



**BRAND NEW  
TAXI-METER**



# Contents

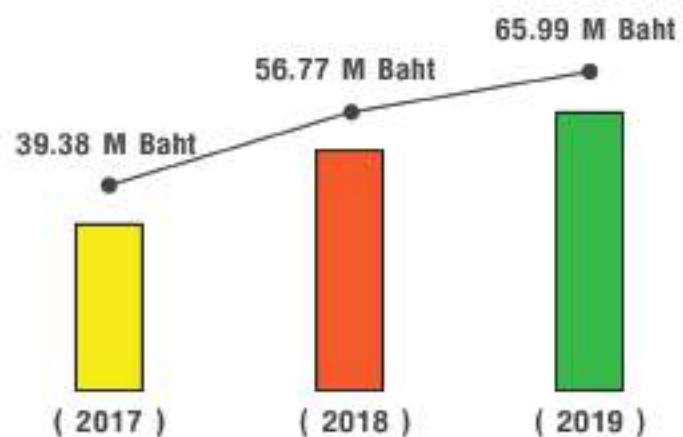
- Important Financial Information	4
- Message from the Chairman of Board of Directors	6
- Board of Directors	7
- Message from the Chairman of Audit Committee	20
- Policy and Business Overview	22
- Nature of Business	25
- Risk Factors	28
- Location of Head Office and Branches	33
- General Information and Other Important Information	34
- Shareholders	36
- Dividend Payment Policy	37
- Management Structure	38
- Board of Directors' Information	40
- Company's Executives Information	41
- Corporate Governance	46
- Corporate Social Responsibilities (CSR)	55
- Internal Control and Risk Management	58
- Related Party Transactions	60
- Management Discussion and Analysis (MD&A)	72
- Report on the BOD's Responsibility for Financial Statement	82
- Independent Auditor's Report and Financial Statements	83



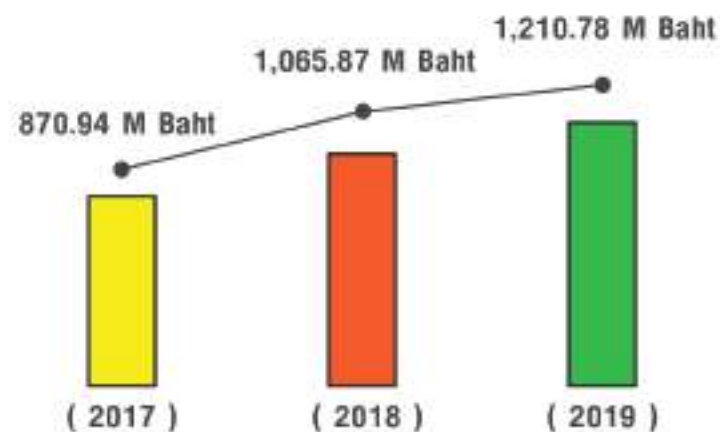
## Important Financial Figures (Financial Summary)

(Unit: Million Baht)		2019	2018	2017
<b>Assets</b>				
Total Assets	Million Baht	1,338.68	1,174.04	962.20
Trade and Hire Purchase Receivables	Million Baht	1,210.78	1,065.87	870.94
<b>Liabilities and Shareholders' Equity</b>				
Total liabilities	Million Baht	609.20	860.76	705.68
Bank overdrafts and loans	Million Baht	575.13	839.74	676.19
Shareholders' equity	Million Baht	729.48	313.28	256.51
<b>Operation Result</b>				
Total Income	Million Baht	469.48	495.13	444.44
Sales revenue	Million Baht	259.29	299.18	278.20
Income from hire purchase contracts	Million Baht	186.63	174.59	157.45
Interest income from the purchase of claims	Million Baht	1.06	0.63	-
Financial Costs	Million Baht	389.90	424.34	395.13
Net profit (loss) after tax (consolidated statements)	Million Baht	65.99	56.77	39.38
Net profit (loss) after tax (Separate financial statements)	Million Baht	67.66	59.25	39.38
<b>Profitability Ratio</b>				
Sales business				
Gross margin	%	3.72%	6.63%	6.71%
Hire purchase business				
Income interest rate	%	16.51%	18.10%	19.65%
Cost interest rate	%	4.22%	4.54%	4.68%
Interest rate margin	%	12.29%	13.56%	14.97%
Hire purchase gross profit margin	%	84.09%	80.34%	81.60%
Net profit margin (loss) (%)	%	14.05%	11.46%	8.86%
Return on equity (%)	%	12.66%	19.92%	14.65%
<b>Operational Efficiency Ratio</b>				
Net interest income ratio to assets	%	14.94%	16.40%	17.19%
Return on assets	%	5.25%	5.31%	4.30%
Asset turnover	Multiple	0.36	0.44	0.48
<b>Financial Policy Analysis Ratio</b>				
Debt to equity ratio	Multiple	0.84	2.75	2.75
Loan to loan ratio	Multiple	1.60	1.27	1.29
Earnings per share	Baht / share	0.111	0.110	0.080

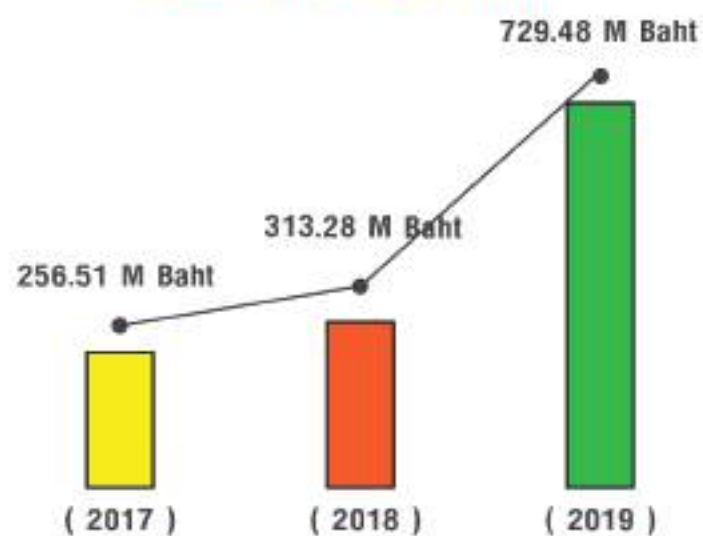
### Net profit after tax



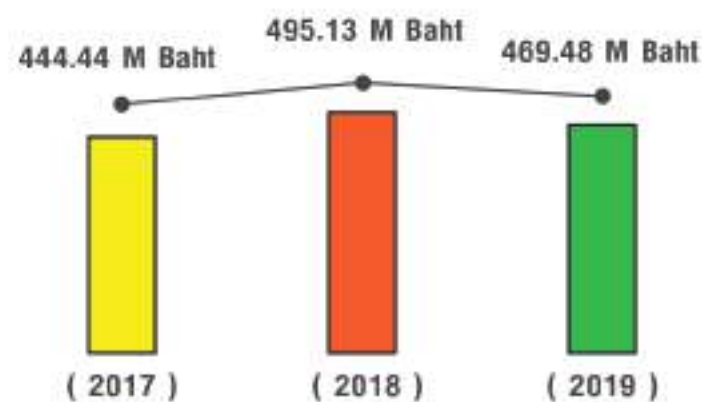
### Trade and Hire Purchase Receivables



### Shareholders' equity



### Total Income





## Message from Chairman of the Board of Directors

**" In 2019, the company celebrated its success in listing the company on the Stock Exchange of Thailand (mai) on the 11th of June 2019. This huge achievement came from the willpower and determination of all personnel of Mitsib Leasing Public Company Limited. "**

Dear Shareholders,

The year 2019 was considered to be a true year of 'changes' for MITSIB. Not only because it was the year that the company was listed on the Stock Exchange of Thailand but also the year where Thailand's economy as a whole was affected by various factors, both domestically and internationally. This has caused the economy of Thailand to recover slowly, but there were still internal factors, including private consumption that continually helped drive the economy to grow. For the business of Mitsib Leasing Public Company Limited in 2019, the company had released new loans in the amount of 765.69 million Baht as previously projected and had a net operating profit of 65.99 million Baht which was a 9.22 million Baht or equal to 16.24% increase from the previous year. Apart from the determination to professionally conduct business, we also continuously focused on expanding multiple business channels, resulting in the company's gradual growth. To be able to cover all our target markets with our high-quality service standards maintained, the company had to expand its business channels. As a result, two subsidiary companies were established in the name of Mitsib Sek Ngoen Company Limited which operates personal loan services and Mitsib Pico Company Limited which operates retail loan services, both spread to locate at the provincial level.

The Board of Directors and the Executive Committees are determined to conduct business with transparency, good corporate governance, and commit responsibly for the benefit of the shareholders and society. We focus to operate towards sustainable growth and gain added values to earn our shareholders', investors' and all stakeholders' confidence in the long run.

Lastly, on behalf of the Board of Directors, Mitsib Leasing Public Company Limited; I would like to thank and show gratitude towards our shareholders, customers, business partners, financial institutions, the SEC, the Stock Exchange of Thailand, and every other benefactor for their ever-long trust and support towards the company. Thank you to all management and staff for their dedication, physical efforts and motivation for working with honesty and sacrifice in driving the organisation to grow continuously. Rest assured that the Board of Directors will perform their duties with full responsibility by adhering to the principles of good corporate governance, including being responsible to society and the environment for the organisation to grow steadily and sustainably.

Dr. Kittu Yongsanguanchai

Chairman of the Board of Directors

24 February 2020

## Board of Directors



**Dr. Kittti Yongsanguanchai**  
Chairman



**Assoc. Prof. Sarun Chookhiatti**  
Independent Director /  
Chairman of the Audit Committee /  
Chairman of the Risk Management Committee



**Mr. Atsadam Sresuphompan**  
Independent Director /  
Audit Committee



**Mr. Pongchai Kasemthavisak**  
Independent Director /  
Audit Committee / Chairman of the  
Nomination and Remuneration Committee



**Dr. Singhachai Boonyayotin**  
Independent Director /  
Audit Committee



**Mr. Nithat Yongsanguanchai**  
Director



**Mr. Nitipat Yongsanguanchai**  
Nomination and Remuneration Committee  
/ Risk Management Committee / CEO



**Mr. Nutchai Yongsanguanchai**  
Director / DCEO



**Mr. Attasit Mungmee**  
Director



Board of Directors  
Information

Age 59

Shareholding None

Appointed date  
7 April 2018

Experience

## Dr. Kittti Yongsanguanchai

### Education

- PhD in Environmental Studies at Valaya Alongkorn Rajabhat University Under The Royal Patronage
- Masters in Public Administration at National Institute of Development Administration (NIDA)

### Training Courses

- Capital Market Academy (27th Class)
- Office of Insurance Commission (9th Class / 2562)
- Director Accreditation Program - DAP (138th Class / 2017) Thai Institute of Directors Association (IOD)

### Training courses in the past year

- Office of Insurance Commission (9th Class / 2562)

### Listed Companies

- 2561 - Present Chairman of the Board Mitsub Leasing Public Co., Ltd.

### Limited Companies and other organizations

- 2553 - Present Committee of Kittinakorn Asset Co., Ltd.
- 2546 - Present Committee Dumrongchai Warehouse Co., Ltd.
- 2547 - Present Committee Dumrongchai Bangbor Palace Co., Ltd.
- 2557 - Present Committee DG Group Co., Ltd.
- 2535 - Present Committee D.C. Warehouse and Factory Co., Ltd.
- 2554 - Present Committee DCK Self Storage Co., Ltd.
- 2556 - Present Committee DCK Land Co., Ltd.
- 2558 - Present Committee Bangbor Mini Factory Co., Ltd.
- 2548 - Present Committee Kittanakorn Co., Ltd.
- 2556 - Present Committee Kittinakorn Garden Co., Ltd.
- 2558 - Present Committee Kittinakorn Place BangPla Co., Ltd.
- 2560 - Present Committee Kittinakorn Place BangPho Co., Ltd.
- 2554 - Present Committee Kittinakorn Real Estate Co., Ltd.
- 2558 - Present Committee Kittinakorn Villa Co., Ltd.
- 2552 - Present Committee Kittinakorn Housing Co., Ltd.
- 2549 - Present Committee Jitrawan Wellness Spa Co., Ltd.
- 2558 - Present Committee DG Assets Co., Ltd.
- 2551 - Present Committee Petrogas Co., Ltd.
- 2559 - Present Committee Ruam Toon Property Co., Ltd.
- 2551 - Present Committee MT Group Service Co., Ltd.
- 2557 - Present Committee Kittinakorn Village Co., Ltd.



Independent Director and  
Chairman of the  
Audit Committee

Age 50

Shareholding None

Appointed date  
1 February 2559

Experience

-

## Assoc Prof. Sarun Chookhiatti

### Education

- Masters of Science in Information Technology in Business at Chulalongkorn Business School
- Masters of Commerce & Accountancy at Thammasat University
- Bachelors of commerce at Chulalongkorn University

### Training Courses

- Director Accreditation Program - DAP (138th Class /2016) Thai Institute of Directors Association (IOD)

### Training courses in the past year

- None

### Listed Companies

- 2559 - Present Independent Director and Chairman of the Audit Committee Mitsib Leasing Public Co., Ltd.
- 2559 - Present Risk Management Committee Chairman Mitsib Leasing Public Co., Ltd.

### Limited Companies and other organizations

- 2538 - Present Professor of Commerce and Accounting at Chulalongkorn University
- 2546 - Present Committee AGILITAS Co., Ltd.



Independent Director and  
Audit Committee

Age 67

Shareholding None

Appointed date  
1 February 2559

Experience

## Mr. Atsadang Sresuphornpan

### Education

- Masters in Public Administration at National Institute of Development Administration (NIDA) Director Certification Program - DCP (149th Class/2011)
- Thai Institute of Directors Association (IOD)

### Training Courses

- Audit Committee Program - ACP (45th Class/2013)
- Thai Institute of Directors Association (IOD)
- Risk Management Company - RMP (3rd Class/2014)
- Thai Institute of Directors Association (IOD)

### Training courses in the past year

- None

### Listed Companies

- 2559 - Present Independent Director and Audit Committee Mitsub Leasing Public Co., Ltd.
- 2557 - 2561 Independent Director, Vice Chairman and Chairman of the Audit Committee JSP Property Public Co., Ltd.

### Limited Companies and other organizations

- 2557 - 2561 Committee JSP Property Public Co., Ltd.
- 2557 - 2561 Committee Sampeng 2 Plaza Co., Ltd.
- 2557 - 2561 Committee China Center Co., Ltd.
- 2557 - 2561 Committee J.S.P Property Management Co., Ltd.
- 2556 - 2557 Committee Islamic Bank of Thailand
- 2550 - 2557 Committee Playingcard Factory



Independent Director and  
Audit Committee

Age 64

Shareholding None

Appointed date  
1 February 2559

Experience

## Mr. Phongchai Kasemthavisak

### Education

- Masters Degree in Public Administration National Institute of Development Administration
- Bachelors of Law Ramkhamhaeng University

### Training Courses

- National Defense Course National Defense College (51st Class)
- PDI Course King Prajadhipok's Institute
- Director Accreditation Program - DAP (130th Class/2016) Thai Institute of Directors

### Training courses in the past year

- None

### Listed Companies

- 2559 - Present Independent Director and Chairman of the Nomination and Remuneration Committee Mitsib Leasing Public Co., Ltd.
- 2559 - Present Member of the Audit Committee Mitsib Leasing Public Co., Ltd.

### Limited Companies and other organizations

- 2562 - Present Director of Mitsib Sek Ngoen Co., Ltd.
- 2557 - 2558 Deputy Permanent Secretary, Ministry of Transport Thailand
- 2555 - 2557 Inspector General, Ministry of Transport Thailand
- 2554 - 2555 Deputy Director General at Department of Land Transport



Independent Director and  
Audit Committee

Age 60

Shareholding None

Appointed date  
2 April 2562

Experience

## Dr. Singhachai Boonyayotin

### Education

- PhD in Economics University of Innsbruck
- Master in Economics (Course in English) Thammasat University
- Bachelors of Economics Thammasat University

### Training Courses

- Director Accreditation Program - DAP (159th Class/2019) Thai Institute of Directors

### Training courses in the past year

- None

### Listed Companies

- 2562 - Present Independent Director and Audit Committee Mitsub. Leasing Public Co., Ltd.

### Limited Companies and other organizations

- 2562 - Present Committee Mitsub Pico Co., Ltd.
- 2559 - 2561 Senior Director at Bank of Thailand
- 2556 - 2558 Resident Advisor, IMF at Kenya East African Community (EAC)



Committee

Age 54

Shareholding 3.37%

Appointed date  
7 November 2546Experience  
-

## Mr. Nitat Yongsanguanchai

### Education

- Vocational Certificate of Education Kirik Institution

### Training Courses

- Director Accreditation Program - DAP (127th Class/2016) Thai Institute of Directors

### Training courses in the past year

- None

### Listed Companies

- 2546 - Present Committee Mitsib Leasing Public Co., Ltd.

### Limited Companies and other organizations

- 2562 - Present Committee Mitsib Sek Ngoen Co., Ltd.
- 2562 - Present Committee Mitsib Pico Co., Ltd.
- 2553 - Present Committee of Kittinakorn Asset Co., Ltd.
- 2546 - Present Committee Dumrongchai Warehouse Co., Ltd.
- 2547 - Present Committee Dumrongchai Bangbor Palace Co., Ltd.
- 2557 - Present Committee DC Group Co., Ltd.
- 2535 - Present Committee D.C. Warehouse and Factory Co., Ltd.
- 2554 - Present Committee DCK Self Storage Co., Ltd.
- 2556 - Present Committee DCK Land Co., Ltd.
- 2558 - Present Committee Bangbore Mini Factory Co., Ltd.
- 2548 - Present Committee Kittanakorn Co., Ltd.
- 2556 - Present Committee Kittinakorn Garden Co., Ltd.
- 2558 - Present Committee Kittinakorn Place BangPla Co., Ltd.
- 2554 - Present Committee Kittinakorn Real Estate Co., Ltd.
- 2558 - Present Committee Kittinakorn Villa Co., Ltd.
- 2549 - Present Committee Jittrawan Wellness Spa Co., Ltd.
- 2554 - Present Committee Kittinakorn Development Co., Ltd.
- 2554 - Present Committee Kittinakorn Builder Co., Ltd.
- 2551 - Present Committee Kittinakorn Property Co., Ltd.
- 2552 - Present Committee Kittinakorn Housing Co., Ltd.
- 2559 - Present Committee DC Goldshop Co., Ltd.
- 2536 - Present Committee Damrongchai Safe and Steel Furniture Co., Ltd.
- 2542 - Present Committee Damrongchai Bangpli Place Co., Ltd.
- 2532 - Present Committee Damrongchai Palace Co., Ltd.
- 2543 - Present Committee Damrongchai Palace Inn Co., Ltd.
- 2548 - Present Committee D.C. Petrogas Co., Ltd.
- 2524 - Present Committee Tee din tong Co., Ltd.
- 2551 - Present Committee Committee Paan Pho Petrogas Co., Ltd.
- 2546 - Present Committee Prakam Cable TV Co., Ltd.



Committee

Age 48

Shareholding 6%

Appointed date  
7 November 2546

Experience

-

## Mr. Nitipat Yongsanguanchai

### Education

- M.B.A. Schiller International University
- Bachelors in Marketing Schiller International University

### Training Courses

- Director Accreditation Program - DAP (127th Class/2016) Thai Institute of Directors

### Training courses in the past year

- None

### Listed Companies

- 2546 - Present Chief Executive Officer Mitsub Leasing Public Co., Ltd.
- 2559 - Present Nomination and Remuneration Committee Mitsub Leasing Public Co., Ltd.
- 2546 - Present Executive Chairman Mitsub Leasing Public Co., Ltd.

### Limited Companies and other organizations

- 2562 - Present Committee Mitsub Sek Ngoen Co., Ltd.
- 2562 - Present Committee Mitsub Pico Co., Ltd.
- 2555 - Present Committee Chaisiri Vejaphan Co., Ltd.
- 2549 - Present Committee King-Keaw Petrogas Co., Ltd.
- 2548 - Present Committee DCK Thepharas Petrogas Co., Ltd.
- 2551 - Present Committee Bang wua Service Co., Ltd.
- 2544 - Present Committee Sawadsiri Co., Ltd.
- 2551 - Present Committee N.E.E Co., Ltd.



Board of Directors  
Information

Age 31

Shareholding 1.84%

Appointed date  
1 February 2559

Experience

-

## Mr. Nutchai Yongsanguanchai

### Education

- Masters in Pain Science University King's College London
- Masters in Pharmacognosy University College London
- Bachelors in Physiology and Pharmacology University College London

### Training Courses

- Director Accreditation Program - DAP (130th Class/2016) Thai Institute of Directors

### Training courses in the past year

- None

### Listed Companies

- 2559 - Present Committee, Deputy Chief Executive Officer Mitsib Leasing Public Co., Ltd.
- 2559 - Present Executive Committee Mitsib Leasing Public Co., Ltd.

