directors on December 16, 2019	40,000*	0.0250
Total for 2019		40,000	0.0250

* The interim dividend No. 1 for 2019 is to be paid to the Company's shareholders on January 10, 2020. As at December 31, 2019, the Company separately presented these transactions as "Dividend payables" in the statement of financial position.

22. Commitments

22.1 Lease commitments

The Company has entered into lease agreements in respect of the lease of office building space and service agreements. Future minimum lease payments required under these non-cancellable and service leases contracts were as follows:

	Unit: Thousand Baht	
	For the years ended December 31,	
	2020	2019
Payable:		
In up to 1 year	2	10
In over 1 and up to 5 years	-	14

For the years ended December 31, 2020 and 2019, leases of the Company had been recorded as expenses in the statements of comprehensive income of Baht 7.58 million and Baht 10.70 million, respectively.

During the year ended December 31, 2020, the Company has terminated certain office building space and service lease agreements. The lease agreements were expired on June 30, 2020.

22.2 Other commitments

As at December 31, 2020 and 2019, the Company had commitments relating to software computer improvements amounting to Baht 3.20 Million and Baht 3.16 million, respectively.

23. Financial Instruments

23.1 Financial risk management

The Company's financial instruments, as defined under Thai Financial Reporting Standards No.7 "Financial Instruments: Disclosure", principally comprise cash and cash equivalents, factoring receivables, loans receivable, other current receivables, short-term borrowings from financial institutions, retentions from factoring, lease liabilities, dividend payables, excess receipts awaiting to repay and other current payables. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company is exposed to credit risk primarily with respect to factoring receivables, loans receivable and other current receivables. The Company manages the risk by adopting appropriate credit control policies and procedures whereby the Company analyses credit details of customers and follows up customers with overdue accounts in accordance with credit control practices, and considers the amount of retentions from factoring, and other obligation assets as collateral for each customer according to the assessed credit risk. Therefore, the Company 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 amounts of factoring receivables, loans receivable and other current receivables as stated in the statement of financial position.

IFRS 9 makes stipulations relating to impairment of financial assets using an expected credit loss model. The Company has established and maintain an appropriate credit loss model. The risk management department periodically reviews the parameters and the data used in the credit loss model.

Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, factoring receivables, loans receivable, other current receivables and short-term loans from financial institutions. The Company mitigates this risk by matching the sources of borrowings with factoring receivables to ensure that the Company maintains an accumulated average spread of interest under the Company's policy. Moreover, the Company analyses the term of interest rate movement of factoring receivables, borrowings and the Company adjusts the interest rate charge to receivables when the interest rate changes. Thus, the Company is flexible in its response to interest rate fluctuations. In addition, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities 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: Thousand Baht

	As at December 31, 2020						
	Fixed interest rates			Floating interest rate	Non-interest rate bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	bearing 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	6	56	62	0.05 - 0.125
Factoring receivables	1,822	-	-	-	-	1,822	5.50 - 15.00
Loan receivables	169	76	-	-	-	245	4.50 - 13.25
	1,991	76	-	6	56	2,129	
Financial liabilities							
Short-term borrowings from financial institutions	-	-	-	1,523	-	1,523	1.90 - 4.05
Retentions from factoring	-	-	-	-	42	42	-
Lease liabilities	5	3	-	-	-	8	3.20 - 4.26
Dividend payables	-	-	-	-	34	34	-
Excess receipts awaiting to repay	-	-	-	-	22	22	-
Other current payables	-	-	-	-	4	4	-
	5	3	-	1,523	102	1,633	

Unit: Thousand Baht

	As at December 31, 2019						
	Fixed interest rates			Floating interest rate	Non-interest rate bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years	bearing 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	13	38	51	0.22 - 0.375
Factoring receivables	2,399	-	-	-	-	2,399	5.50 - 15.00
Loan receivables	53	9	-	-	-	62	4.50 - 13.25
	2,452	9	-	13	38	2,512	
Financial liabilities							
Short-term borrowings from financial institutions	-	-	-	1,852	-	1,852	2.75 - 4.20
Retentions from factoring	-	-	-	-	40	40	-
Lease liabilities	1	2	-	-	-	3	4.26
Dividend payables	-	-	-	-	40	40	-
Excess receipts awaiting to repay	-	-	-	-	67	67	-
Other current payables	-	-	-	-	10	10	-
	1	2	-	1,852	157	2,012	

Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate its financial assets and/or procure sufficient funds to discharge its obligations in a timely manner, resulting in the Company incurring a financial loss.