### Limited Companies and other organizations

- 2562 - Present Committee Mitsib Sek Ngoen Co., Ltd.
- 2562 - Present Committee Mitsib Pico Co., Ltd.
- 2553 - Present Committee of Kittinakorn AssetCo., Ltd.
- 2546 - Present Committee Dumrongchai WarehouseCo., Ltd.
- 2547 - Present Committee Dumrongchai Bangbor Palace Co., Ltd.
- 2557 - Present Committee DC Group Co., Ltd.
- 2554 - Present Committee DCK Self Storage Co., Ltd.
- 2556 - Present Committee DCK Land Co., Ltd.
- 2558 - Present Committee Bangbore Mini Factory Co., Ltd.
- 2555 - Present Committee DCK Industrial Co., Ltd.
- 2558 - Present Committee Gower Intertrade Co., Ltd.
- 2560 - Present Committee AppTaxi Co., Ltd.
- 2559 - Present Committee Food Peers Co., Ltd.



Committee

Age 39

Shareholding 1.87%

Appointed date  
15 August 2560

Experience

## Mr. Attasit Mungmee

### Education

- Bachelors in Political Science Thammasat University

### Training Courses

- Director Accreditation Program - DAP (138th Class/2017) Thai Institute of Directors

### Training courses in the past year

- None

### Listed Companies

- 2560 - Present Committee Mitsub. Leasing Public Co., Ltd.  
- 2545 - 2546 Training Officer Double A (1991) Co., Ltd.

### Limited Companies and other organizations

- 2547 - Present Managing Director in On At Co., Ltd.

## Executive Information



Mr. Nitiphat Yongsanguanchai  
Chief Executive Officer

### Shareholding

6%

### Education

- M.B.A. Schiller International University
- Bachelors in Marketing Schiller International University

### Experience

- 2546 - Present Chief Executive Officer  
Mitsib Leasing Public Co., Ltd.
- 2559 - Present Nomination and Remuneration  
Committee Mitsib Leasing Public Co., Ltd.
- 2546 - Present Executive Chairman  
Mitsib Leasing Public Co., Ltd.
- 2562 - Present Committee Mitsib Sek Ngoen Co., Ltd.
- 2562 - Present Committee Mitsib Pico Co., Ltd.



Mr. Nutchua Yongsanguanchai  
Deputy Chief Executive Officer

### Shareholding

1.84%

### Education

- Masters Pain Science University King's College London
- Masters in Pharmacognosy University College London
- Bachelors in Physiology and Pharmacology University  
College London

### Experience

- 2559 - Present Committee, Deputy Chief Executive Officer  
Mitsib Leasing Public Co., Ltd.
- 2559 - Present Executive Committee  
Mitsib Leasing Public Co., Ltd.
- 2562 - Present Committee Mitsib Sek Ngoen Co., Ltd.
- 2562 - Present Committee Mitsib Pico Co., Ltd.





Mr. Prapod Jidtrong  
Chief Financial Officer

#### Shareholding

None

#### Education

- Masters in Finance and Banking Ramkhamhaeng University
- Bachelors Degree in Finance, Khon Kaen University

#### Experience

- 2562 - Present Executive Committee Mitsib Leasing Public Co.,Ltd.
- 2562 - Present Chief Financial Officer Mitsib Leasing Public Co.,Ltd.



Mr. Worakit Siramethadet  
Chief Support Officer

#### Shareholding

None

#### Education

- Bachelors of Humanities, Majoring in English, Ramkhamhaeng University

#### Experience

- 2562 - Present Executive Committee Mitsib Leasing Public Co.,Ltd.
- 2562 - Present Chief Support Officer Mitsib Leasing Public Co.,Ltd.





Miss. Tanyapron Jantree  
Chief Operating Officer

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#### Shareholding

None

#### Education

- Bachelors of Humanities, Majoring in English,  
Ramkhamhaeng University

#### Experience

- 2562 - Present    Executive Committee Mitsib Leasing Public Co.,Ltd.
- 2562 - Present    Chief Operating Officer Mitsib Leasing Public Co.,Ltd.





## Report from the Chairman of the Audit Committee

Dear Shareholders,

The Audit Committee of Mitsub Leasing Public Company Limited consists of 3 independent directors who are experts and have experience in finance, accounting, and management with Associate Professor Sarun Chookhiatti as Chairman of the Audit Committee, Mr. Atsadang Sresuphornpan, and Mr. Pongchai Kasemthavisak being an audit committee and Miss Warunee Nonthasri as the Secretary of the Audit Committee. In which all of the committee members are not responsible for the management or an employee of the company.

The audit committee performed their duties independently and responsively as assigned by the Board of Directors which is in line with the Stock Exchange of Thailand's regulations; namely to review the financial statements, the internal control systems and the accounting transactions with related parties. In 2019, there were a total of 5 meetings in which the committee attended the meeting in unison every time. Discussing and exchanging opinions with the Accounting Department, Certified Public Accountants, and the Internal Auditors in matters related to ensuring that the company has an accurate and sufficient financial report, and have reported the results of every meeting to the Board of Directors for approval. In the year 2019, the Audit Committee conducted a self-assessment, the evaluation results of the performance of the entire Audit Committee were excellent.

The Audit Committee reviewed the company's quarterly financial statements and the financial statements for the year 2019 ending on 31st December 2019, and the consolidated financial statements by having meetings with the auditor every time to check the accuracy and completeness of the financial statements, the sufficiency in information disclosure and the effect on the financial statements from applying new accounting standards. To ensure that the preparation of financial statements are per legal requirements and generally accepted accounting standards. According to the report and opinion of the auditor, there was sufficient and timely disclosure of information that complies with the regulations of the Stock Exchange of Thailand.

The Audit Committee has reviewed to comply with the laws and regulations of the Stock Exchange of Thailand and other relevant agencies. The Audit Committee's ruled that no significant issues were found regarding non-compliance with the laws and regulations of the Stock Exchange of Thailand and other relevant agencies.

For internal control systems the Audit Committee has reviewed the internal and external auditing results for the quarter and year along with giving advice and follow up on corrective actions on significant issues for good corporate governance and sufficient internal control. Also, the Audit Committee has approved the internal audit plan by reviewing the accounting transactions with related parties or transactions that may have conflicts of interest and is of the opinion that the information has been disclosed in the financial statements and notes to financial statements.

As for the consideration to appoint an auditor for the year 2020, the Audit Committee has agreed to propose to the Board of Directors and the AGM 2020 to appoint KPMG Phoomchai Audit Ltd. with Miss Pantip Gulsantithamrong Certified Public Accountant no. 4208; or Miss Aorapin Sinthawornikul Certified Public Accountant no. 9441; or Ms. Orawan Chotiwiwiyakul Certified Public Accountant No. 10566; or Miss Thitima Pongchaiyong Certified Public Accountant No. 10728 as the auditors at the audit fee of 3,000,000 Baht. And in the case of the above certified public accountant unable to work allow KPMG Phoomchai Audit Ltd. to find other certified auditors of KPMG Phoomchai Audit Ltd. to perform the work on their behalf.

In summary, the Audit Committee performed its duties as assigned by the board of directors with independence in reviewing financial statements and internal controls that are sufficient and appropriate and reviewing transactions with related parties including adequate disclosure of information according to the law and related regulations.

Assoc. Prof. Sarun Chookhiatti  
Chairman of the Audit Committee

24 February 2020

## Report of the Board of Directors' Responsibilities for Financial Reporting

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The Board of Directors is aware of the obligations and responsibilities in the preparation of the financial statements of the Company and its subsidiaries so that financial information is accurate, complete and sufficient. The said financial statements are prepared per generally accepted accounting standards and audited by a certified auditor approved by the Office of the Securities and Exchange Commission by using appropriate accounting policies. Important information has been disclosed sufficiently in the notes to the financial statements and there is no material misstatement. That there is a complete disclosure of related party transactions or transactions that may cause conflict of interest, and have appropriate and sufficient internal control systems.

The Board of Directors has assigned the Audit Committee to review financial reports and internal control systems. Proposal to appoint the auditor and audit fees, as well as the opinion of the Audit Committee, was regularly reported to the Board of Directors, thus ensuring that the preparation of the financial information is accurate and complete. The committee believes that the overall level of internal control of the company is satisfactory and can provide reasonable assurance that the financial statements of the company and its subsidiaries for the year ended 31 December 2019, is reliable and is under the generally accepted accounting principles, and performed correctly under the relevant laws and regulations.



**Dr. Kitti Yongsanguanchai**

Chairman of the Board of Directors



**Mr. Nitipat Yongsanguanchai**

Chief Executive Officer



## Policy and Business Overview

**Vision** : Is a fully integrated Thai taxi business developer, aimed to be a leader in providing services and promoting the career of taxi drivers to be stable and sustainable in order to reach international standards.

**Mission** : Is the center for taxi distribution and taxi loans, including the provision of commercial vehicle loans and other types of loans that are effective by providing services in the form of "One-stop service" in both Bangkok and its outskirts area, including major cities in other provinces.

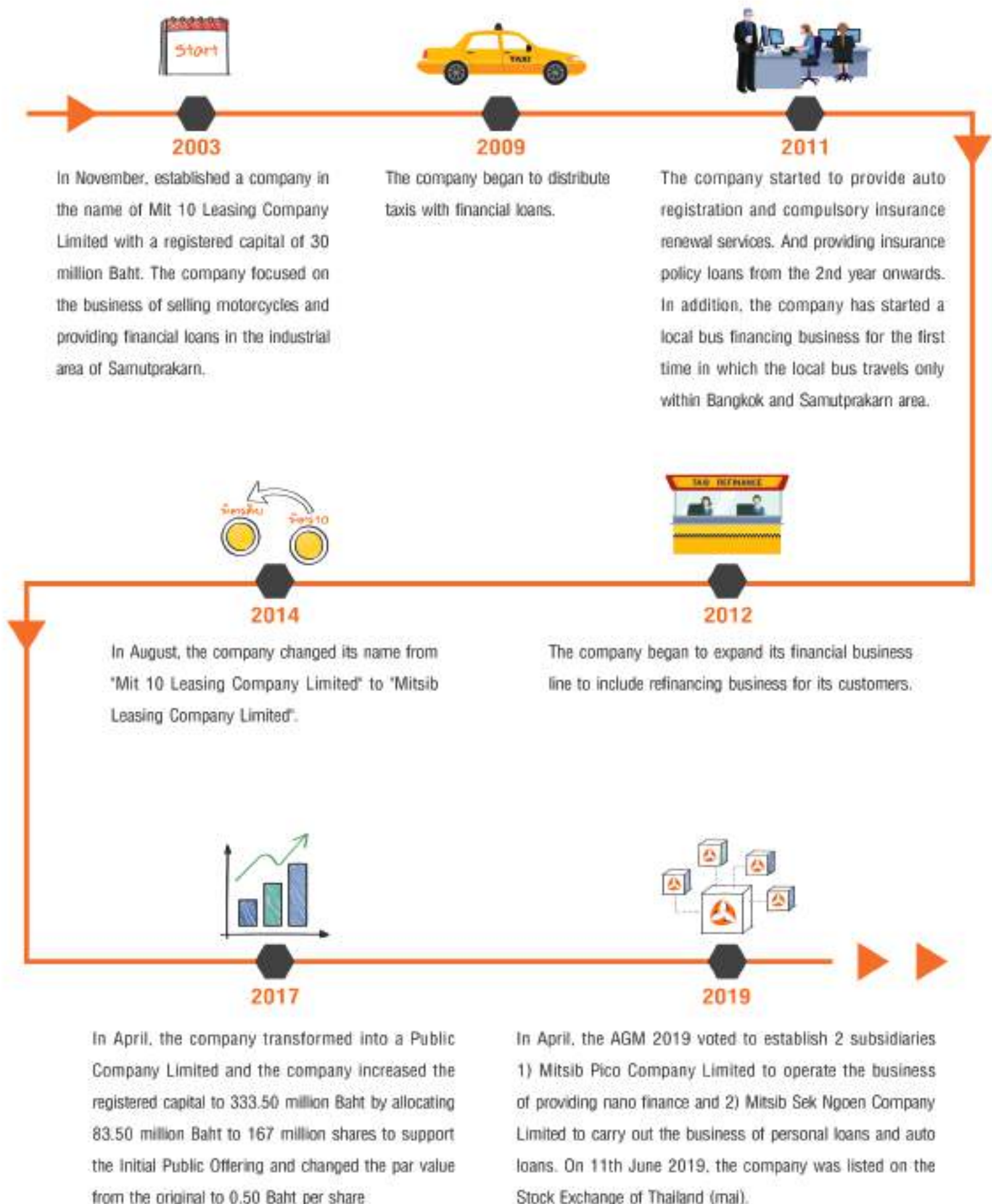
: Being a company with a transparent management system by adhering to the "good corporate governance" principle to the people within the company stakeholders, government agencies and external partner organisations.

## Corporate Core Values

Core values are the core of the company's operations in which the employees in the organisation adhere to and practice in the workplace is "MITSIB" working principle which has the following meanings:



- M** : Morality (Adherence to morality)
- I** : Integrity (Honest, no-corruption)
- T** : Teamwork (Teamwork)
- S** : Service mind (Service mind)
- I** : Identity (Maintain a good identity)
- B** : Best (Do the best)



## The Shareholding Structure and Operations of the Company and Subsidiaries



## Nature of Business

The Group consists of Mitsub Leasing Public Company Limited and its subsidiaries companies, Mitsub Sek Ngoen Company Limited, Mitsub Pico Company Limited and its joint venture, App Taxi Company Limited. The business operates mainly on selling and giving financial leases on all types of public cars.

### Marketing and Competition

#### 1. Customer Characteristics and Target Customers

The company's target groups can be divided into groups as follows:

- > Private individuals who are taxi drivers accounting for more than 95 percent of all customers.
- > Fleet customers who rent out their taxi fleet.
- > Individuals or companies that operate bus businesses.
- > Individual or companies that operate truck businesses.
- > Individuals or companies operating businesses that have employment or service agreements which need short-term funds to increase their business liquidity.

#### 2. Competitive Strategy

##### Product Strategy

The company emphasises on providing fast and convenient services with a waiver of credit bureau checks. Set a short approval period and other additional services with a complete one stop service, including fast and easy after-sales services.



##### Interest Rate and Service Policy

The company determines the interest rate strategy by considering factors such as financial costs, target group credit or service characteristics. Moreover, the company also compares the interest rates of the company with other competitors on a regular basis.

##### Marketing

1. Focus on online marketing.
2. Marketing directly to the target group.
3. Creating an image in response to the needs of taxi driver.
4. Working with 3 other partners to develop a Taxi hailing application.
5. Set promotional items that are more outstanding than our competitors.
6. Continuous branch expansion to reach more target customers.
7. Adding new taxi product such as VIP taxis in order to create product variety for the company.
8. Increase diversity in our hire purchase products line-up.
9. Build a good relationship with the car rent taxi operators in order to maintain the standard of fast and effective service.



### 3. Industry Trends

#### Taxi Industry

Data from the Department of Land Transport revealing statistics for new car registration throughout the country as of 2019, Thailand has registered under the Automobile Act of 252BE, where registered under for hire vehicles with no more than 7 passengers (taxi) has a total of 65,003 vehicles. 2013 - April 2019, Thailand has the registration rate for Urban Taxi no more than 7 passengers as follows.

Unit: Number of Car							
Year	2013	2014	2015	2016	2017	2018	2019
Hire car, carrying passengers not over 7 people (taxi)	11,834	8,106	9,855	8,351	8,567	14,532	7,785

Source: Transport Statistics Group, Planning Division, Department of Land Transport

From the above table shows that in the year 2019, the registration rate for 7-seater taxis decreased significantly due to the delay in the decision to buy a car whilst waiting for clarity of regulatory policy regarding the legality of ride hailing applications as well as car manufacturers were likely to change the model of the car at the end of the year 2019.

As for the competition in the taxi hire purchase business in 2020, it is expected that there will be more intense competition from new entrepreneurs with new innovations. Causing those in the business to adjust both in terms of innovation and price. Ride hailing application may be an important boost in helping to increase the sales of taxi hire-purchase because those who want to join the said ride hailing application must have a taxi, which in turn can be of benefit to the company to sell more taxis.

#### Logistics Industry

Truck Types	Accumulated Nationwide				
	2015	2016	2017	2018	2019
Non Public	259,084	274,151	293,167	315,789	339,124
Private Individuals	771,662	781,566	796,454	806,268	810,544
Total	1,030,746	1,055,717	1,089,621	1,122,057	1,149,668

From the table, it can be seen that in the last 3 years, the registration of trucks has increased every year. The company foresees the opportunity, and therefore the company began to market the truck hire-purchase business.

## Bus Industry

The bus industry is still likely to grow in certain areas in Bangkok, such as the addition of skytrain on the Srinakarin Road in the future, will be a factor that will promote the bus business rather than directly competing, because the skytrain has stations that stops at intervals but will not reach into small Roads and alleys. Therefore this may cause the skytrain users to continue their last-mile travel using a local bus which is a cheaper alternative than using a motorcycle taxi or a rickshaw to travel. In the past the local bus concession has not been approved for a new route for a while, causing the demand for local buses to replace old ones or to increase the number of vehicles on that route.

At present, the Company provides hire-purchase services for local buses (Song Thaew) specifically for the customers of Si Sawat Bus Co., Ltd., with the total amount of hire purchase loans equal to 100 percent of this type of hire purchase contract of the company. Since 2017, the company has been aggressively marketing by directly approaching the target customers. In the past, most of these target customers still encounter problems regarding easy access to funding, therefore this is a good opportunity for the company to penetrate into this credit market.

## Competition

The Bank of Thailand has set up a plan to develop financial institutions and allows commercial banks to provide services in the hire purchase and leasing businesses, as well as having a lot of liquidity in the financial system. Causing the competition in the hire purchase and leasing business of financial institutions to intensify, which may affect pricing and services by using low interest rates and low-down payments as a competitive strategy in order to obtain sales and market share. However, the company focuses on providing financial services only for taxi meters, which is a niche customer group. Currently, the competition is not as intense as car and motorcycle hire purchase loans, while lenders, financial institutions and companies with a large capital base currently do not have a policy to market to these taxi customers. Therefore, the competition at present is limited to a group of operators that are similar in nature to our company, of which there are only a few.

As for the market for non-credit checking Credit Bureaus taxi hire purchase also have higher competition, as it has better returns on interest rates than that which undergoes credit checks. Taxi customers many of whom tend to fail to meet the credit bureau's review criteria but are willing to hire-purchase a taxi results in competitors with high capital to try to compete in this market, such as car dealers who lends after credit checking, and other who lends without checking credit bureau such as KSJ Leasing Co. Ltd., which is a subsidiary of K Motor Co. Ltd.. There are also companies such as Thai Ace Leasing Company Limited which is a subsidiary of Thai Ace Group who are our direct competitors and other companies such as Meena Leasing Company Limited.



For the truck hire purchase business, in addition to the market for new truck registration there is still a market for different types of credit check which is similar to that of the taxi market. Meaning that there are different products designed for hire purchase with and without credit bureau checks.

In addition to land transportation by truck there are also alternative transportation options that are the choice of transportation users, including rail transport. Ship transport which takes longer to transport than by truck but may be cheaper. In addition, Thailand is expanding the construction of the railway to a double rail system, which will make the transportation of goods by rail more convenient and faster. This may make truck transportation popular. However, both boat transportation and the railRoad has its limitations, as it is not accessible everywhere. As a result, the need for trucks to distribute goods to destinations remains necessary. Moreover, the expansion of railway lines may lead to more logistic distribution, which may be of synergy for the transportation system. In summary, trucks are increasingly in demand as the economy is expanding.

As for the bus hire purchase business that is currently a product of the company. The company tend to choose to find customers for this hire purchase contract in the area of Samutprakarn and nearby areas. Currently there are no competitors of similar size such as companies that operate in the same business model without checking the customer's credit details. As for large companies that provide loans to buses, there are many groups, such as Krung Thai Auto Lease Company Limited, and Asia Sermkij Leasing Public Company Limited who do their own credit business or even automobile manufacturing companies like Toyota Leasing Company Limited, automobile dealer affiliates like KSJ Leasing Company Limited, also have credit financing businesses.

## Risk Factors

The company's risk factors can be summarized as follows

### Business Operation Risks

- ▶ **Risk from competition in the taxi hire purchase industry.** Currently, there are many taxi hire purchase business operators and there is high competition. Especially for loans without credit check similar to the company's current product line. There are many competing companies that offer taxi hire purchase services without considering credit checks. In addition, some taxi vendors have expanded their business to provide taxi loans themselves. Resulting in many companies competing in price, quality, and service. However, the company has measures to regularly survey the market. To continuously develop the sales and service strategies of the company such as acknowledging the business conditions of the industry, adjustment of promotions that are better or comparable to competitors in order to continuously increase sales capability.
- ▶ **Credit risk quality and not checking credit bureaus.** The company runs financial loans and hire purchase business with self-employed customers with uncertain incomes, causing some customers to default and have bad debt resulting in financial losses to the company. However, the company has given importance to the consideration of customers and has strict measures in the credit approval process. By using the hire purchase credit analysis system based on the Credit Scoring Model as an important criterion for loan approval. As well as having a system to monitor the loan payment closely. In addition to an effective reporting system, this makes it possible to report the status of the debtor at any time which allows the company to prevent such risks to some extent.

- ▶ **Risk of not being able to reposes the collateral.** The assets that the company provides hire-purchase are assets that can be easily moved, this may cause the risk of operating this business which may cause the company to not be able to track and reposes the taxi back. However, the company has installed GPS device on all of the hire purchased vehicles with the company. Making it possible to track the vehicle at any time if there is a default event leading to vehicle repossession.
- ▶ **Risk from the sale of the seized property.** The company is at risk of not being able to cover the initial cost of the vehicle after resale if that reposed vehicle was default and had no or few instalment payments towards the hire purchase contract. Although the reposed vehicles are in good condition the selling price will be lower compared to the price of new vehicles, red number plates or second-hand cars that were bought at the beginning. However, the company has guidelines to improve the value of the down payment in order to strengthen the policy to be suitable for customers. At various levels in order to reduce the effect of loss of property value due to the depreciation of car price according to the usage life time. In addition, the company has increased the number of debt call and collection employees to contact and follow up with customers more closely.
- ▶ **The risk of customers paying instalments but not yet transferring ownership (yellow cars).** The company has a contract in which the customers have paid instalments completely and fulfilled their hire purchase contract but have not yet transferred the ownership and have not entered into agreements with the company. The company may have to bear the risk of third-party loss or may be liable for the damages incurred. However, the company has determined that customers who wish to use corporate taxi loans (yellow taxis) must enter into a contract to use the company name as soon as the vehicle is released from the company. In addition, the company requires the registration staff to contact customers in every way both by phone and by registered mail. If unable to contact the customer, the management has set up a registration officer to contact the Department of Land Transportation staff to proceed with the suspension of the said taxi license plate.
- ▶ **The risk of employee fraud in loan approval.** In the case that the applicant is an acquaintance with a company employee there may be situations in which that employee makes a false assessment allowing the applicant to get a higher score in the Credit Scoring Model. The company hedged such risk by requiring employees involved with the loan applicant to not have the right to participate in the consideration of such loan cases. This will make the consideration of credit loans free from incidents which can lead to fraud. In addition, the company has a Credit Scoring Model system that is considered by two independent parties, namely Sales and Marketing Department and Operations Department to prevent conflicts of interest in the credit review process.



- ▶ **The risk of fraud in financial transactions.** Due to the large number of financial transactions the company makes resulting in the possibility of embezzling money from the system or performing various forms of fraud. The company has a strict inspection system to prevent such incidents. Through the establishment of a policy, a system for checking and reviewing operations between the Financial Department and the Accounting Department, which requires approval according to the procedures in the operating manual. Resulting in the work of both parties being inspected and reviewed by each other always.
- ▶ **Risk from keeping data and important documents.** The company has collected many customer data over a long period. Which is considered an important asset of the company. Therefore, improper storage or data leakage may cause loss to the business of the company. However, the company uses the ERP system to collect various data. There is also a policy on access to systems and security of information systems that can ensure that important information of the company will be kept safe.
- ▶ **Risk from government control and supervision.** At present, the hire purchase non-bank lending business is under the Office of the Consumer Protection Board (OCPB) only. However, in the future, the government may consider supervising the hire purchase business to control the operations to be the same standard throughout the industry. However, the company is confident that the government regulations in the future will not have a significant impact on the company's operations. Due to the standardised working system of the company.
- ▶ **Risks and impacts of the government's public assistance program.** The company is at risk that the government project will affect the company. Such as loans with a lower interest rates for customers in comparison to our company's which may cause fewer new customers, such as the Hug Taxi project with a budget of 10 billion Baht. Which is expected to affect the company in the short term only due to the conditions that the Hug Taxi project requires customers to pass all credit rating information checks (NCB), as well as the condition that participants must have a type 2 public license for at least 3 years, which may be difficult for most new customers to the taxi industry.
- ▶ **Risks from conducting nano finance and auto loans.** The company established Mitsib Pico Company Limited, a subsidiary company with a registered capital of 10 million Baht to provide loans for Nano Finance and Mitsib Sek Ngoen Company Limited, a subsidiary with a registered capital of 50 million Baht to provide auto loan service. Both companies are new businesses that the company has not yet operated in this field of business. Therefore, there is a risk that the result of operations for both businesses may not meet the specified business plan. Which may affect the company's operating results.

## Financial risk

- ▶ **Risk from interest rate increase.** The company has loans from various financial institutions to support the business expansion. As of the end of 2019, the company has short-term loans from financial institutions in the amount of 362.25 million Baht while long-term loans are 162.88 million Baht or is a debt to equity ratio of 0.84 times, showing the increased financial burden of business expansion and may affect the company's operations. However, the company has considered the total cost of procuring vehicles, including financial costs before determining the value of the hire purchase contract to reduce such risk, in order to compare the suitability of the interest rates with the total value of the loan contract. In addition, the company has a policy to acquire additional funds from raising equity by offering additional shares for sale to the public to reduce debt and risk of interest rate fluctuations as well.
- ▶ **The risk of using short-term loans to do business in the long-term.** The company has borrowed from several short-term promissory notes (P / N), most of which will expire around September to October 2019, which is a risk to the business in the event that it is not possible to open a new P/N to roll-over which will cause the company to default. Debt which may affect and cause the company to lack liquidity. Therefore, the company's growth may be disrupted as a result of business damage. In addition, the company uses money from short-term loans to fund taxi loans that are the company's core business, which is providing long-term loans under the hire purchase contract. The company uses short-term loans of this nature because sometimes the company does not need to use working capital during certain periods, so by doing so the company does not have to bear the burden of the interests incurred from a long-term fixed term loan. Therefore, the company can save interest expenses incurred from long-term loans. Nevertheless, if there is a lack of liquidity from the above events it may cause negative effects to the business because the company may not have enough cash to return the said short-term loan.

To control this risk, the company has a medium to long-term plan to support the cash flow, such as making a master contract that ensures the company can open a new P/N to repay that of the expiring P/N (roll over) in the future, such as contracts from Siam Commercial Bank with a contract length of 7 years. The company also have policies on limiting the amount of personal loans and guarantees from private individuals and to mainly focus on loans from financial institutions. However, if there is an urgent need for cash flow and the financial institution that the company requests for loans cannot accommodate such loan or is in the period of loan approval. The company will ask for help from related parties. The company has set a policy to borrow money from related parties of not more than 25 million Baht for each period and with the interest rate not exceed 1 year fixed deposit rate plus 1.00%, which is the same interest rate terms that the company is using for the loan which has been guarantee by director's cash, with the duration of the loan is not more than 3 months since it is working capital. The company will start operating this policy after the company is listed on the stock exchange with the amount of 25 million Baht. The company expects that it will be sufficient for its operation in accordance with the company's Finished Goods policy for taxi. Whereby the company will maintain a safety stock of new FG taxis at 10 vehicles at any given time, meaning the company will have to prepare about 8-9 million Baht for vehicle cost, and another 2-3 million Baht for production of the vehicles into a finished taxi, so in total the company

will have to prepare about 10-12 million Baht, the rest will be used for working capital and as collateral against the assets related parties have put up as loan collateral for the financial institutions on behalf of the company. The management has asked each individual about their willingness to put up these collaterals, and have ascertained that each individual will still provide assistance to the company without charge until the company is able to complete the loan repayment. After that, the company will release the guarantee burden and return the assets as collateral to shareholders.

- ▶ **Risk from relying on major shareholders to guarantee loans from financial institutions.** The company's source of fund is mainly from financial institution's loan. Leading to the need to have a guarantor of the said loan; currently, the company have major shareholders to guarantees for said loans. Therefore, the company is at risk of lacking financial liquidity and the increased interest burden if the guarantor revokes the guarantee. However, the company has confirmed with the existing major shareholders who's provided the collateral that they shall continue to provide support for the company without any compensation, except when the loan has been fully repaid. In addition, the company has received funds from issuing new shares for this public offering that will be paid towards the current debt, allowing the company to request a lower interest rate from the financial institution in the future.

#### Management risk

- ▶ **The risk from relying on key executive personnel.** The key executives of the company have high experience and a good reputation in the business community that has created credibility, confidence, and good relations with employees, partners, business alliances and the company's customers for a long time. Therefore, in case that there is a change in the key executive personnel, the company may be exposed to risk from business operations. However, the company is aware of the risks that may occur and determines the ways to reduce the risks by clearly specifying the scope of authority, responsibility, and approval in each position and department. By having administrative decentralization and systematically managing through the approval process, thus reducing the dependence on any one particular employee. The company has the policy to recruit skilled and capable personnel to work with the company in accordance with the business plan.



## Locations

### Head Offices and Branches as of 31 December 2019



#### Mitsib Leasing Public Company Limited

##### 1. Head Office

895-6, Moo.5, Srinakarin Road, Samrong Nue,  
Muang Samutprakarn, Samutprakarn, 10270

##### 2. Samutprakarn Branch

434/1, Moo.5, Srinakarin Road, Samrong Nue,  
Muang Samutprakarn, Samutprakarn, 10270

##### 3. Bangkok Branch

313, Suksawat Road, Rat Burana,  
Bangkok, 10140

##### 4. Bangkok Branch

290, Ramintra Road, Tha Raeng, Bang Khen,  
Bangkok, 10220

##### 5. Bangkok Branch

439-439/1, Khwaeng Klong Bang Bon, Bang Bon,  
Bangkok, 10150

##### 6. Provincial Branch

5/67-68, Moo. 8, Petchkasem Road, Om Yai,  
Sam Phran District, Nakhon Pathom, 73110



#### Mitsib Sek Ngoen Limited Company

##### 1. Head Office

895-6, Moo.5, Srinakarin Road, Samrong Nue,  
Muang Samutprakarn, Samutprakarn, 10270

##### 2. Bangkok Branch

313, Suksawat Road, Rat Burana,  
Bangkok, 10140

##### 3. Bangkok Branch

290, Ramintra Road, Tha Raeng, Bang Khen,  
Bangkok, 10220

##### 4. Bangkok Branch

439-439/1, Khwaeng Klong Bang Bon, Bang Bon,  
Bangkok, 10150

##### 5. Provincial Branch

5/67-68, Moo. 8, Petchkasem Road, Om Yai,  
Sam Phran District, Nakhon Pathom, 73110



#### Mitsib Pico Limited Company

##### Head Office

895-6, Moo.5, Srinakarin Road, Samrong Nue,  
Muang Samutprakarn, Samutprakarn, 10270



## General and Important Information

### Company Information

Company Information	:	Mitsib Leasing Public Company Limited
Location	:	Head Office 895-6, Moo.5, Srinakarin Road, Samrong Nue, Muang Samutprakarn, Samutprakarn, 10270 Telephone 0 2743 8787 Fax 0 2743 8783
Website	:	<a href="http://www.mitsibleasing.com">www.mitsibleasing.com</a>
Type of business	:	Sale and financial services for the hire purchase loans of taxis and other commercial vehicles.
Company registration number	:	Registration Number 0107650000168
Total number and type of shares sold	:	Ordinary shares 667,000,000 shares

### Company Information that the company hold shares greater than 10 percent

1. Company Name	:	AppTaxi Limited Company
Location	:	Head Office 327, Phatthanakan Road Prawet, Prawet, Bangkok 10250 Telephone 02 044 5151
Type of business	:	Taxi ride hailing service application
Total number and type of shares sold	:	Ordinary shares 1,690,000 share
2. Company Name	:	Mitsib Sek Ngoen Limited Company
Location	:	Head Office 895-6, Moo.5, Srinakarin Road, Samrong Nue, Muang Samutprakarn, Samutprakarn, 10270 Telephone 0 2743 8787 Fax 0 2743 8783
Type of business	:	Personal loan business
Total number and type of shares sold	:	Ordinary shares 500,000 shares

<b>3. Company Name</b>	:	Mitsib Pico Limited Company
Location	:	Head Office 895-6, Moo.5, Srinakarin Road, Samrong Nue, Muang Samutprakarn, Samutprakarn, 10270 Telephone 0 2743 8787 Fax 0 2743 8783
Type of business	:	Retail loan business
Total number and type of shares sold	:	Ordinary shares 100,000 shares

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## Reference

<b>Registrar of Securities</b>	:	Thailand Securities Depository Co., Ltd.
Location	:	93 The Stock Exchange of Thailand Building, Ratchadaphisek Road, Din Daeng, Bangkok, 10400 Telephone 0 2009 9000 Fax 0 2009 9991 KPMG Phoomchai Audit Ltd.
<b>Auditor</b>	:	Mr. Chokechai Ngamwutikul Certified Public Accountant No. 9728 or Miss. Aorapin Sinthawornkul Certified Public Accountant No. 9441 or Miss. Orawan Chotiwiwiyakul Certified Public Accountant No. 10566 or Miss Thitima Pongchaiyong Certified Public Accountant No.10728
Location	:	1, Empire Tower, South Sathon Road, Yan Nawa, Sathon, Bangkok, 10120



## Share Holders

List of Major Shareholders on 27th December 2019

Major Shareholders	Number of shares (share)	Shareholding proportion (%)
1. Mr. Dumrong Yongsanguanchai	45,000,000	6.74
2. Mr. Nitipat Yongsanguanchai	40,117,000	6.00
- Mr. Nitipat Yongsanguanchai	28,267,000	4.23
- Miss. Sayamon Apikittanapol	11,850,000	1.77
3. Mr. Charin Yongsanguachai	22,500,000	3.37
4. Mr. Nipon Yongsanguanchai	22,500,000	3.37
5. Mr. Nitat Yongsanguanchai	22,500,000	3.37
6. Mr. Nirun Yongsanguanchai	22,500,000	3.37
7. Miss. Siriporn Yongsanguanchai	22,500,000	3.37
8. Miss. Siripen Yongsanguanchai	22,500,000	3.37
9. Miss. Chunya Chaowanasrongtum	22,500,000	3.37
10. Mrs. Nampung Pisithkul	21,850,000	3.27

Source : Major shareholders report as of 27th December 2019. By Thailand Securities  
Depository Company Limited.



## Dividend Policy

Mitsub. Leasing Public Company Limited has the policy to pay dividends of no less than 40% of net profit according to separate financial statements after taxes and legal reserves and other reserves (if any). However, the dividend payment may be changed depending on the results of business operations, financial statements, liquidity, the need for working capital investment, future investment plans and business expansion, market conditions, suitability and other factors related to the operations and administration of the company. Under the condition that the company has to have enough cash for business operations and the aforementioned action must bring maximum benefit to shareholders.

### Compare dividend information

Year	2018	2017	2016
Net profit margin per share	0.11	0.08	0.12
Dividend payment rate to net profit (%)	NA	153.85	120.44

## Management Structure



### 1. Board of Directors

#### Composition of the Board of Directors

1. Board of Directors consists of independent directors no less than 1 in 3 of all directors (But no less than 3 people) Currently, the Board of Directors consists of 9 members consisting of 3 independent directors.
2. In every AGM, 1 in 3 of the directors must retire, if the numbers of directors cannot be divided into three parts, then the number nearest to one-third shall retire. The directors who has retired may be re-elected for the next term.
3. The company has specified the qualifications of the independent directors of the company which consists of people who are well versed in various accounting, financial and business fields. Suitable to protect the interests of shareholders and others. It also covers the qualifications specified in the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission
4. The company separates the roles and responsibilities between the Board of Directors and Executives, the Board of Directors is responsible for policy formulation and overseeing the operations of the Executives at the policy level. Whilst the Executives are responsible for the management of the company in various fields to be follow the specified policy. Therefore, the Chairman of the Board and the Chief Executive Officer are two different people. Both positions must be selected by the Board of Directors to get the most suitable person, Resulting in the Executive Board and Chief Executive Officer not having complete power and there is the exitance of check and balanced in important decisions, which must be approved by the Board of Directors or the Shareholders Meeting (As the case may be), including the company directors may not be able to approve any item in which there is a conflict of interest in that transaction.
5. Company directors must have qualifications and must not be under any prohibition as stipulated in the Public Company Law and must not have characteristics that indicate a lack of appropriateness to be entrusted with the management of a public company business as stipulated by the Office of the Securities and Exchange Commission (SEC)
6. Nomination and Appointment of Directors must be transparent and must pass the consideration process of the Nomination and Compensation Committee and the Board of Directors. The Nomination and Compensation Committee is responsible for carefully considering the nomination of suitable individuals to be in the Board of Directors with a proper background history presented at the shareholders' meeting who will appointed said directors according to the regulations of the company for the appointment of directors. In the case of a director who retired before the expiration of the term, a substitute director shall be appointed by the Board of Directors.
7. There is a disclosure of the biography and information of the positions of all directors in the annual registration statement (Form 56-1) annual report (Form 56-2) as specified by the Capital Market Supervisory Board and the company's website as well as notifying the Stock Exchange of Thailand (SET) and the SEC (Form 35-E1) every time there is a change of director.

### Definition, Qualifications and Criteria for the Selection of Independent Directors

1. Holding no more than one percent of the total voting shares of the company, parent company, subsidiary company, associated company, major shareholder or business authorities, including the shareholding of related persons of independent director.
2. Not being or used to be a director with participation in management, staff, an advisor who receives a regular salary or the authority of the company, parent company, subsidiary company, associated company, same-level subsidiary company, major shareholder or those that have authorities in the company. Except for the case that such a director has passed from the aforementioned position for not less than two years before the date of submission of the application for approval to the Office. Or an advisor to a government organization that is a major shareholder or those who have authorities in the company.
3. Not blood related or by legal registration in the form of a father, mother, spouse, sibling, and child, including the spouse of the child of other directors, executives, major shareholders regulator or the person who will be proposed to be director executives or authority of the company or subsidiary.
4. Never or have had a business relationship with the company, parent company, subsidiary company, associated company, major shareholder or authority of the company in a manner that may obstruct his/her independent judgment, including neither being nor having been a significant shareholder or the authority of the person who has a business relationship with the company, parent company, subsidiary company, associated company, major shareholder or the authority of the company. Except for having exited the aforementioned nature for not less than two years before the date of submission of the application to the Office of Business Relations under paragraph one. Including normal business transactions for business operations, rental or rental of real estate, transactions relating to assets or services or giving or receiving financial assistance. By accepting or lending guarantees or providing assets as collateral for liabilities including other similar circumstances. This resulted in the company or the contracting party must pay to the other party from three percent of the company's net tangible assets or twenty million Baht or more, whichever is lower. In this regard, the calculation of such debt obligations shall be by the method of calculating the value of Related Party Transactions as stipulated by the Capital Market Supervisory Board on Rules for Related Party Transactions. Including debt burdens incurred during one year before the date of having a business relationship with the same person.
5. Not being or having been an auditor of the company, parent company, subsidiary company, associated company, major shareholder or the authority of the company, and not being a significant shareholder regulator or a partner of the audit firm which these firms have auditors of the company, parent company, subsidiary company, associated company, major shareholder or the authority of the company unless they have not been associated with the aforementioned nature for not less than two years before the date of submission of the application to the office.

6. Not being or being a professional service provider, including providing legal or financial advisory services which receive service fees of more than two million Baht per year from the company, parent company, subsidiary company, associated company, major shareholder or the authority of the company, and not being a significant shareholder regulator or a partner of that professional service provider unless having exempted from the aforementioned nature for not less than two years before the date of submission of the application to the office.
7. Not being a director appointed to be a representative of the company's directors, major shareholder or shareholders who are related to a major shareholder.
8. Not operating in a business of the same nature and significant competition with the business of the company, or subsidiary, or not a significant partner in a partnership, or being a director that participates in the management of employees, staff, and consultants who receive a regular salary or holding shares exceeding one percent of the total voting shares of other companies that operates in the same business and significant competition with the business of the company or subsidiary.
9. Not having any characteristics which make him incapable of expressing independent opinions concerning the company's business affairs. An independent director may be assigned by the Board of Directors to decide on the business operations of the company, parent company, subsidiary company, associated company, same-level subsidiary company, major shareholder or the authority of the company with decisions in the form of collective decisions. In the case that the person applying for an independent director position has or has previously had a business relationship or professional service over the value specified in paragraphs 4 or 6, the company shall have the opinion of the Board of Directors that has considered that under the principles in Section 89/7, the appointment of such person does not affect the performance of the duties and the opinion given as independent.

#### **Qualifications of the Audit Committee**

1. Appointed by the Board of Directors or the Shareholders' Meeting of the company to be the Audit Committee.
2. Everyone must be an independent director.
3. Not being a director assigned by the Board of Directors to decide on the business operations of the company, parent company, subsidiary company, same-level subsidiary company or juristic persons that may have conflicts.
4. Not being a director of the parent company, subsidiary company, or same-level subsidiary company only of a listed company.
5. Having sufficient knowledge and experience to perform duties as an audit committee. However at least 1 Audit Committee with sufficient knowledge and experience to review the credibility of the financial statements.

The Board of Directors as of 31 December 2019 consists of 9 members.