The Company has established a liquidity management policy, to ensure that the Company has sufficient liquidity to meet debt and other obligations when due in normal circumstances, and has the liquidity contingency plans in place to handle crisis situations, as well as to ensure that management of liquidity strikes an appropriate balance between costs and benefits.

The periods of time from the end of reporting date to the maturity dates of financial instruments as of December 31, 2020 and 2019 follows:

Unit: Thousand Baht

	As at December 31, 2020			
	Outstanding balances of financial instruments			
	At call	Within 1 year	1 - 5 years	Total
Financial assets				
Cash and cash equivalents	62	-	-	62
Factoring receivables	-	1,822	-	1,822
Loan receivables	-	169	76	245
Financial liabilities				
Short-term borrowings from financial institutions	-	1,523	-	1,523
Retentions from factoring	42	-	-	42
Lease liabilities	-	5	3	8
Dividend payables	-	34	-	34
Excess receipts awaiting to repay	-	22	-	22
Other current payables	-	4	-	4

Unit: Thousand Baht

	As at December 31, 2019			
	Outstanding balances of financial instruments			
	At call	Within 1 year	1 - 5 years	Total
Financial assets				
Cash and cash equivalents	51	-	-	51
Factoring receivables	-	2,399	-	2,399
Loan receivables	-	53	9	62
Financial liabilities				
Short-term borrowings from financial institutions	-	1,852	-	1,852
Retentions from factoring	40	-	-	40

	As at December 31, 2019 Outstanding balances of financial instruments			
	At call	Within 1 year	1 - 5 years	Total
Lease liabilities	-	1	2	3
Dividend payables	-	40	-	40
Excess receipts awaiting to repay	-	67	-	67
Other current payables	-	10	-	10

Foreign currency risk

The Company is not exposed to foreign currency risk because no trading transactions are denominated in foreign currency.

23.2 Fair values of financial instruments

Since the majority of the Company's financial instruments are short-term in nature, loans and borrowings bear interest rates which are close to the market rate, their fair values are not expected to be materially different from the amounts presented in statement of financial position.

Fair value of financial instruments which are not measured at fair value and their fair value hierarchy level classification is summarized as follows:

	Unit: Thousand Baht	
	As at December 31, 2020	
	Carrying Amount	Fair Value
Financial assets		
Cash and cash equivalents	62	62
Factoring receivables	1,822	1,822
Loan receivables	245	245
Financial liabilities		
Short-term borrowings from financial institutions	1,523	1,523
Retentions from factoring	42	42
Lease liabilities	8	8
Dividend payables	34	34
Excess receipts awaiting to repay	22	22
Other current payables	4	4

Notes to Financial Statements

For the year ended December 31, 2020

Unit: Thousand Baht

	As at December 31, 2019	
	Carrying Amount	Fair Value
Financial assets		
Cash and cash equivalents	51	51
Factoring receivables	2,399	2,399
Loan receivables	62	62
Financial liabilities		
Short-term borrowings from financial institutions	1,852	1,852
Retentions from factoring	40	40
Lease liabilities	3	3
Dividend payables	40	40
Excess receipts awaiting to repay	67	67
Other current payables	10	10

24. Capital Management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at December 31, 2020 and 2019, the Company's debt-to-equity ratios are 3.18 and 3.84, respectively.

25. Approval of the Financial Statements

These financial statements have been approved for issue by the authorized director of the Company on February 23, 2021.



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