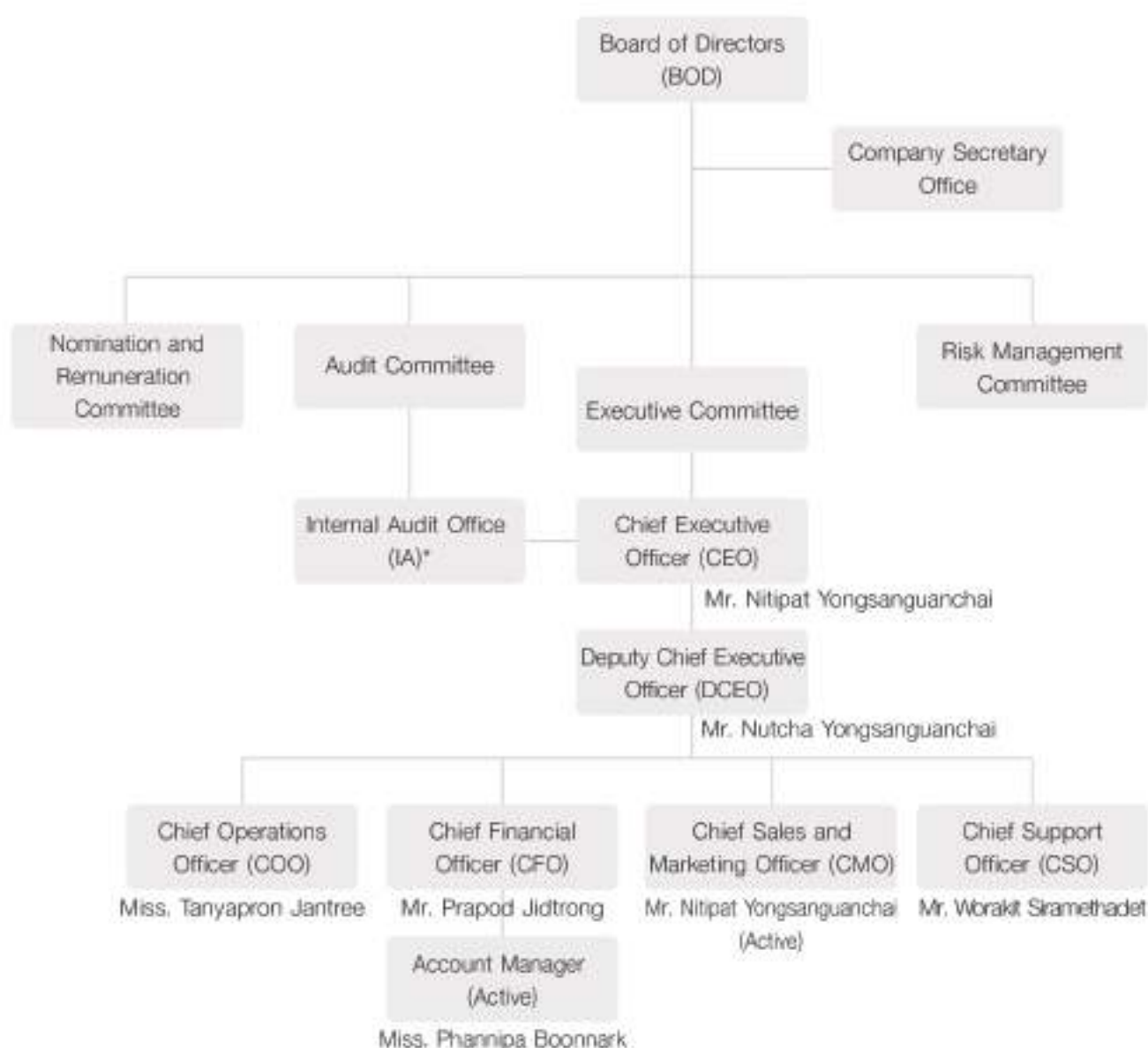
Names of Directors	Position	Ordinary shareholders meeting Attend meeting/all	Board of Directors meeting Attend meeting/all	Audit Committee meeting Attend meeting/all	Nomination and Compensation Committee meeting Attend meeting/all	Risk Management Committee Attend meeting/all
1. Dr. Kittti Yongsanguanchai	Chairman	1/1	5/5			
2. Mr. Atsadang Sresuphornpan	Independent director/ Audit Committee	1/1	5/5	5/5		
3. Mr. Pongchai Kasemthavisak	Independent director/ Audit Committee/Chairman of Nominating Committee and consider Compensation	1/1	5/5	5/5	4/4	
4. Assoc Prof. Sarun Chookhiatti	Independent director/ Chairman of the Audit Committee/ Executive Chairman of risk management	1/1	5/5	5/5		1/1
5. Mr. Nitipat Yongsanguanchai	Director/Nomination and Compensation Committee /Risk Management Committee/CEO	1/1	5/5		4/4	1/1
6. Mr. Nitat Yongsanguanchai	Director	1/1	5/5			
7. Mr. Nutchai Yongsanguanchai	Director/ DCEO	1/1	5/5			
8. Mr. Attasit Mungmee	Director	1/1	5/5			
9. Dr. Singhachai Boonyayotin	Independent Director/ Audit Committee		3/5			

## 2. Management Team

The company's management team as of 31 December 2019 are as follows:

- |                                |                                |
|--------------------------------|--------------------------------|
| 1. Mr. Nitipat Yongsanguanchai | Chief Executive Officer        |
| 2. Mr. Nutchua Yongsanguanchai | Deputy Chief Executive Officer |
| 3. Mr. Prapod Jidtrong         | Chief Financial Officer        |
| 4. Mr. Worakit Siramethadet    | Chief Support Officer          |
| 5. Miss. Tanyapron Jantree     | Chief Operations Officer       |

Organization structure as of 31 December 2019



NB \* The company hired JP Tip Audit Company Limited to inspect the internal control system

### Company Secretary

At the Board of Directors Meeting no. 3/2016 on 17th March 2016, the Board of Directors appointed Mr. Chatchawat Niyomrat to be the Company Secretary. (Please see the qualifications in Attachment 1)

## 3. Compensation

### 1. Monetary Compensation

#### Board of Directors

The 2019 Annual General Meeting of Shareholders, held on 26th April 2019, passed a resolution to determine the remuneration for Directors of the Company in 2019 with a total budget of 3,000,000 Baht per year, with meeting allowances as follows:

Meeting fee	Board of Directors	Audit Committee
President (per person)	40,000 Per time	30,000 Per time
Director (per person)	15,000 Per time	20,000 Per time

The said meeting fee to be paid according to the number of actual meeting attendance, regardless of how many meetings are attended each day.

Sub-committee, namely the Nomination and Remuneration Committee and the Risk Management Committee will not receive any compensation

In the year 2019, the company paid remuneration to 9 members as directors in the form of meeting allowance, and bonuses for directors according to the number of times they attended the meeting as follows:

Board of Directors	Year 2019				
	Position	Company Directors	Audit Committee	Others	Total
1. Dr. Kittl Yongsanguanchai	Chairman	200,000	-	100,000	300,000
2. Assoc Prof. Sarun Chookhiattl	Independent Director; Chairman of the Audit Committee	75,000	150,000	100,000	325,000
3. Mr. Pongchai Kasemthavisak	Independent Director; Chairman of the Nomination and Remuneration Committee; Audit Committee	75,000	100,000	100,000	275,000
4. Mr. Atsadang Sresuphomporn	Independent Director; Audit Committee	75,000	100,000	100,000	275,000
5. Dr. Singhachai Boonyayotin	Director	45,000	-	50,000	95,000
6. Mr. Nitipal Yongsanguanchai	Director	75,000	-	75,000	150,000
7. Mr. Nithat Yongsanguanchai	Director	75,000	-	50,000	125,000
8. Mr. Nutchai Yongsanguanchai	Director	75,000	-	75,000	150,000
9. Mr. Attasit Mungmee	Director	75,000	-	50,000	125,000
	Total	770,000	350,000	700,000	1,820,000

### Executive Remuneration

The company paid management remunerations based on the company's operating results and the performance of each executives. In the year 2019, the company paid remunerations to 5 executives in the form of salary and bonus in the amount of 14.78 million Baht.

### 2. Other Compensation

- None -

### 3. Provident Fund

The company has established a provident fund by joining with "LH Fund Master Pool Provident Fund" which has been under the management of Land and Houses Fund Management Company Limited since 1st January 2017 intending to build morale and encouragement for employees, and to motivate employees to work with the company in the long run.

### 4. Employees

The total number of employees of the company (Excluding executives) as of 31st December 2019 was 141 persons respectively, consisting of the following employees:

Year 2019	Mitsib Leasing Public Company Limited	Subsidiary Companies
Operations Department (person)	25	11
Accounting and Finance Department (person)	12	0
Marketing and Strategy Department (person)	53	0
Support Department (person)	40	0
Total Employees	130	11

For the total remunerations for the employees of the company (Excluding executives) as of 31st December 2019 was 48.92 million Baht respectively. In addition to remunerations in the form of money, the company has provided benefits to employees in the form of other benefits such as salaries, bonuses, and social security payments.

### Labour Disputes

In the past 3 years, the company has had no significant labour disputes.

### Human Resource Development Policy

The company has a human resource development policy. The objective is to develop personnel in terms long term, along with career advancement. The company provides regular training both on-site and off-site and have set out a training plan every year by surveying the training needs of personnel in each department and considering the training that is suitable and required for each line of work.

## Report of Shares Holdings of Company Directors and Executives

Securities holdings of the Board of Directors, including their spouse and underage children as of 31st December 2018 and as of 31st December 2019.

### 1. Shares Held by Directors

Names	Number of Shares			Spouse
	As of 31st December 2018	Changes increase (decrease)	As of 31st December 2019	Shareholding of spouse
1. Dr. Kitti Yongsanguanchai	-	-	-	21,850,000
2. Mr. Atsadang Sresuphompun	-	-	-	-
3. Mr. Pongchai Kasemthavisak	-	-	-	-
4. Assoc. Prof. Sarun Chockhiatti	-	-	-	-
5. Dr. Singhachai Boonyayotin	-	-	-	-
6. Mr. Nithat Yongsanguanchai	22,500,000 (4.50%)	-	22,500,000 (3.37%)	-
7. Mr. Nitipat Yongsanguanchai	22,500,000 (4.50%)	5,767,000	28,267,000 (4.24%)	11,850,000
8. Mr. Attasit Mungmee	12,500,000 (2.50%)	-	12,500,000 (1.87%)	-
9. Mr. Nutchai Yongsanguanchai	12,250,000 (2.45%)	-	12,250,000 (1.83%)	-

### 2. Shares Held by Executives\*

Names	Number of Shares			Spouse
	As of 31st December 2561	Change increase (decrease)	As of 31st December 2562	Shareholding of spouse
1. Mr. Prapod Jidtrong	-	-	-	-
2. Mr. Worakit Siramethadet	-	-	-	-
3. Miss. Tanyapron Jantree	-	-	-	-

\* Note : Securities information of the management team in the table above only show the executives who are not directors.

## Corporate Governance

### Corporate Governance Policy

The company believes in following the "Code of Best Practice" to gain the utmost transparency and aid the company's business operations to gain trust from shareholders, investors, and all relevant parties. Therefore, the Board of Directors has established the principles of corporate governance. This complies with the corporate governance guidelines set by the Stock Exchange of Thailand. The 8 corporate governance policies are as listed:

#### **Policy 1. Considering the role and responsibility of the Board as a leader to create sustainable value for the business.**

Apart from aiming for corporate governance to have the highest profits for shareholders, the Board of Directors will make sure that the business is sustainable in the long term, by not threatening the company's reputation and image for short-term profits. All decisions will be done by being cautious of investment approvals, loans and investment in other businesses.

The Board of Directors has encouraged communication, strengthening the objectives and main goals of the organization, to reflect decisions and work operations of personnel at all levels. Also, the directors consider the appropriateness and level of disclosure of legal compliance information, ethics compliance, anti-corruption policy and the treatment of employees and stakeholders to ensure fair treatment by respecting human rights through social and environmental responsibility.

The company has the policy to supervise subsidiaries and other significant businesses by sending a representative of the company to be a director, executive, or a person with high status to look after the subsidiary company. The representative will oversee the implementation of the subsidiary company's policy and act according to it and at the same time overseeing the establishment of the internal control systems and making sure that it is appropriate and up to standard; whilst disclosing accurate financial statements, operational figures, and supervise transactions to make sure they are carried out legally.

#### **Policy 2. Define main objectives and objectives of the business that aims for sustainability**

The company has established a policy of accountability towards all stakeholders as follows:

##### **1. Code of Conduct for Shareholders**

Policy: Encourage shareholders to exercise their basic rights and strive to create maximum satisfaction for shareholders by considering sustainable growth, creating added value and provide appropriate returns continuously and conducting business per the principles of corporate governance.

##### **2. Code of Conduct for Employees**

Policy: All executives and employees must treat each other fairly with no bias, support the creation of any potential progress and increase the work efficiency of individuals. Also, ensuring that everyone understands good ethics and abide by them. Appropriately establish welfare system for all employees. Employees and subordinates shall treat each other with respect wholeheartedly by listening to each other's opinions and suggestions logically.

### 3. Code of Conduct for Customers

Policy: All executives and employees must strictly treat customers in accordance to business ethics to ensure customer satisfaction. Adding on, we aim to raise the standard of customer treatment continuously to create memorable and long-lasting relationships.

### 4. Code of Conduct for Business Partners

Policy: All executives and employees must treat business partners fairly, not demanding or receiving any unfair benefits. Partners must be notified in advance if any deals are unable to be made on time to find a solution together.

### 5. Code of Conduct for Business Competitors

Policy: All executives and employees must treat business competitors morally and ethically whilst not striving to find competitors' private information through unjust actions.

### 6. Code of Conduct for Vendor

Policy: All executives and employees must treat vendors morally and ethically whilst not striving to find vendor private information through unjust actions.

### 7. Code of conduct to government sector

Policy: All executives and employees look highly to the government sector who is considered one of the group's stakeholders. Therefore, guidelines for treating governments in various countries are created to overcome the difference in culture and to avoid inappropriate actions from the culture differences.

### 8. Code of Conduct for Society and Environment

Policy: All executives and employees must follow or control to comply with relevant laws, regulations, quality of life, conservation of natural resources and promote energy efficiency. A part of the profit will be invested in helping and supporting activities that aim to give back to society.

## Policy 3. Build an Effective Board of Directors

### 1. Board of Directors Structure

#### 1.1 Structure, Qualifications, Recruitment, and appointment of Directors

The company requires that the Board of Directors consist of experts in various fields with experience and capabilities that are beneficial to the company. The individual needs to have leadership, vision, ability to make decisions for the maximum benefit for the company and its shareholders and be able to sacrifice time and effort to perform their responsibilities. The Board of Directors must have at least a third of all directors be independent directors, but no less than 3 independent directors in the whole board. Independent directors will consist of individuals that have knowledge in account, finance and a various other field that will be beneficial to shareholders and others. In addition, the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission of Thailand has to be followed.

## 1.2 Election of Company Directors

The election of company directors will be held by shareholders. In which, the individuals receiving the highest votes, respectively, will be elected as directors. The number of individuals elected will be equal to the number of directors required to be elected at that time. Also, directors of the company that will take other company's director position must be approved by the Board of Directors.

## 1.3 Term of Office for the Company Directors

The term of office for a company director is 3 years, where 1 year covers from the day of the Annual General Meeting of the year elected to the following year's Annual General Meeting. Directors whose term has ended may be nominated and appointed to a new position for a following term.

## 1.4 Roles and Responsibilities of the Board of Directors

The Board of Directors must perform duties following the law, rules, order or the announcements of the Securities and Exchange Commission, Capital Market Supervisory Board, Office of the Securities and Exchange Commission, related stock exchange, and objectives and regulations of the company. Along with the resolutions of the shareholders meeting, The Board of Directors is also responsible for establishing visions, policies and directions of the company including the business strategy for annual budget. The Board of Directors will make sure that all the operations in the company are going as planned with the utmost benefit for the shareholders and ensuring constant company growth. Most importantly, the Board of Directors must provide a written policy regarding corporate governance, good governance and implement them in the company rules effectively to gain trust from all parties involved.

## 2. Executive Directors

A director who is involved in management and supervision of the business, to make sure it is proceeding in accordance with the policy of the Board of Directors. Not more than half of the total number of directors are made up of Executive Directors.

## 3. Independent Director (For public limited companies or in cases where the authorities require them)

The company has established independent directors on the Board of Directors as one of the important mechanisms to guarantee good corporate governance and that the decisions made by the Board of Directors will benefit all shareholders, not just one specific group. The independent director's qualifications will need to comply with the regulations set by the SEC or the Stock Exchange of Thailand.

## 4. Specific Committee

The structure of the company consists of the Board of Directors and 4 sub-committees; Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, and Executive Committee. These committees have the objective to carefully scrutinise important operations and act per good corporate governance principles. The structures, qualifications, and term of office of the specific sub-committees are according to the requirements or recommendations from relevant departments with approval from the Board of Directors, following these good corporate governance rules:

Board Committees	Composition of Committee	Scope of Authority	Term of Office	Performance Evaluation
Audit Committee	3 People (Independent Director only)	Check internal control systems, Financial statements, and items that may cause conflicts of interest	3 Years	By the Board of Directors
Nomination and Remuneration Committee	3 People	Establish rules and policies for nomination and remuneration of company's directors, including recruiting, selecting, and proposing suitable individuals. Also, the act of determining the remuneration of directors of the company	3 Years	By the Board of Directors
Risk Management Committee	5 People (At least 1 person from the Board of Directors and at least 1 person from independent director)	Define and review policies, frameworks for risk management and supervise organizations. Make sure that the risk management is in order with the principles of good corporate governance	3 Years	By the Board of Directors
Executive Committee	5 People	Manage the company according to policies, honesty and adhere to management principles following good governance	3 Years	By the Board of Directors

#### Policy 4. Recruiting and Development of Senior Management and Staffs

##### Nomination and Appointment of Directors and Top Executives

The company gives importance to the selection of directors and high-level executives, including independent directors, Chief Executive Officers and Company Secretary. As they are all important mechanisms to create a good corporate governance. This is to ensure that decisions are made by taking into account the overall interests of the shareholders as a whole, not just the benefits of a group of shareholders.

### **Leadership and Independence of the Board of Directors**

The company pays attention to the roles, duties and responsibilities of the board. Which must consist of knowledgeable individuals with various skills, expertise and leadership that will be looked up to by others. The Board of Directors will participate in determining the vision, mission, strategy, policy and business direction. Adding on, they will closely monitor and oversee the company's operations to be in accordance with the laws, objectives, regulations and resolutions of the shareholders' meeting and make sure it aligns with the regulations of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

### **Development of Directors and Executives**

The Board of Directors has a policy to promote training and knowledge for directors involved in the corporate governance system. This consists of the directors of the Audit Committee, Risk Management Committee, Executive Committee and the company executives. For the operation to develop continuously, if there is a change of director, the company will provide an orientation of the company's business operations and any other information that may be deemed useful to support the work of the new directors. This will continuously promote efficient performance under the framework of good corporate governance.

### **Succession Plan**

Board of Directors must ensure that the company has an appropriate system for selecting employees to be responsible for the position. The Chief Executive Officer recruitment will be in accordance with the consideration process of Nomination and Remuneration Committee.

### **Supervision of the subsidiaries' Operations**

The company has specified rules and regulations for the nominations and voting rights that have been approved by the Board of Directors. In which the person appointed as a director in a subsidiary or associated company is responsible for the best interests of that subsidiary or associated company, not for the favour of the company. The appointed person must get approval from the Board of Directors before exercising voting rights on important matters similar to any matters that must be approved by the Board of Directors if the matter was that of the parent company. In this regard, the sending of a director to be a representative in that subsidiary or associated company is in accordance with the company's shareholding proportion.

In addition, the company stipulates regulations for the person appointed that they must oversee that the subsidiary company has regulations regarding related party transactions. Acquisition or disposition of assets or other important transactions of the company needs to be complete, accurate, and follows the rules relating to the disclosure of information and the transactions in the same manner as the rules of the parent company. Also, supervision of data storage and accounting records of the subsidiary company must be looked after so the company can check and compile the consolidated financial statements on time.

### **Supervision on the Use of Inside Information**

The company is to oversee the use of insider information in accordance with good corporate governance principles, which has been written in the CG Policy that can be summarised as follows.

1. The company has a set of rules on how to look after inside information to comply with the good corporate governance principles and have informed this to all the individuals in the company to strictly follow. This will be done by requiring directors and executives to report the holdings of the company's shares when they first take office. Also, to report whenever buying or selling securities within 3 working days to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

In the year 2019, directors and executives have reported any changes in shareholdings to the Securities and Exchange Commission under Section 59, and to the Company Secretary who is notified in order to record the changes. This is done to present to report to the Board of Directors in the next meeting. Those involved have been notified of the penalties if there is a violation or non-compliance with the said requirements.

2. In addition, there is a regulation prohibiting directors, executives, or departments that received any internal information to refrain from disclosing any information to third parties or non-related persons. Especially, 1 month before financial statement information or other information that will affect the company's stock price. All parties involved are required to act in accordance with the code of ethics in performing duties with honesty and fairness. If there is information leaked the penalties are varied from warnings, wage cuts, suspension from work without pay, up to termination of employment.

The said guidelines have been approved by the Board of Directors.

#### Self-Assessment of the Board and Sub-Committee

In the year 2019, the Board of Directors have arranged for performance evaluation of the board and sub-committee individually and also the Chief Executive Officer. The Board Self-Assessment and evaluation forms used are per the guidelines provided by the Corporate Governance Development Centre of Listed Companies that was created and prepared by The Stock Exchange of Thailand. This was done so the committees can reflect on their works and to analyse the problems they may have faced for smoother working experience in the future.

#### The Self-Assessment of the Entire Board

Evaluation Topics Total	Full score 240	Score Received 235.89	% 98.28	Evaluation Highly Agree
1. Structure and qualifications of the Board of Directors	52	51.22	98.50	Highly Agree
2. Roles, duties, and responsibilities of the board	80	77.44	96.80	Highly Agree
3. Board meeting	36	35.78	99.38	Highly Agree
4. Duties of the directors	28	27.89	99.60	Highly Agree
5. Relationship with the management	20	19.89	99.45	Highly Agree
6. Director's self-development and executive development	24	23.67	98.62	Highly Agree

## Self-assessment of Sub-Committees

Evaluation Topics Total	Full score 148	Score Received 147.34	% 99.55%	Evaluation Highly Agree
1. The structure and qualifications of the board creates an effective committee	28	27.89	98.50%	Highly Agree
2. Subcommittee meetings have been conducted to ensure efficiently in the meetings	24	23.89	96.80%	Highly Agree
3. Roles, duties and responsibilities of the board sub-committees have been given importance to by reviewing and following	96	95.56	99.38%	Highly Agree

## Individual Director Self-Assessment Results

Evaluation Topics Total	Full score 44	Score Received 43.78	% 99.50%	Evaluation Highly Agree
1. Structure and qualifications of the board	8	8	100%	Highly Agree
2. Board meeting	16	15.89	99.31%	Highly Agree
3. Roles, duties and responsibilities of the board	20	19.89	99.45%	Highly Agree

## Policy 5. Promote Innovation and Responsible Business Practices

## 1. Anti-Corruption

The company gives high importance to all forms of anti-corruption. By focusing on promoting morality, creating awareness, and correct values in operations. Therefore, the company has imposed ways for anti-corruption for all individuals in the company and encourages them to strictly follow them.

## 2. Interests and Conflict of Interests

The company considers it an important policy not to allow Executive Committees and all employees to abuse their position as employee in the company for self-gain benefits, and forbid all directors from being associated with a competitor company, as it may cause a conflict of interest. In any case if a transaction is unavoidable, the board and company will make sure that it is done with transparency and morals, alike how other competitors and companies will be treated. Also, directors, executives, or employees who have interests in that transaction must not be involved in the approval processes.

### 3. Information Technology I.T.

The company believes that the I.T. and communication systems are an important fundamental in the support of business operations, and the enhancement of productivity and efficiency. Therefore, it is every employee's responsibility to use the company's I.T. and communication systems whilst adhering strictly to the rules, regulations, and normal standards of the company, and furthermore the rule of law as stipulated by the Information Technology and Computer Act of 2550BE.

### 4. Enterprise Information Technology Management

Our company has a policy on regulating and looking after the management of enterprise level information technology to be appropriate and up to normal standards. According to the company's needs to enhance business opportunity and the improvement of the company, along with analysing and managing the risk associated in order to be able to achieve the company's goal.

## 6th Principle. Looking After Risk Management and Adequate Internal Controls

### Risk Management

Board of Directors are committed and determination to create added value and business sustainability in accordance with the principles of good corporate governance to achieve success. By establishing a Risk Management Committee at the board level to make policies and recommendations for risk management, including establishing an efficient and effective risk management system. In order to be able to properly identify and manage important risks of the company at an acceptable level.

### Internal Control System

The company requires that the Board of Directors / Audit Committee / Risk Management Committee must review the internal control system / risk management system and report the results to shareholders. Whilst senior management must establish internal control systems and risk management systems for the company. Including cultivating employees to have discipline, knowledge and understanding, good attitudes and corporation in the internal audit and control systems.

The company determined at there should be internal audit system, responsible for reviewing and assessing internal control in order to support good corporate governance processes, risk control and management. Also, to suggest appropriate control measures and actions that can help create added value for various other departments which are suitable for the situation, environment and changing risk factors.

### Legal compliance

The company gives importance to staffs who must comply with all relevant laws, regulations, specification and orders to enable the correct and complete reporting of the company's accounts and financial statements. Also, they must adhere by the principle of honesty, operate without prejudice and with straightforwardness in recording such information. Such honesty also means not engaging in illegal or unethical activities.

## Ethics

The company has established a Code of Conduct for the ethics of the Board of Directors, the management, and the employees. So that the relevant parties can adhere to guidelines for the performance of duties of the company, with honesty, integrity and fair treatment towards the company, all groups of stakeholders both the public and the

### 7th Principle. Protect Financial Credibility and Information Transparency

#### Revealing Information and Transparency

The company is aware that the revealing of information that is correct, complete, and honest both in financial statement reports and other general information in accordance with the Securities and Exchange Commission and the Stock Exchange of Thailand is important. That this will have an effect on the company's stock price which will influence the decision-making process of investors and stakeholders of the company. The company will distribute information to shareholders, investors, and the public through the Securities and Exchange Commission's and the Stock Exchange of Thailand's media platforms including the company's website: [www.mitsibleasing.com](http://www.mitsibleasing.com).

The company has provided guidelines for reporting of clues or complaints regarding unethical (Whistle-blower), illegal, or any doings that might imply that a person in the company, an employee, or other interested parties are corrupt, misconduct, or deficiencies in the internal control system. You can report clues or complaints to the following email.

Email	Name	Position
<a href="mailto:sec_com@mitsibleasing.com">sec_com@mitsibleasing.com</a>	Mr. Chatchawat Niyomrat	Company Secretary

Or send a letter to : Mitsib Leasing Public Company Limited No. 895-6 Moo 5, Srinakarin Road, Samrong Nue, Samutprakarn, Samutprakarn 10270 (Company's Security Office) or contact phone number 0-2743-8787 Ext. 904

### 8th Principle. Supporting Participation and Communication with Shareholders and Other Stakeholders.

#### Shareholders

The company recognises and values the basic rights of all shareholders, both as company owners and as investors, for instance the rights to buy, sell or transfer shares held by the owner, the rights to receive sufficient information from the company, the rights to receive a profit-sharing from the company, and many more. In the shareholders' meeting, shareholders will have the right to make a comment and be a part of some of the company's important decisions for example the allocation of dividends; appointing or removing company directors; appointing auditors; approval of important transactions that affect the direction of the business, etc.

Our company will provide every shareholder with equal opportunity and set the voting rights in the meeting according to the number of shares, in which one share is entitled to one vote. And will not act in any way that will restricts or infringes on the rights, or deprive the rights of shareholders, including the major shareholder, minor shareholder, institutional investors, and foreign shareholders. The company also stipulates that the independent directors be responsible for overseeing the interests of minority shareholders. In which the minority shareholders can make suggestions, comments, or complaints to independent directors who will appropriate deal with each matter.

In addition, the company has established measures to prevent the use of insider information (Insider Trading) of related persons, for example the director, executives and employees in departments with access to inside information (including the spouse and children under legal age). By prohibiting related parties from trading the company's shares for at least 30 days before the disclosure of quarterly and annual financial statements and should wait at least 24 hours after the disclosure of the said information to the public, including prohibiting the disclosure of that information to others.

#### **Other Stakeholders**

**Staffs :** The company recognises the importance of employees. Which is a very valuable resource, therefore the company has set a policy for fair treatment in terms of opportunities, compensation, appointment, transfer, and development of employees' potential at all levels.

**Competitors :** The company intends to conduct business with the aim of achieving sustainable success and to become a leading company in the business under the competitiveness in the industry with morality and ethics.

**Business Partners :** The company treats its business partners in accordance with honest trading framework by strictly abiding by the contract and commitment given to business partners, including fair selection of business partners under the criteria for evaluating and selecting business partners to prevent fraud and misconduct at every step of the procurement process.

**Customers :** The company is committed to enhancing our products and services by focusing on products and services development. To meet the needs of customers by providing information about products and services that are accurate enough to provide customers with sufficient information to make decisions and maintain customer information and confidentiality by not disclosing or using it for illegal purposes.

**Creditors :** The company is committed to conducting business with principles and discipline in order to build credibility for creditors by strictly adhering to various contractual or agreed conditions.

**Community and Society :** The company pays attention to the community and the surrounding society with the realisation that we are like a part of the society that will contribute towards the development of society and the environment for sustainability. Along with the business operations under the responsibility to the community and society.

**Government Agencies :** The company aims to comply with the laws, rules and regulations of the government, promotes cooperation and supports public and private measures to combat corruption and unfair expenses. The company will comply with the requirements of laws and regulations so that the rights of every stakeholders are well taken care of.

#### **Social Responsibility (Corporate Social Responsibility: CSR)**

The firm is committed to conducting business in an environmentally responsible manner and the quality of life of every local community where we have business operations, in accordance to international practices. Emphasising on the participation of the local communities and society in order to improve life and sustainable well-being. The principles of compliance with social enterprise practices in accordance with the framework of the Code of Business Ethics and Anti-Corruption Policy, which specifies the various practices in accordance with the corporate social responsibility guidelines prepared by the Stock Exchange of Thailand that specifies 9 principles as follows.

### **1. Justly Conducting Business**

The company adheres to fair business practices in order to create confidence for related parties which will benefit the company in the long run.

### **2. Anti-corruption**

The company attaches importance to combating all forms of corruption by focusing on promoting morality, creating awareness and correct values in its operations. The company has set guidelines for anti-corruption which has been shared with directors, executives and employees in order to create knowledge, understanding and strictly adherence.

### **3. Respect for Human Rights**

The company supports and respects the protection of human rights by actively monitoring and preventing its business from being involved in human rights violations and monitoring compliance with requirements within its business and encouraging it to abide by the principles of human rights in accordance with international standards. The responsibility to respect human rights also extends to subsidiaries, co-investors, and business partners.

### **4. Treating Labour Justly**

The company will treat and give equal opportunities to all employees of the company. The company does not segregate nor discriminate by place of origin, race, gender, age, skin colour, religion, physical fitness, family status, educational or other status that is not directly related to the individual's ability to work.

### **5. Responsibility Towards Customers and Consumers**

The company aims for the highest satisfaction from customers who buy products and services from the company, and including consumers who use products and services that the company provides at a fair price, good quality, and with responsibility towards customers and consumers.

### **6. Community and Social Development**

The company and society cannot be separated. The company has an obligation to develop and return profits to the community and society in order to enable the company to grow sustainably in accordance with the advancement of society. It is the main policy to give importance to the activities of the community and society by focusing on the development of society, community, environment, preservation of religion, creating and preserving natural resources, including supporting education for youth, and supporting public interest activities for underserved communities to become a strong, self-reliant community.

### **7. Looking After the Environment**

The company cares about the safety and hygiene of all employees and the surrounding communities. The company aims to promote and instil awareness of quality, safety, occupational health and the environment to become a daily way of life of the employees of the company to the benefit of all people, including communities and society. The company supports the use of resources appropriately; to conserve natural resources, and reduce waste.

### **8. Innovation and Dissemination of Innovation from Social Responsibility Operations**

Our company is innovating through social responsibility whereby it will increase competition among businesses, especially in the social aspect. These are the innovations that will benefit the people and the environment leading to the motivation of other businesses and entrepreneurs to follow suit.

## 9. Reporting on Society and the Environment

Our company will report any information on how to be socially responsible for benefit of all parties.

### CSR after Process: Activities with Positive Effects on Society and the Environment

This company is determined to be ethical. For this reason, we have launched a few projects that will help the society grow sustainably:

- A program to improve the language skills for our customers, such as the 'Taxi Easy English' program. This program is to teach basic communication skills in English to our drivers so they can communicate with the tourist effectively. The program is held annually and was just recently held on the 29th May 2019 for the fourth time.
- Opened a knowledge centre to give out free advice to the taxi driver on how to fix and maintain their taxis. This will help the taxi driver when they are faced with any mechanical problems. Our centre provides basic information and suggests several reliable garages where they can get their taxi fixed. In order to prepare the drivers, we also assist in solving any other direct and non-direct issues that the driver face.
- Another program called "Mitsib giving back to society and spreading the love for future generations". Which encourages all employees to take part in making the community a better place and teach them the importance of sacrifice and giving to others in need.

### Our company has policies that are strongly against corruption

#### 1. Going against corruption

Our company gives importance to restrict any kinds of corruption and focus on encouraging and raising awareness for good values in the workplace. Communicating this message to all our executive committee and employee to promote and tackle corruption.

#### 2. Conflict of interest

This policy strictly prohibits any executive committees and/or employees from using their working status to benefit themselves. Which means that the executive committee are not allowed to have own or be part of another business that is a direct competitor to Mitsib. Avoid any personal transactions that may cause indirect restrain and harm to the company. In case face in a situation, our company believes all employees will be fully honest, upright and fair like any other transaction. Therefore, all executive committee and/ or employee that is related to the transaction will not have the right to approve.

In the case that it has any links to the announcement from the Stock Exchange of Thailand the company's Board of Directors will take care of it following the strict rules and procedures and any information that is shown to the public will also be done the same way.

## Internal Controls and Risk Management

### Our Board of Directors' Opinion on Internal Controls

Our Board of Directors give high importance and value to the internal control system, with systems put in place for both the financial and operational aspects of the company. Resulting in higher efficiency and effectiveness in the operations which follows the laws, rules, and regulations. We also understand the importance of improving our internal control and methods continuously by way of following the processes of COSO (The Committee of Sponsoring Organization of Treadway Commission) to maximum the firm's capabilities.

The company has appointed the Risk Management Committee to oversee the risk of the company systematically. The Risk Management Committee came up with a policy to manage, assess, and analyse internal and external risks for the company.

Furthermore, there were two board meetings held on the 7th April 2018 and 22nd February 2019 where all 3 members of the Audit Committee were present and they recommended to the Board of Directors to standardized the firm's internal control system with the Securities and Exchange Commission's recommendations, which covers five different aspects as follows.

1. Organisation and Environment
2. Risk Management
3. Management's Operational Control
4. Information Technology and Communication System
5. Monitoring System

Having completed the evaluation, the Board of Directors concluded that the current internal control system for the company is sufficient, which was backed up by the Audit Committee. And that the current system follows the requirements and recommendations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. Furthermore, the company also have an internal control system with regards to Related Party Transactions whether it be involving our major shareholders, directors, executives, and their related parties. In the past, RPT transactions were considered with the company's maximum interest in mind. Other than that, the firm has created a policy to minimise any faulty in these types of transactions whereby future transaction will be assessed by a person is not directly relate to the matter.

### Comments Regarding Internal Controls by Auditors

An auditor, Mr. Banjong Pitprasat, assessed our financial statement on 31st December 2015 whilst being under PV Audit Co., Ltd. Later on, Mr. Banjong Pitprasat moved to Siam Truth Co., Ltd. and continued to assess our financial statement at the end of 2016, 2017 and 2018 year. Not only assessing the financial statement, but also to evaluate the quality and accuracy of the company's official financial accounts and when necessary to outline any assessments or investigation required. Also includes checking that the company is up to accounting general standards to show the financial statement and overall current assets. At the 2/2018 board meeting 7th of April 2018, the auditors reported no remarks nor abnormalities for the financial statement of the year ending 31st December 2017. Likewise, in the 1/2019 board meeting 22nd of February 2019, the auditor checked the internal control system and reported no remark nor abnormalities for the financial statement of the year ending 31st December 2018.

From the 2/2019 board meeting on the 2nd of April 2019 and the Annual General Shareholders' Meeting on the 26th April 2019 appointed Mr. Chokchai Ngamwutikool licence number 9728 from KPMG Phoomchai Audits Ltd. To become the company's auditor. According to the 3/2019 board meeting on the 10th of May 2019, the auditors cannot report on the company's internal controls because they have not checked the internal control system of the business.

#### Comments Regarding Internal Controls by Internal Auditors

The firm hired JP Tip Audit Company Limited (IA) as internal auditor. Mr. Naphat Kongyasit is the main auditor responsible for auditing our company, further information can be found in appendix 2. The company has hired JP Tip Audit Co., Ltd. since 2015. The internal auditor has overviewed the company's system as a whole and started an annual plan to evaluate, keep up to date, and check the rightfulness of every aspect within the company. The internal auditor has produced a report on the internal examination of the company to the Board of Directors and the Audit Committee.

#### Auditor's Fee

In 2019, our company and all subsidiaries paid the auditor the following amount.

Unit: Million Baht		
Name of the Auditor	Auditor's Fee	Others Expenses
KPMG Phoomchai Audits Company Limited (Mr. Chokchai Ngamwutikool)	2.74	0

## Lists of Related Parties and Individuals with Possible Conflict of Interests

Related Parties			Relationship
Yongsanguanchai's Group	Director	Percentage of Shares	
1. Mr. Damrong Yongsanguanchai (Father)	-	6.75	<ul style="list-style-type: none"> <li>3 Company Directors: Mr. Nithat Yongsanguanchai, Mr. Nitipat Yongsanguanchai, and Mr. Nutcha Yongsanguanchai</li> <li>A group of major shareholders who have a share of 41.83% from the paid-up capital on the 31st of December 2019</li> </ul>
2. Mr. Kitti Yongsanguanchai (59 years of age, first child)	-	-	
3. Ms. Nampung Pisithkul (56 years of age, first child's wife)	-	3.28	
4. Ms. Saranya Yongsanguanchai (29 years of age, first child's child)	-	0.71	
5. Ms. Yanin Yongsanguanchai (27 years of age, first child's child)	-	0.76	
6. Mr. Charin Yongsanguanchai (55 years of age, second child)	-	3.37	
7. Mr. Nutcha Yongsanguanchai (31 years of age, second child's child)	Director	1.84	
8. Ms. Nuttida Yongsanguanchai (28 years of age, second child's child)	-	0.76	
9. Mr. Niphon Yongsanguanchai (53 years of age, third child)	-	3.37	
10. Mr. Nithat Yongsanguanchai (53 years of age, fourth child)	Director	3.37	
11. Mr. Nirun Yongsanguanchai (51 years of age, fifth child)	-	3.37	
12. Ms. Siriporn Yongsanguanchai (49 years of age, sixth child)	-	3.37	
13. Mr. Nitipat Yongsanguanchai (46 years of age, seventh child)	Director	4.24	
14. Ms. Sayamon Apikitthanapol (44 years of age, seventh child's wife)	-	1.78	
15. Ms. Siriphen Yongsanguanchai (44 years of age, eighth child)	-	3.37	
16. Ms. Chantana Yongsanguanchai (child of Mr. Sombat, Father's sibling)	-	0.37	
17. Mr. Sithichok Yongsanguanchai (child of Mr. Sombat, Father's sibling)	-	0.37	
18. Mr. Jirayu Yongsanguanchai (Third child's child)	-	0.73	

Related Party Transactions as Reported in the 2019 Financial Statement of Mitsib Leasing Public Company Limited as follows.

1. Travel Expenses (Fuel, Petrol, NGV, LPG Expenses)

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
<p><b>1. Chaisirijit Company Limited</b> (Address: 413/1, Moo 5, Srinakarin Road, Samrong Nue, Samutprakarn, Samutprakarn)</p> <p><b>Relationship Details</b> We have a joint director which is Mr. Nitipat Yongsanguanchai and Ms. Sayamon Apikitthanapol (Mr. Nitipat Yongsanguanchai's wife) On the 31st December 2019, common shareholders consist of Mr. Nitipat Yongsanguanchai and Mr. Siwaroj Pacharawipakit with a share of 10 percent and 10 percent respectively.</p>	The company pay for the taxi production fuel expenses	24,710.00 (calculated to 0.03 percent of SG&A expenses)	Taxi production steps such as changing its colour, placing an NGV tank, extend the license, etc., all require the transportation of the taxi from one point to another. The NGV is required for this purpose. This is because this gas station is on a credit term with no collateral required, so it will reduce the risk of employee cash fraud and we can control the correct amount of NGV needed in each production step, and also the price sold is a market price which is the same as other gas stations.
<p><b>2. Sawasiri Company Limited</b> (Address: 413/1, Moo 5, Srinakarin Road, Samrong Nue, Muang, Samutprakarn)</p> <p><b>Relationship Details</b> We have a joint director which is Mr. Nitipat Yongsanguanchai and Ms. Sayamon Apikitthanapol (Mr. Nitipat Yongsanguanchai's wife) Common shareholders consist of Mr. Nitipat Yongsanguanchai with a share of 30 percent in the Sawasiri Co., Ltd.</p>	The company pay for the taxi production fuel expenses	37,876.38 (calculated to 0.045 percent of SG&A expenses)	Taxi production steps such as changing its colour, placing an NGV tank, extend the license, etc., all require the transportation of the taxi from one point to another. The NGV is required for this purpose. This is because this gas station is on a credit term with no collateral required, so it will reduce the risk of employee cash fraud and we can control the correct amount of NGV needed in each production step, and also the price sold is a market price which is the same as other gas stations.

<p><b>3. N.E.E Co., Ltd</b> (located in 999, Moo 5, Samrong Nue, Muang and Samutprakarn)</p> <p><b>Relationship Details</b> We have a joint director which is Mr. Nitipat Yongsanguanchai and Ms. Sayamon Apikitthanapol (Mr. Nitipat Yongsanguanchai's wife) Common shareholders consist of 4 people which are Mr. Nutcha Yongsanguanchai, Ms. Sayamon Apikitthanapol (Mr. Nitipat Yongsanguanchai's wife), Ms. Siriporn Yongsanguanchai and Mr. Siroj Pacharawipakit ( a former director that resigned on the 17th March 2018) own shares in N.E.E Co., Ltd 56 percent, 6 percent, 4 percent, and 4 percent respectively.</p>	<p>The company will cover the fuel expenses for the company cars for normal operations, taxi productions, and we purchase gift coupons to give out to our customers during promotional campaigns.</p> <p>Fuel Gift Coupons</p>	<p>1,058,011 (calculated to 1.264 percent of SG&amp;A expenses)</p> <p>69,812.00 (calculated to 0.083 percent of SG&amp;A expenses)</p>	<p>Taxi production steps such as changing its colour, placing an NGV tank, extend the license, etc., all require the transportation of the taxi from one point to another. The NGV is required for this purpose. This is because this gas station is on a credit term with no collateral required, so it will reduce the risk of employee cash fraud and we can control the correct amount of NGV needed in each production step, and also the price sold is a market price which is the same as other gas stations.</p>
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## 2. Rent Payments

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
<p>1. Mrs. Wasana Yongsanguanchai</p> <p><b>Relationship Details</b> Mr. Charin Yongsanguanchai's wife with a 3.37 percent share of the company on the 31st December 2019. Mr. Nutcha Yongsanguanchai's mother who is a director and a shareholder of 1.84 percent in the company's paid-up capital. Mr. Charin Yongsanguanchai: a child of Mr. Damrong Yongsanguanchai, a father of Mr. Nutcha Yongsanguanchai and an elder brother of Mr. Nithat Yongsanguanchai (company's director) and Mr. Nitipat Yongsanguanchai (company's director).</p>	<p>We rented land on the title deed number 88148 with an area of 47 square wah and another title deed number of 328888 with a total area of 211.20 square wah located on Srinakarin Road, Samrong Nue, Muang, and Samutprakarn. The area is used to store taxis and registered by the company as a branch with a total of 40,000 Baht deposit paid.</p>	<p>240,000.00 (calculated to 0.236 percent of SG&amp;A expenses)</p>	<p>Our company rented land to store taxis and have registered that address to be a company's branch, that is used by the company for normal business operations.</p>

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
<p>2. Mrs. Nampung Pisithkul</p> <p><b>Relationship Details</b></p> <p>A wife of Mr. Kitti Yongsanguanchai who is a chairman of the board Having a paid-up capital share of 3.28 percent on the 31st December 2019</p>	<p>Our company rented land with an area of 483.3 square wah on the title deed number of 328889, Moo 5, Samrong Nue, Muang, Samutprakarn. The land is used to store taxis and registered by the company as a branch with a total of 48000 Baht deposit paid.</p>	<p>288,000.00 ( calculated to 0.283 percent of SG&amp;A expenses )</p>	<p>Our company rented land to store taxis and have registered that address to be a company's branch, that is used by the company for normal business operations.</p>
<p>3. Chaisirijit Company Limited</p> <p>(Location: 413/1, Moo 5, Samrong Nue , Muang, and Samutprakarn)</p> <p><b>Relationship Details</b></p> <p>We have a joint director which is Mr. Nitipat Yongsanguanchai and Ms. Sayamon Apikitthanapol (Mr. Nitipat Yongsanguanchai's wife) On the 31st December 2019, common shareholders consist of Mr. Nitipat Yongsanguanchai and Mr. Siroj Pacharawipakit with a share of 10 percent and 10 percent respectively</p>	<p>Our company rented land around Chaisirijit Company Limited's gas station to use as an office and registered by the company as a branch with a total of 47,400 Baht deposit paid.</p>	<p>119,200.00 (calculated to 0.142 percent of SG&amp;A expenses )</p>	<p>Our company rented land for the sales team's office, a showroom and an employees' car park. We paid the rent of the billboard to advertise our company which is the business's norm.</p>

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
<p>4. . N.E.E Co., Ltd (located in 999, Moo 5, Samrong Nue , Muang, and Samutprakarn)</p> <p><b>Relationship Details</b></p> <p>We have a joint director which is Mr. Nitipat Yongsanguanchai and Ms. Sayamon Apikitthanapol (Mr. Nitipat Yongsanguanchai's wife) Common shareholders consist of 4 people which are Mr. Nutchai Yongsanguanchai, Ms. Sayamon Apikitthanapol (Mr. Nitipat Yongsanguanchai's wife), Ms. Siriporn Yongsanguanchai and Mr. Siroj Pacharawipakit (a former director that resigned on the 17th March 2018) own shares in N.E.E Co., Ltd 56 percent, 6 percent, 4 percent, and 4 percent respectively.</p>	<p>Our company rented land with an area of 483.3 square wah on the title Our company rented N.E.E Company Limited's land to place a billboard for advertisement.</p>	<p>24,000.00 (calculated to 0.029 percent of SG&amp;A expenses)</p>	<p>Our company rented land around the business area to place the billboard for advertising purposes mainly to attract the taxi driver's attention.</p>

### 3. Assets Bought

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
<p>1. Damrongchai Safe and Steel Furniture Company Limited (General office equipment supplier)</p> <p><b>Relationship Details</b></p> <p>A joint director consists of Mr. Nithat Yongsanguanchai and Mr. Niphon Yongsanguanchai. A group of shareholders consists of Mrs. Benjamas Yongsanguanchai, Mr. Charin Yongsanguanchai and Mr. Nirun Yongsanguanchai where the joint director has the most shares in the company.</p> <p>Common shareholders of 10 people: Mr. Nithat Yongsanguanchai, Mr. Damrong Yongsanguanchai, Mrs. Niphon Yongsanguanchai, Mr. Charin Yongsanguanchai, Mrs. Nirun Yongsanguanchai, Ms. Nampung Pisithkul, Mrs. Benjamas Yongsanguanchai, Mrs. Wasana Yongsanguanchai, Ms. Siriphen Yongsanguanchai and Mr. Nitipat Yongsanguanchai with a share of 10 percent, 30 percent, 5 percent, 5 percent, 10 percent, 10 percent, 5 percent, 5 percent, 10 percent and 10 percent in the Damrongchai Safe and Steel Furniture Company Limited respectively.</p>	<p>The company bought tables, chairs, and file cabinets for business purposes.</p> <p>Fix office's appliances</p>	<p>385,937 (calculated to 0.461 percent of SG&amp;A expenses)</p> <p>4,975.50 (calculated to 0.006 percent of SG&amp;A expenses)</p>	<p>The company orders the office's appliance for normal operations use at a standard market price comparable to other stores,</p>

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
<p>2. Damrongchai Gold Trade Company Limited</p> <p><b>Relationship Details</b></p> <p>A joint director consists of Mr. Nithat Yongsanguanchai and Ms. Sureeporn Sereerattanachaiyaporn Common shareholders consist of 8 people: Ms. Nampung Pisithkul, Mr. Damrong Yongsanguanchai, Mr. Charin Yongsanguanchai, Mrs. Niphon Yongsanguanchai, Mr. Nitipat Yongsanguanchai, Mr. Nirun Yongsanguanchai and Ms. Siriphen Yongsanguanchai with shares of 99.86 percent, 0.02 percent, 0.02 percent, 0.02 percent, 0.02 percent, 0.02 percent, 0.02 percent, and 0.02 percent respectively.</p>	<p>The company bought gold necklaces to promote sales:</p> <p>Weight: 1 Baht</p> <p>Amount: 6 necklaces</p> <p>Weight: 1 Salung</p> <p>Amount: 7 necklaces</p> <p>Weight: 2 Salung</p> <p>Amount: 1 necklace</p>	<p>736,955.95 (calculated to 0.880 percent of SG&amp;A expenses)</p>	<p>The promotion made by the company is to give free gold necklaces to customers that want to buy a taxi. This will increase sales. The company has a credit term with Damrongchai Gold Trade with no collateral needed which will benefit the company. The price of gold is set by the market rate and the company buys at that price.</p>
<p>3. Damrongchai Kingkaew Company Limited</p> <p><b>Relationship Details</b></p> <p>A joint director consists of 3 people Mr. Kitti Yongsanguanchai, Mr. Nirun Yongsanguanchai, Ms. Siriphen Yongsanguanchai</p> <p>Common shareholders consist of 3 people: Mrs. Kitti Yongsanguanchai, Ms. Siriporn Yongsanguanchai and Ms. Siriphen Yongsanguanchai with shares of 99.60 percent, 0.20 percent, and 0.20 percent respectively.</p>	<p>The company bought gold necklaces to promote sales:</p> <p>Weight: 1 Baht</p> <p>Amount: 7 necklaces</p> <p>Weight: 2 Salung</p> <p>Amount: 1 necklace</p> <p>Weight: 1 Salung</p> <p>Amount: 1 necklace</p>	<p>325,572.84 (calculated to 0.389 percent of SG&amp;A expenses)</p>	<p>The promotion made by the company is to give free gold necklaces to customers that want to buy a taxi. This will increase sales. The company has a credit term with Damrongchai Kingkaew with no collateral needed which will benefit the company. The price of gold is set by the market rate and the company buys at that price.</p>

#### 4. Loans

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
1. Mr. Nipon Yongsanguanchai	Loan contract with no collateral	30,000,000.00 (interest: 2,195,068.51)	The company borrowed 30 Million Baht for normal business operations with an interest of 4 percent annually and interest rates comparable to the promissory note the company is currently receiving from the bank.

#### 5. Loan Guarantors

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
Mr. Nitipat Yongsanguanchai	Mr. Nitipat Yongsanguanchai's full loan guarantee without any return and guaranteed with an owned land mortgage to The Siam Commercial Bank Public Company Limited	Full loan guarantee	The company needs loans from financial institution in order for the company to operate its normal leasing business. The financial institution specified that the company's director must be a guarantor for the full loan, of which the director will not receive any compensation for acting as the guarantor.
Mr. Nithat Yongsanguanchai	Mr. Nitipat Yongsanguanchai's full loan guarantee without any return and guaranteed with an owned land mortgage to The Siam Commercial Bank Public Company Limited	Full loan guarantee	The company needs loans from financial institution in order for the company to operate its normal leasing business. The financial institution specified that the company's director must be a guarantor for the full loan, of which the director will not receive any compensation for acting as the guarantor.
Mr. Nithat Yongsanguanchai	Mr. Nithat Yongsanguanchai's full loan guarantee without any return from LHBANK and pledge personal deposit money with LHBANK	Short-term loan 130 Million Baht	The company needs loans from financial institution in order for the company to operate its normal leasing business. The financial institution specified that the company's director must be a guarantor for the full loan, of which the director will not receive any compensation for acting as the guarantor.

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
Mr. Nutchai Yongsanguanchai	Mr. Nutchai Yongsanguanchai's guarantee short-term loan of 200 Million Baht without any return from SCB bank.	Short-term loan 200 Million Baht	The company needs loans from financial institution in order for the company to operate its normal leasing business. The financial institution specified that the company's director must be a guarantor for the full loan, of which the director will not receive any compensation for acting as the guarantor.
Ms. Sureeporn Sereerattanachaiyaporn Ms. Sayamon Apikitthanapol	Ms. Sureeporn Sereerattanachaiyaporn Ms. Sayamon Apikitthanapol mortgage their land title deed number 2415 and 3962 with an area of 15-1-52 rai as collateral to SCB bank	Full loan guarantee	The company needs loans from financial institution in order for the company to operate its normal leasing business. The financial institution specified that the group of major shareholders must be a guarantor for the full loan and mortgage their asset as collateral, of which the shareholders will not receive any compensation for acting as the guarantor.
Mr. Suwat Lewtrakul	Mr. Suwat Lewtrakul mortgage his title deed of number 1450 for collateral to SCB bank	Short-term loan 460 Million Baht	The company needs loans from financial institution in order for the company to operate its normal leasing business. The financial institution specified that the group of major shareholders must be a guarantor for the full loan and mortgage their asset as collateral, of which the shareholders will not receive any compensation for acting as the guarantor.
Mrs. Panipa Yongsanguanchai	Mrs. Panipa Yongsanguanchai mortgage her title deed of number 1451, 6027, 6028 for collateral to SCB bank	Short-term loan 460 Million Baht	The company needs loans from financial institution in order for the company to operate its normal leasing business. The financial institution specified that the group of major shareholders must be a guarantor for the full loan and mortgage their asset as collateral, of which the shareholders will not receive any compensation for acting as the guarantor.

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
Mr. Achira Yongsanguanchai	Mr. Achira Yongsanguanchai mortgage his title deed of number 1451 for collateral to SCB bank	Short-term loan 460 Million Baht	The company needs loans from financial institution in order for the company to operate its normal leasing business. The financial institution specified that the group of major shareholders must be a guarantor for the full loan and mortgage their asset as collateral, of which the shareholders will not receive any compensation for acting as the guarantor.
Mr. Kimsae Lewtrakul	Mr. Kimsae Lewtrakul mortgage his title deed of number 1459 for collateral to SCB bank	Short-term loan 460 Million Baht	The company needs loans from financial institution in order for the company to operate its normal leasing business. The financial institution specified that the group of major shareholders must be a guarantor for the full loan and mortgage their asset as collateral, of which the shareholders will not receive any compensation for acting as the guarantor.
Mrs. Jitra Piamthong Mrs. Nampung Pisithkul Mr. Charin Yongsanguanchai Mr. Nipon Yongsanguanchai Mr. Nitipat Yongsanguanchai Ms. Sayamon Apikitthanapol Ms. Sureeporn Sereerattanachaiyaporn Mr. Nithat Yongsanguanchai	A group of major shares mortgage their title deed of number 2464 with an area of 30-0-00 rai for collateral to SCB bank	Full loan guarantee	The company needs loans from financial institution in order for the company to operate its normal leasing business. The financial institution specified that the group of major shareholders must be a guarantor for the full loan and mortgage their asset as collateral, of which the shareholders will not receive any compensation for acting as the guarantor.
Mrs. Jitra Piamthong	Mrs. Jitra Piamthong mortgage her title deed of number 5423, 2424, 6097 and 6203 with a total area of 4-2-09 rai for collateral to SCB bank	Full loan guarantee	The company needs loans from financial institution in order for the company to operate its normal leasing business. The financial institution specified that the group of major shareholders must be a guarantor for the full loan and mortgage their asset as collateral, of which the shareholders will not receive any compensation for acting as the guarantor.

## 6. Factoring

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
<p>DCK Land Co., Ltd</p> <p><b>Relationship Details</b></p> <p>The company has a joint director consists of 4 people: Mr. Kitti Yongsanguanchai, Mr. Nithat Yongsanguanchai, Mr. Charin Yongsanguanchai, and Mr. Nutchayongsanguanchai. Common shareholders consist of 9 people: Mr. Damrong Yongsanguanchai, Mr. Kitti Yongsanguanchai, Mr. Charin Yongsanguanchai, Ms. Nampung Pisithkul, Mr. Nitipat Yongsanguanchai, Mr. Nithat Yongsanguanchai, Mr. Niphon Yongsanguanchai, Mr. Nirun Yongsanguanchai and Ms. Siriphen Yongsanguanchai with shares of 20 percent, 10 percent, 10 percent, 10 percent, 10 percent, 10 percent, 10 percent, 10 percent, and 10 percent respectively.</p>	<p>The company provides services for purchasing accounts receivable (Factoring) and DCK Land Co., Ltd. is the customer liable for those invoice payments.</p>	<p>431,880.04 (Interest receivable and charge)</p>	<p>The company wants to expand its financial services to other kinds of customers, the interest rate used at a rate of 8 percent which is in line with market standards for financial services (Finance).</p>

## 7. Finance (bus)

Individuals with Possible Conflicts	Transaction Type	Value of Transaction	Necessity and Reasonability of Transaction
<p>Sisawat Motor Vehicles Operator Co., Ltd</p> <p>(The director and a major shareholder: Mr. Prapon Fakpunpai)</p>	<p>Our company has a hire purchase contracts with Sisawat Motor Vehicles Operator Co., Ltd (Finance)</p>	<p>3,779,952.00</p>	<p>The company wants to expand its financial services to other kinds of public transportation with an interest rate of 7-7.25 percent which is in line with market standards for financial services (Finance).</p>

### Policy and Future Trends on Related Party Transactions

In the case that the company has Related Party Transactions with persons that may have conflict as stated above. The company will consult with the Audit Committee to ask for the committee's opinion on the appropriateness of the transactions. And if the Audit Committee has no expertise in certain areas in considering the appropriateness of the transactions. The company shall provide assistance in appointing a person with special knowledge or experience in the area, such as an auditor or independent financial appraiser to give their opinions on the transactions. The opinions of the Audit Committee or the persons with special expertise will be used, in part consideration, and presented to the Board of Directors or shareholders, as the case may be, for the final decision to ensure that said transactions will not be of a manipulative nature or transfer of benefits between companies or subsidiaries or persons that may have conflicts of interest. And to ensure that the transactions that the company has taken are done with the consideration of the best interests of shareholders in mind.

In case the company requires financial assistance, at the Board of Directors meeting no.1 / 2019 on 22nd February 2019, the company has set a policy regarding borrowing and loans, stating that the company will mainly try to focus on taking out loans from financial institutions. However, if necessary, such as in unforeseeable circumstances whereby the financial institution maybe unable to accommodate such loans, such as when they are in the process of considering the loan approval, etc. Therefore, the company will ask for help from related parties / persons. Which the company has stipulated a policy to borrow money from all relevant persons in a cumulative limit not exceeding 25 million Baht at any given period of time, and with an interest rate not exceeding the 1-year fixed deposit rate plus 1.00%, which is the same as the interest rate that the company is receiving from the loan which is guaranteed by director's cash. The company shall start to apply these policies after the company is listed on the stock market. And in the part of guarantee for loans by using shareholder's land title deeds as collateral, the management explained to the Board of Directors that the management has inquiring with each shareholder and confirmed that the existing shareholders who had pledged their land as collateral will continue to provide support for the company without receiving any compensation. However, once the loan amount of which said land title deeds are collateral has been repaid completely, then the shareholders request the company remove them as guarantors.

## Analysis and Explanation of Performance from the Management

### Income

In the year 2019, the company and its subsidiaries had a total revenue of 469.48 million Baht, a decrease from the same period of the previous year which was 495.13 million Baht, representing a decrease of 5.18%. The total revenue of the group consists of revenue from sales of goods, income from hire purchase agreements, interest income from the purchase of invoices, and other income with the total revenue structure of the company can be summarised by as follows

Unit: Million Baht

Statements of comprehensive income	Year 2017		Year 2018		Year 2019	
	Audited	%	Audited	%	Audited	%
(1) Revenue from sales of goods	278.20	62.60	299.18	60.94	259.29	55.23
(2) Revenue from hire purchase agreements	157.80	35.51	174.59	35.26	186.63	39.75
(3) Interest income from the purchase of invoices	-	-	0.63	0.13	1.06	0.23
<b>Total operating income</b>	<b>436.00</b>	<b>98.10</b>	<b>474.40</b>	<b>95.81</b>	<b>446.98</b>	<b>95.21</b>
Other income	8.43	1.90	20.73	4.19	22.51	4.79
<b>Total revenue</b>	<b>444.43</b>	<b>100.00</b>	<b>495.13</b>	<b>100.00</b>	<b>469.48</b>	<b>100.00</b>

Note: Other income consists of fines, late payment interests, penalties, car accessories sales.

### Revenue from Product Sales

Revenue from product sales is the main revenue of the group of companies. The sale of good accounted for 55.23 % of total revenue in the year 2019 equating 259.29 million Baht, a decrease from the same period last year which had sales revenue of 299.18 million Baht equating to 13%. Which was a result of the government policy that came out at the end of 2018 which was the "Hug Taxi Project", and the car manufacturer Toyota launched a new-look cars model in the 3rd quarter of 2019, causing consumers to delay their purchase decision.

Unit: Million Baht

Description	Year 2017		Year 2018		Year 2019	
	Amount	%	Amount	%	Amount	%
Taxi – Cash Sales	4.87	1.75	7.59	2.54	15.35	5.92
Taxi – Hire Purchase	273.33	98.25	291.59	97.46	243.94	94.08
<b>Total Sales Amount</b>	<b>278.20</b>	<b>100.00</b>	<b>299.18</b>	<b>100.00</b>	<b>259.29</b>	<b>100.00</b>

In the year 2019, the company had sales of taxis including hire purchase loans in the amount of 243.94 million Baht which decreased from the same period of last year of 16.34 % as a result of customers delaying their vehicle purchase decisions in order to wait for clarifications regarding the government's "Hug Taxi Project" and car model makeover as mentioned above.

## Cost of Sales and Services and Gross Profit Margin

The company's cost of sales structure can be separated as follows

Unit: Million Baht

Description Cost of sales	Year 2017		Year 2018		Year 2019	
	Amount	%	Amount	%	Amount	%
Cost of sales	257.26	99.13	278.14	99.18	246.77	98.85
Cost of service	2.26	0.87	1.20	0.43	2.88	1.15
Total cost of sales and services	259.52	100.00	279.34	100.00	249.65	100.00
% Of sales revenue	93.29		93.37		96.28	

In the year 2019, the company had the cost of sales and services equal to 249.65 million Baht or 96.28 % of the revenue from sales, which the cost of sales decreased according to the reduced sales volume.

Unit: Million Baht

Cost of Different Types of Taxis	Year 2017		Year 2018		Year 2019	
	Amount	%	Amount	%	Amount	%
First-hand taxi	138.71	53.92	202.40	72.77	161.21	65.33
Second-hand taxi	118.55	46.08	75.74	27.23	85.56	34.67
Total cost of taxis	257.26	100.00	278.14	100.00	246.77	100.00

Note: The cost of the first-hand taxi shows the value of the car as raw material. It does not include other miscellaneous expenses such as GPS installation fees etc.

Unit: Million Baht

Gross profit from sales	Year 2017		Year 2018		Year 2019	
	Amount	%	Amount	%	Amount	%
Revenue from product sales	278.20	100.00	299.18	100.00	259.29	100.00
Cost of sales and services	265.53	95.45	279.34	93.37	249.65	96.28
Finance costs	2.03	0.73	1.65	0.55		
	10.64	3.83	18.19	6.08	9.64	3.72

For the year 2019, the company has gross profits from sales and services amounting to 9.64 million Baht, representing 3.72% of income from sales revenue which decreased when compared to the same period last year which had gross profit from sales and services of 18.19 million Baht or 6.08% income from sales revenue. The decrease was due to taxi customers delaying their decision to buy a car. Waiting for clarification about the "Hug Taxi Project" and the car model makeover as mentioned above. Also, the selling price of a second-hand taxi has some limitations with regards to remaining life time of the taxi plate, causing some fluctuations in price of older taxis.

## Income from Hire Purchase Agreements and Income Interest from the Purchase of Invoice

Unit: Million Baht

Income	Year 2017		Year 2018		Year 2019	
	Amount	%	Amount	%	Amount	%
Revenue from hire purchase contracts	94.89	62.12	100.78	57.52	96.45	51.39
- According to hire-purchase agreements						
Income from hire purchase agreements	58.23	38.12	75.27	42.96	93.15	49.63
- According to loan agreements						
Interest Income - Factoring	-	-	0.63	0.36	1.06	0.56
Discounts and others	(0.36)	(0.24)	(1.46)	(0.83)	(2.97)	(1.58)
Total income from hire purchase agreements and interest income - factoring	152.76	100.00	175.22	100.00	187.68	100.00

In the year 2019, the company has income from hire purchase agreements, and interest income from the purchase of invoices totalling 187.68 million Baht, increased from the same period of the previous year in the amount of 12.46 million Baht, representing an increase of 7.11 %. Mainly due to the expansion of the loan portfolio, and fees and service income from hire purchase agreements of other types of vehicles apart from taxis, insurance broker service, factoring loan service, which results in this increase.

## Financial Cost of Fund and Gross Profit Margin from revenue from Hire Purchase Agreements

Unit: Million Baht

Financial Cost of Fund	Year 2017		Year 2018		Year 2019	
	Amount	%	Amount	%	Amount	%
Interest expense	27.65	95.45	33.91	98.44	29.80	99.83
Borrowing fees	1.00	3.45	0.25	0.73	0.05	0.17
Investment Fees - B / E Tickets	0.32	1.10	0.29	0.83	-	-
Total Financial Costs	28.97	100.00	34.45	100.00	29.85	100.00
% of revenue from hire purchase contracts	18.40		19.73		16.00	

In the year 2019, the company had financial cost of fund in the amount of 29.85 million Baht, representing a decrease of 13.34% compared to the same period of the previous year. While the financial cost if fund accounts for 16.00% of the income from the hire purchase contract. Which decreased from the period same of last year, which accounted for 19.73 % of income from hire purchase agreements. The said decrease was a result of the company using the funds received from the issuance of new ordinary shares and the initial public offering of shares (IPO) to repay loans from financial institutions before the maturity.

Unit: Million Baht

Gross profit from hire purchase and interest -factoring	Year 2017		Year 2018		Year 2019	
	Amount	%	Amount	%	Amount	%
Income from hire purchase agreements	157.45	100.00	174.59	100.00	186.63	100.00
Interest income from the purchase of invoices	-	-	0.63	0.36	1.06	0.57
Finance costs	28.97	18.40	34.45	19.73	29.85	16.00
Gross profit from rental and interest income - factoring	128.48	81.60	140.77	80.63	157.84	84.57

In the year 2019, the company has a gross profit from income from hire purchase agreements and interest income from factoring in the amount of 157.84 million Baht representing gross profit at 84.57 % of income from hire purchase agreements. Which increased from the same period last year 17.06 million Baht, representing an increase of 12.12% due to reduced financial costs according to the reasons mentioned above.

#### Other Income

For the year 2019, the company had other incomes of 22.51 million Baht, equivalent to 4.79 % of total revenue, which increased from the same period of the previous year in the amount of 1.78 million Baht due to the increase in income from insurance broker commission in the amount of 5.39 million Baht

#### General and Administrative (G&A) Expenses

Unit: Million Baht

General and Administrative (G&A) Expenses	Year 2017		Year 2018		Year 2019	
	Amount	%	Amount	%	Amount	%
Salaries and commissions	7.92	32.56	9.20	40.76	12.49	48.74
Advertising / sales promotion / commission	15.64	64.32	12.56	55.67	11.32	44.17
Other expenses	0.76	3.12	1.27	3.57	1.82	7.09
Total distribution costs	24.32	100.00	23.03	100.00	25.63	100.00

In the year 2019, the company had General and Administrative (G&A) expenses of 25.63 million Baht or 5.46 % of total revenue. This increased when compared to the same period of the previous year in the amount of 2.60 million Baht to stimulate and promote sales and services, resulting in the increase in amount of hire purchase in that year.

#### Administrative Expenses

Significant administrative expenses include personnel expenses such as salaries, bonuses and other welfare benefits for employees, etc., representing a ratio of 43.44 % of the total administrative expenses, with the company and its subsidiaries having expenses in the amount of 36.37 million Baht in the year 2019, which increased by 6.33 million Baht from the same period of the previous year. Administrative expenses increased in 2019 because the company invested in expanding branches, and increasing other types of financial services.

Unit: Million Baht

Administrative Expenses	Year 2017		Year 2018		Year 2019	
	Amount	%	Amount	%	Amount	%
Remuneration for employees	22.71	29.89	30.04	35.33	36.37	43.44
Depreciation	5.08	6.69	6.59	7.75	6.62	7.91
Rent	5.54	7.29	9.56	11.24	9.57	11.43
Profit (loss) from car seizure	16.94	22.30	13.15	15.46	15.17	18.12
Provisions	16.91	22.26	11.12	13.08	(3.75)	(4.48)
Other	8.79	11.57	14.57	17.14	19.74	23.58
Total administrative expenses	75.97	100.00	85.03	100.00	83.72	100.00

Note: Others consist of directors' meeting allowances, professional fees etc.

The Company's Profitability Can be summarised as follows

Unit: Million Baht

Profitability	Year 2017		Year 2018		Year 2019	
	Amount	%	Amount	%	Amount	%
Gross profit from sales	18.68	3.83	18.19	6.08	9.64	3.72
Gross profit from hire purchase agreements	128.48	82.93	142.10	81.39	157.24	84.25
Total gross profit (including other income)	155.95	33.74	181.34	36.62	189.98	40.47
Profit before income tax	49.30	11.09	70.79	14.30	79.59	16.95
Net profit	39.38	8.86	56.77	11.46	65.99	14.05

For the year 2019, the company has a net profit of 65.99 million Baht, equivalent to 14.05 % of total revenue, while in 2018 the company has the net profit margin was 11.46. The increase in the net profit margin in the year 2019 was mainly due to the reduced financial costs, because the company has the funds received from the issuance of new ordinary shares and the initial public offering of shares (IPO) which was used as repayment of loans from financial institutions.

#### Return on Equity

When considering the rate of return on equity in the past, it was found that in the year 2016 - 2019, the company has the rate of return on equity of 23.72%, 14.65%, 19.92%, and 12.66%, respectively. In the year 2019, the company has a lower return on equity compared to the previous years due to the issuance of new ordinary shares and the initial public offering of shares on the Stock Exchange of Thailand (IPO) in June 2019, thus increasing the average annual shareholders' equity all the while profits grew at a smaller proportion.

## Financial Status

### Asset

#### Cash and Cash Equivalents

For the end of the year 2019, the company had cash and cash equivalents in the amount of 22.56 million Baht which increased from the end of the year 2018 due to the issuance of new ordinary shares and initial public offering on the Stock Exchange of Thailand (IPO) to prepare for loan portfolio expansion, and reduce some financial costs by repayment of the loan before the due date.

#### Accounts Receivable Under Hire Purchase Agreements

Unit: Million Baht

Accounts receivable under hire purchase agreements	Year 2017	Year 2018	Year 2019
Due within one year	270.19	325.87	395.05
Hire purchase receivables	597.77	732.62	783.03
Total receivables under hire purchase agreements	867.96	1,058.49	1,178.08
% of total assets	90.21	90.16	88.00

At the end of the year 2017 - 2018 and at the end of the year 2019 the company has receivables under the hire purchase agreement equalling to 867.96 million Baht, 1,058.49 Million Baht and 1,178.08 million Baht, respectively; representing 90.21 %, 90.16 %, and 88.00 % of total assets respectively. The expansion of receivables under hire purchase contracts until the year 2019 was caused by portfolio expansion, the increase in the company's leasing contract numbers, in accordance with business expansion. The ageing account receivables are shown below.

Unit: Million Baht

Age of accounts receivable	Year 2017		Year 2018		Year 2019	
	Amount	%	Amount	%	Amount	%
Not yet due	685.67	76.70	849.22	77.83	846.42	70.17
1-30 days past due	80.90	9.05	101.04	9.26	145.13	12.03
31-90 days past due	109.26	12.22	114.23	10.47	181.10	15.01
91-180 days past due	16.51	1.85	24.41	2.24	31.17	2.58
181-270 days past due	0.50	0.06	0.77	0.07	0.10	0.01
More than 270 days past due	1.08	0.12	1.49	0.14	2.35	0.20
Total trade receivables	893.92	100.00	1,091.16	100.00	1,206.27	100.00
Less allowance for provisions	(26.05)	(2.91)	(32.68)	(2.99)	(28.19)	(2.34)
Debtors under financial lease agreements	867.87	97.09	1,058.48	97.01	1,178.08	97.66

From the ageing table of the trade receivables, it can be seen that at the end of the year 2019, the company has outstanding receivables of more than 270 days of 7 contracts with a total value of 2.35 million Baht, which the company has appropriated client specific provisions for 2 contracts in the amount of 1.58 million Baht. The remaining 5 contracts are pending receivables with a total amount of 0.78 million Baht.

In this regard, the company has set up provisional allowance for NPL in 2017-2018 and the end of the year 2019 in the amount of 26.05 million Baht, 32.68 million Baht and 28.19 million Baht, respectively. Since 2017, the company has increased additional provisions following the policy on the allowance for doubtful debts has been adjusted to be more appropriate and better reflects the debt quality of receivables.

Additionally, the company has assessed additional anticipated losses for receivables for individual contracts with book values at the end of the accounting period higher than that of the collateral value. The company uses the estimated selling price of the taxi less the cost of refurbishment to calculate the excess value, only for overdue contracts. Using historical default probability together with the excess value of the taxi in comparison to its collateral value, the company will allocate extra specific provisions for all these contracts, as per the details below.

Percentage						
The value of account receivables under hire purchase contract is higher than the book value of the asset						
	Year 2017		Year 2018		Year 2019	
	First-hand car	Second-hand car	First-hand car	Second-hand car	First-hand car	Second-hand car
Overdue receivables	-	-	-	-	-	-
Not over 1 month	-	15.69	-	17.99	-	18.59
More than 1 to 3 months	-	17.28-30.15	20.11-24.07	20.11-24.07	20.11-24.07	21.53-24.46
More than 3 months	100.00	100.00	100.00	100.00	100.00	100.00

#### Accounts Receivable from the Purchase of Invoices (Factoring)

The company has receivables from the purchase of invoices (Factoring), which is a new business of the company, started and has been operating since April 2018. At the end of the year 2019, the company has the receivables from the purchase of invoices equal to 22.22 million Baht or 1.66 % of total assets.

#### Inventories

At the end of the year 2019, the company had inventories in the amount of 64.31 million Baht, equivalent to 4.80 % of Total assets, which increased from the year-end in 2018, which was 19.95 million Baht. The said increase in inventories is due to the preparation of 40 new cars. It is a special case due to the change in the Toyota car model resulting in the cost of increase cost for the new model cars and the taxi equipment that goes with it.

## Investments in Joint Ventures

The company has invested in App Taxi Company Limited, a company established in 2017, to jointly develop a taxi ride hailing application which is to help the company's customers in finding ride customers, and at the same time to collect data related to taxis usage. By the end of 2019, the company has invested a total of 3.83 million Baht by way of shared cost equity method.

## Debt

### Short-term Loans from Financial Institutions

The company has short-term loans from financial institutions at the end of 2016-2018 and the end of 2019, equal to 474.00 million Baht; 542.75 million Baht; 679.00 million Baht; and 362.25 million Baht respectively, representing 54.53 % and 56.41 % 57.83 % and 27.06 % of total liabilities and total shareholders' equity of the Company. In the year 2019, the Company issued new ordinary shares and the first public offering of shares in the Stock Exchange of Thailand (IPO) and used the money received from the IPO to repay loans from financial institutions, due to this the level of short-term loans from financial institutions dramatically reduced in 2019.

### Long-term Loans from Financial Institutions

Unit: Million Baht

Long-term loans from financial institutions	Year 2017	Year 2018	Year 2019
Due within one year	23.60	23.60	50.63
Not due within one year	41.48	17.88	112.24
Total long-term loans	65.08	41.48	162.87

The company has long-term loans from financial institutions at the end of 2017-2018 and the end of 2019 with the balance equal to 65.08 million; 41.48 million Baht; and 162.87 million Baht respectively, equating to 6.76% and 3.53% and 12.17% of total liabilities and total shareholders' equity, respectively. In 2019, the Company withdrew an additional 200 million Baht of long-term loans from financial institutions in order to support the expansion of loan portfolios in the future.

### Short-term Loans from Related Parties and Short-term Loans from Other Persons

As of the end of 2019, the company has short-term loans from related party and short-term loans from other persons equating to 30 million Baht and 20 million Baht, respectively. The RPT loan belongs to Mr. Nipon Yongsanguanchai, a shareholder of the company.

### Shareholders' Equity

At the end of 2017-2018 and the end of 2019, the company had shareholders' equity of 256.51 million Baht, 313.28 million Baht, and 729.48 million Baht, equivalent to the total debt and total shareholders' equity of 26.66%, 26.68% and 54.49%. Shareholders' equity increased by 132.86% due to the issuance of ordinary shares and offering selling the first ordinary shares on the Stock Exchange of Thailand (IPO).

## Liquidity and Sources of Funds

Unit: Million Baht

Description	Year 2017	Year 2018	Year 2019
Net cash from operation activities	(38.55)	(122.38)	(39.06)
Net cash from investing activities	(12.72)	(9.05)	(12.70)
Net cash from financing activities	23.97	129.27	57.81
Cash and cash equivalents increased (decreased) net	(27.30)	(2.17)	6.04

In the year 2019, the company had net cash flows from operating activities in the amount of 39.06 million Baht, mainly due to higher loans following the growth of receivables under hire purchase contracts in the amount of 106.38 million Baht, while inventories in the company increased by 20.66 million Baht due to increased car orders. According to the reasons mentioned above, The company invested in equipment for use in the new office, causing the company to use the net cash to invest of 12.70 million Baht. However, the company has issued new ordinary shares and the first public offering of shares in the Stock Exchange of Thailand (IPO) receiving a sum of 417.50 million Baht in addition to the withdraw of long-term loans from financial institution of 200 million Baht for business expansion. Although the company made repayment of long-term loans of 78.51 million Baht and interest payment 29.55 million Baht. Therefore, all of the above items result in the company having net cash amount, derived from financing activities in the total value of 57.81 million Baht, resulting in increased cash and cash equivalents net amount 22.56 million Baht.

## Equity Structure

Unit: Million Baht

Financial ratios	Unit	Year 2017	Year 2018	Year 2019
Debt to equity ratio	Ratio	2.75	2.75	0.84
Loan to borrow ratio	Ratio	1.29	1.27	1.60
Dividend pay-out ratio	%	153.85	NA	78.80

In the year 2019, the company's debt to equity ratio decreased to 0.84 times as a result of the issuance of new ordinary shares and launches the first IPO on the Stock Exchange of Thailand to support the expansion of loan portfolios, resulting in the company having a reduced financial risk.

Unit: Million Baht

Source of Fund	Year 2017		Year 2018		Year 2019	
	Million Baht	%	Million Baht	%	Million Baht	%
Loans from commercial banks	-	-	-	-	-	-
Short-term loans	542.75	58.19	679.00	58.89	362.25	27.77
Current liabilities Within one year	23.60	2.53	23.60	2.05	50.63	3.88
Loan from related party	58.59	6.28	70.00	6.07	30.00	2.30
Loan from others	9.77	1.06	49.27	4.27	20.00	1.53
Long-term loans	41.48	4.44	17.88	1.55	112.24	8.60
Total loans	676.19	72.50	839.75	72.83	575.12	44.08
Total shareholders' equity	256.51	27.50	313.28	27.17	729.48	55.92
Total source of fund	932.70	100.00	1,153.03	100.00	1,304.60	100.00

At the end of the year 2019, the company still uses loans as one of the primary sources of funds for its business operations. By using long-term loans significantly increased instead of using short-term loans to ensure consistency between the source of funds and the use of funds that will result in more efficient financial liquidity management. However, although the company uses a lot of loans, by raising capital through the public offering of shares in the year 2019 helped to reduce the financial risk of the company significantly.

#### Interest Coverage Ratio

Unit: Million Baht

Description	As of 31 Dec 2017	As of 31 Dec 2018	As of 31 Dec 2019
Debt that has interest	676.19	839.75	575.13
Cash and fixed bank deposits	18.68	16.51	22.56
Liabilities according to financial statements	657.51	860.76	609.20
Profit before tax, interest, and depreciation	83.70	114.32	117.11
Net debt to profit ratio before tax, interest, and depreciation (times)	7.85	7.53	5.20
Interest coverage ratio (times)	2.70	3.06	3.67
Debt to equity ratio (times)	2.75	2.75	0.84

The company's interest coverage ratio from 2017-2019 was 2.70, 3.06, and 3.67, respectively. The increase at occurred in 2019 was due to the company's expansion and growth of loan portfolio, resulting in increase in cash flow during that year.

## The Committee's Responsibility to Report the Financial Statement

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The Board of Directors is aware of its obligations and responsibilities to report the financial statements of the company and its subsidiaries with the utmost accuracy, completeness, and sufficiency. The financial statements are to be reported according to generally accepted accounting standards and audited by a certified public accountant licensed by the Office of the Securities and Exchange Commission, by using accounting policies that is appropriate and practiced regularly. Ensuring sufficient disclosure of important information in the notes of the financial statements. Reporting all related party transactions or transactions that may cause conflicts of interest. And to have appropriate and sufficient internal control systems.

The Board of Directors has assigned the Audit Committee to review the financial statements and control systems; propose the appointment of the auditor and audit fees; as well as the opinion of the Audit Committee that should be reported to the Board of Directors on a regularly basis to ensure that the preparation of the financial statement is accurate and complete.

The committee believes that the overall level of internal control of the company is satisfactory and is able to give reasonable assurance that the financial statements of the company and its subsidiaries for the financial year ending 31st December 2019 is reliable based on following generally accepted accounting principles and correctly following all the relevant laws and regulations.



Dr. Kittti Yongsanguanchai  
Chairman



Mr. Nitipat Yongsanguanchai  
Chief Executive Officer

**Mitsib Leasing Public Company Limited  
and its subsidiaries**

Financial statements for the year ended  
31 December 2019  
and  
Independent Auditor's Report

## Independent Auditor's Report

### To the Shareholders of Mitsib Leasing Public Company Limited

#### *Opinion*

I have audited the consolidated and separate financial statements of Mitsib Leasing Public Company Limited and its subsidiaries (the "Group") and of Mitsib Leasing Public Company Limited (the "Company"), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2019, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

#### *Basis for Opinion*

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

### Key Audit Matters

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

<b>Adequacy of allowance for doubtful accounts of receivables under hire purchase contracts</b>	
Refer to Note 3 and 6 to the financial statements.	
<b>The key audit matter</b>	<b>How the matter was addressed in the audit</b>
As at 31 December 2019, the Group and the Company have receivables under hire-purchase contracts, net amounted to Baht 1,178 million and Baht 1,178 million, respectively, approximately to 88% of the Group's total assets and 85% of the Company's total assets, respectively. The estimation of allowance for doubtful accounts involves an assessment of the debtors' ability to pay and the realisable value from the sales of any repossessed assets. Due to management judgment involved in the estimation and the risk that default on payment of receivables may have a material impact on the financial statements, I have determined this to be a Key Audit Matter.	<p>My audit procedures consisted of:</p> <ul style="list-style-type: none"> <li>- understanding and assessing appropriateness of the accounting policy relating to estimation of allowance for doubtful accounts;</li> <li>- testing of design and operating effectiveness of controls relating to the estimation of allowance for doubtful accounts;</li> <li>- reviewing the accuracy of the aging report categorised by overdue class in contract level on a sample basis;</li> <li>- reviewing the appropriateness of data, on a sample basis, of probability of default, loss given default and provisioning rate;</li> <li>- reviewing the collateral value, on a sample basis, by referring to the Group and the Company's assumption including the Group and the Company's plan to manage the assets which are repossessed from the default debtors;</li> <li>- testing of calculation of the allowance for doubtful accounts; and</li> <li>- considering the appropriateness of the disclosures in accordance with relevant accounting standards.</li> </ul>

### Other Matter

The financial statements in which the equity method is applied and separate statement financial statements of the Company for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those statements dated 22 February 2019.

### Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

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

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

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

*Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements*

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



(Chokechai Ngamwutikul)  
Certified Public Accountant  
Registration No. 9728

KPMG Phoomchai Audit Ltd.  
Bangkok  
24 February 2020

## Mitsub Leasing Public Company Limited and its subsidiaries

## Statement of financial position

		Financial statements		Separate financial statements	
		Consolidated financial statements	in which the equity method is applied		
		31 December		31 December	
Assets	Note	2019	2018	2019	2018
		(in Baht)			
<b>Current assets</b>					
Cash and cash equivalents	5	22,558,518	16,513,602	18,100,681	16,513,602
Current portion of receivables under hire purchase contracts	6	395,045,556	325,866,495	395,045,556	325,866,495
Factoring receivables	7	22,224,231	2,246,740	22,224,231	2,246,740
Other receivables		10,480,693	5,136,627	6,976,396	5,136,627
Inventories	8	64,305,255	44,357,036	64,305,255	44,357,036
Other current assets		4,467,080	4,359,354	4,200,448	4,359,354
<b>Total current assets</b>		<b>519,081,333</b>	<b>398,479,854</b>	<b>510,852,567</b>	<b>398,479,854</b>
<b>Non-current assets</b>					
Long-term deposits at financial institution		1,000,000	1,000,000	1,000,000	1,000,000
Receivables under hire purchase contracts	6	783,030,268	732,617,430	783,030,268	732,617,430
Investments in subsidiaries	9	-	-	59,999,400	-
Investment in joint venture	10	3,834,110	1,617,117	7,713,000	4,450,000
Leasehold improvement and equipment	11	20,126,661	18,146,214	19,146,269	18,146,214
Intangible assets		3,153,874	2,460,650	2,271,808	2,460,650
Deferred tax assets	20	6,832,913	7,421,331	6,832,913	7,421,331
Other non-current assets	4	1,622,383	12,293,921	1,622,383	12,293,921
<b>Total non-current assets</b>		<b>819,600,209</b>	<b>775,556,663</b>	<b>881,616,041</b>	<b>778,389,546</b>
<b>Total assets</b>		<b>1,338,681,542</b>	<b>1,174,036,517</b>	<b>1,392,468,608</b>	<b>1,176,869,400</b>

## Mitsub Leasing Public Company Limited and its subsidiaries

## Statement of financial position

Liabilities and equity	Note	Financial statements			
		Consolidated financial statements	in which the equity method is applied		Separate financial statements
		31 December		31 December	
		2019	2018	2019	2018
					(in Baht)
<i>Current liabilities</i>					
Short-term loans from financial institutions	12	362,250,000	679,000,000	362,250,000	679,000,000
Other payable	4	20,300,774	8,220,593	20,081,600	8,220,593
Current portion of long-term loans from financial institutions	12	50,630,570	23,596,320	50,630,570	23,596,320
Short-term loans from related parties	4, 12	10,000,000	70,000,000	79,500,000	70,000,000
Short-term loans from other parties	12	20,000,000	49,265,254	20,000,000	49,265,254
Income tax payables		7,901,596	7,335,308	7,901,596	7,335,308
Other current liabilities		2,527,758	2,408,031	2,527,758	2,408,031
<b>Total current liabilities</b>		<b>493,610,698</b>	<b>839,825,506</b>	<b>542,891,524</b>	<b>839,825,506</b>
<i>Non-current liabilities</i>					
Long-term loans from financial institutions	12	112,244,810	17,883,193	112,244,810	17,883,193
Non-current provisions for employee benefits	13	2,679,945	2,584,951	2,679,945	2,584,951
Other non-current liabilities		664,166	466,580	664,166	466,580
<b>Total non-current liabilities</b>		<b>115,588,921</b>	<b>20,934,724</b>	<b>115,588,921</b>	<b>20,934,724</b>
<b>Total liabilities</b>		<b>609,199,619</b>	<b>860,760,230</b>	<b>658,480,445</b>	<b>860,760,230</b>
<i>Equity</i>					
Share capital	14				
Authorised share capital		333,500,000	333,500,000	333,500,000	333,500,000
Issued and paid-up share capital		333,500,000	250,000,000	333,500,000	250,000,000
Share premium on ordinary shares	14	317,914,453	-	317,914,453	-
Surplus on share-based payment transactions	15	2,735,870	2,735,870	2,735,870	2,735,870
Retained earnings					
Appropriated					
Legal reserve	16	14,267,359	10,884,374	14,267,359	10,884,374
Unappropriated		61,063,647	49,656,043	65,570,481	52,488,926
<b>Equity attributable to owners of the parent</b>		<b>729,481,329</b>	<b>313,276,287</b>	<b>733,988,163</b>	<b>316,109,170</b>
Non-controlling interests		594	-	-	-
<b>Total equity</b>		<b>729,481,923</b>	<b>313,276,287</b>	<b>733,988,163</b>	<b>316,109,170</b>
<b>Total liabilities and equity</b>		<b>1,338,681,542</b>	<b>1,174,036,517</b>	<b>1,392,468,608</b>	<b>1,176,869,400</b>

## Mitsub Leasing Public Company Limited and its subsidiaries

## Statement of comprehensive income

	Note	Financial statements			
		Consolidated financial statements	in which the equity method is applied	Separate financial statements	
		Years ended 31 December	2018	Years ended 31 December	2018
		2019	(in Baht)	2019	2018
<b>Revenue</b>					
Revenue from sales	17	259,294,196	299,181,309	259,294,196	299,181,309
Revenue from hire purchase contracts	17	186,626,703	174,593,630	186,626,703	174,593,630
Interest income on factoring	17	1,056,985	625,120	1,056,985	625,120
Other income	4	22,507,080	20,726,807	22,533,852	20,726,807
<b>Total revenue</b>		<b>469,484,964</b>	<b>495,126,866</b>	<b>469,511,736</b>	<b>495,126,866</b>
<b>Expenses</b>					
Cost of sales of goods	8	249,649,843	279,339,213	249,649,843	279,339,213
Distribution costs	4, 19	25,626,884	23,026,397	25,066,294	23,026,397
Administrative expenses	4, 19	83,723,456	85,033,921	83,240,956	85,033,921
Finance costs	4, 19	29,852,649	34,447,913	30,294,560	34,447,913
Share of loss of joint venture		1,046,006	2,487,883	-	-
<b>Total expenses</b>		<b>389,898,838</b>	<b>424,335,327</b>	<b>388,251,653</b>	<b>421,847,444</b>
<b>Profit before income tax expense</b>		<b>79,586,126</b>	<b>70,791,539</b>	<b>81,260,083</b>	<b>73,279,422</b>
Income tax expenses	20	13,600,398	14,026,493	13,600,398	14,026,493
<b>Profit for the year</b>		<b>65,985,728</b>	<b>56,765,046</b>	<b>67,659,685</b>	<b>59,252,929</b>
<b>Other comprehensive income</b>					
<i>Items that will not be reclassified to profit or loss</i>					
Gains on remeasurements of defined benefit plans	13	1,006,069	-	1,006,069	-
Income tax relating to items that will not be reclassified	20	(201,214)	-	(201,214)	-
<b>Total items that will not be reclassified to profit or loss</b>		<b>804,855</b>	<b>-</b>	<b>804,855</b>	<b>-</b>
<b>Other comprehensive income for the year, net of tax</b>		<b>804,855</b>	<b>-</b>	<b>804,855</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>66,790,583</b>	<b>56,765,046</b>	<b>68,464,540</b>	<b>59,252,929</b>
<b>Profit attributable to:</b>					
Owners of the parent		65,985,734	56,765,046	67,659,685	59,252,929
Non-controlling interests		(6)	-	-	-
<b>Profit for the year</b>		<b>65,985,728</b>	<b>56,765,046</b>	<b>67,659,685</b>	<b>59,252,929</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the parent		66,790,589	56,765,046	68,464,540	59,252,929
Non-controlling interests		(6)	-	-	-
<b>Total comprehensive income for the year</b>		<b>66,790,583</b>	<b>56,765,046</b>	<b>68,464,540</b>	<b>59,252,929</b>
<b>Earnings per share</b>					
Basic earnings per share	21	0.111	0.114	0.114	0.119

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Statement of changes in equity**

Financial statements in which the equity method is applied						
				Retained earnings		
	Issued and	Share premium on	Surplus on		(Deficit)	
Note	paid-up	ordinary shares	share-based	Legal reserve	Unappropriated	Total equity
	share capital		payment			
			transactions			

16

**Mitsub Leasing Public Company Limited and its subsidiaries**
**Statement of changes in equity**

Consolidated financial statements								
				Retained earnings				
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Surplus on share-based payment transactions	Legal reserve	Unappropriated (in Baht)	Equity attributable to owners of the parent	Non-controlling interest
								Total equity
Year ended 31 December 2019								
Balance at 1 January 2019		250,000,000	-	2,735,870	10,884,374	49,656,043	313,276,287	-
Transactions with owners, recorded directly in equity								
Contributions by and distributions to owners of the parent								
Issue of ordinary shares	14	83,500,000	317,914,453	-	-	-	401,414,453	-
Dividends	22	-	-	-	-	(52,000,000)	(52,000,000)	-
Total contributions by and distributions to owners of the parent		83,500,000	317,914,453	-	-	(52,000,000)	349,414,453	-
Changes in ownership interests in subsidiaries								
Established new subsidiaries		-	-	-	-	-	-	600
Total changes in ownership interests in subsidiaries		-	-	-	-	-	-	600
Total transactions with owners, recorded directly in equity		83,500,000	83,500,000	-	-	(52,000,000)	349,414,453	600
Comprehensive income for the year								
Profit for the year		-	-	-	-	65,985,734	65,985,734	(6)
Other comprehensive income		-	-	-	-	804,855	804,855	-
Total comprehensive income for the year		-	-	-	-	66,790,589	66,790,589	(6)
Transfer to legal reserve	16	-	-	-	3,382,985	(3,382,985)	-	-
Balance at 31 December 2019		333,500,000	317,914,453	2,735,870	14,267,359	61,063,647	729,481,329	594
								729,481,923

## Mitsib Leasing Public Company Limited and its subsidiaries

## Statement of changes in equity

	Separate financial statements					
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Surplus on share-based payment transactions (in Baht)	Retained earnings	
					Legal reserve	(Deficit) Unappropriated
						Total equity
<b>Year ended 31 December 2018</b>						
Balance at 1 January 2018		250,000,000	-	2,735,870	7,921,728	-3,801,357
<b>Comprehensive income for the year</b>						
Profit for the year		-	-	-	-	59,252,929
<b>Total comprehensive income for the year</b>		-	-	-	-	59,252,929
Transfer to legal reserve	16	-	-	-	2,962,646	(2,962,646)
<b>Balance at 31 December 2018</b>		<u>250,000,000</u>	<u>-</u>	<u>2,735,870</u>	<u>10,884,374</u>	<u>52,488,926</u>
						<u>316,109,170</u>

# Mitsib Leasing Public Company Limited and its subsidiaries

## Statement of changes in equity

Separate financial statements							
				Retained earnings			
	Note	Issued and paid-up share capital	Share premium on ordinary shares	Surplus on share-based payment transactions	Legal reserve	Unappropriated	Total equity
				(in Baht)			
<b>Year ended 31 December 2019</b>							
<b>Balance at 1 January 2019</b>		<b>250,000,000</b>	<b>-</b>	<b>2,735,870</b>	<b>10,884,374</b>	<b>52,488,926</b>	<b>316,109,170</b>
<b>Transaction with owners, recorded directly in equity</b>							
<i>Contributions by and distributions to owners</i>							
Issue of ordinary shares	14	83,500,000	317,914,453	-	-	-	401,414,453
Dividends	22	-	-	-	-	(52,000,000)	(52,000,000)
<i>Total contributions by and distributions to owners</i>		<b>83,500,000</b>	<b>317,914,453</b>	<b>-</b>	<b>-</b>	<b>(52,000,000)</b>	<b>349,414,453</b>
<b>Total transaction with owners, recorded directly in equity</b>		<b>83,500,000</b>	<b>317,914,453</b>	<b>-</b>	<b>-</b>	<b>(52,000,000)</b>	<b>349,414,453</b>
<b>Comprehensive income for the year</b>							
Profit for the year		-	-	-	-	67,659,685	67,659,685
Other comprehensive income		-	-	-	-	804,855	804,855
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,464,540</b>	<b>68,464,540</b>
Transfer to legal reserve	16	-	-	-	3,382,985	(3,382,985)	-
<b>Balance at 31 December 2019</b>		<b>333,500,000</b>	<b>317,914,453</b>	<b>2,735,870</b>	<b>14,267,359</b>	<b>65,570,481</b>	<b>733,988,163</b>

## Mitsub Leasing Public Company Limited and its subsidiaries

## Statement of cash flows

	Financial statements		Separate financial statements	
	Consolidated financial statements	in which the equity method is applied	Separate financial statements	
	Years ended 31 December	2018	Years ended 31 December	2018
	2019	(in Baht)	2019	2018
<b>Cash flows from operating activities</b>				
Profit for the year	65,985,728	56,765,046	67,659,685	59,252,929
Adjustments to reconcile profit to cash receipts (payments)				
Tax expense	13,600,398	14,026,493	13,600,398	14,026,493
Finance costs	29,852,649	34,447,913	30,294,560	34,447,913
Depreciation and amortisation	6,699,737	6,588,472	6,621,981	6,588,472
Impairment losses on assets (reversal)	714,193	(1,086,939)	714,193	(1,086,939)
Share of loss of joint venture	1,046,006	2,487,883	-	-
(Reversal of) bad and doubtful debts expenses	(3,753,700)	6,724,806	(3,753,700)	6,724,806
Loss on disposal of equipment	141,611	792,051	141,611	792,051
Employee benefit obligations	1,101,063	873,842	1,101,063	873,842
Interest income	(188,111,150)	(175,584,986)	(188,036,250)	(175,584,986)
	(72,723,465)	(53,965,419)	(71,656,459)	(53,965,419)
<b>Changes in operating assets and liabilities</b>				
Receivables under hire purchase contracts	(106,378,665)	(196,132,422)	(106,378,665)	(196,132,422)
Factoring receivables	(19,869,813)	(2,235,765)	(19,869,813)	(2,235,765)
Other receivables	(5,693,418)	(2,124,245)	(2,189,121)	(2,124,245)
Inventories	(20,662,412)	(7,792,285)	(20,662,412)	(7,792,285)
Other current assets	(107,726)	(1,874,694)	158,906	(1,874,694)
Other non-current assets	(192,765)	(7,584,470)	(192,765)	(7,584,470)
Other payables	12,224,361	(4,261,818)	12,005,186	(4,261,818)
Other current liabilities	273,661	(7,693,845)	273,661	(7,693,845)
Non-current provisions for employee benefits	94,994	-	94,994	-
Other non-current liabilities	197,586	(588,527)	197,586	(588,527)
Net cash generated used in operating	(212,837,662)	(284,253,490)	(208,218,902)	(284,253,490)
Interest received	186,424,228	175,158,038	186,424,228	175,158,038
Tax paid	(12,646,904)	(13,288,786)	(12,646,904)	(13,288,786)
<b>Net cash used in operating activities</b>	<b>(39,060,338)</b>	<b>(122,384,238)</b>	<b>(34,441,578)</b>	<b>(122,384,238)</b>

## Mitsub Leasing Public Company Limited and its subsidiaries

## Statement of cash flows

	Note	Financial statements			
		Consolidated financial statements	in which the equity method is applied	Separate financial statements	
		Years ended 31 December	2018	Years ended 31 December	2018
		2019	(in Baht)	2019	2018
<b>Cash flows from investing activities</b>					
Acquisition of long-term deposits at financial institution		-	(1,000,000)	-	(1,000,000)
Acquisition of equipment		(8,852,555)	(5,895,451)	(7,869,906)	(5,895,451)
Proceeds from sale of equipment		886,103	67,436	886,103	67,436
Acquisition of intangible assets		(1,473,065)	(23,500)	(591,000)	(23,500)
Investments in subsidiaries		-	-	(59,999,400)	-
Investment in joint venture		(3,263,000)	(2,200,000)	(3,263,000)	(2,200,000)
<b>Net cash used in investing activities</b>		<b>(12,702,517)</b>	<b>(9,051,515)</b>	<b>(70,837,203)</b>	<b>(9,051,515)</b>
<b>Cash flows from financing activities</b>					
Proceeds from issue of shares	14	417,500,000	-	417,500,000	-
Payment of issuing shares		(12,875,547)	-	(12,875,547)	-
Proceeds from short-term loans from financial institutions		342,250,000	146,250,000	342,250,000	146,250,000
Repayment of short-term loans from financial institutions		(659,000,000)	(10,000,000)	(659,000,000)	(10,000,000)
Proceeds from short-term loans from related parties		-	100,000,000	49,500,000	100,000,000
Repayment of short-term loans from related parties		(40,000,000)	(90,000,000)	(40,000,000)	(90,000,000)
Proceeds from short-term loans from other parties		-	50,000,000	-	50,000,000
Repayment of short-term loans from other parties		(30,000,000)	(10,000,000)	(30,000,000)	(10,000,000)
Proceeds from long-term loans from financial institutions		200,000,000	-	200,000,000	-
Repayment of long-term loans from financial institutions		(78,511,823)	(23,774,910)	(78,511,823)	(23,774,910)
Dividends paid to owner of the Company	22	(52,000,000)	-	(52,000,000)	-
Interest paid		(29,554,859)	(33,204,550)	(29,996,770)	(33,204,550)
<b>Net cash from financing activities</b>		<b>57,897,771</b>	<b>129,270,540</b>	<b>106,865,860</b>	<b>129,270,540</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>6,044,916</b>	<b>(2,165,213)</b>	<b>1,587,079</b>	<b>(2,165,213)</b>
Cash and cash equivalents at 1 January		16,513,602	18,678,815	16,513,602	18,678,815
<b>Cash and cash equivalents at 31 December</b>	5	<b>22,558,518</b>	<b>16,513,602</b>	<b>18,100,681</b>	<b>16,513,602</b>

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

<b>Note</b>	<b>Contents</b>
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Receivables under hire purchase contracts
7	Factoring receivables
8	Inventories
9	Investments in subsidiaries
10	Investment in joint venture
11	Leasehold improvement and equipment
12	Interest-bearing liabilities
13	Non-current provisions for employee benefits
14	Share capital
15	Share-based payment
16	Reserve
17	Segment information and disaggregation of revenue
18	Employee benefit expenses
19	Expenses by nature
20	Income tax
21	Earnings per share
22	Dividends
23	Financial instruments
24	Commitments with non-related parties
25	Events after the reporting period
26	Thai Financial Reporting Standards (TFRSs) not yet adopted
27	Reclassification of accounts

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Director on 24 February 2020.

**1 General information**

Mitsib Leasing Public Company Limited, the “Company”, is incorporated in Thailand and was listed on the Market for Alternative Investment (mai) in June 2019. The Company has its registered office at 895-6, Moo 5, Srinakarin Road, Samrong Nua, Muang Samutprakan, Samut Prakan.

As at 31 December 2019, the Company’s major shareholders was the Yongsanguanchai family group (41.83% shareholding).

The principal activities of the Company are sale of cars, hire purchase and factoring. The principal activity of the Group is providing retail loan to customers. Details of the Company’s subsidiaries as at 31 December 2019 are given in note 9.

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

*(a) Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRSs”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission.

New and revised TFRSs are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRSs has resulted in changes in certain of the Group’s accounting policies. There is no material impact on the Group’s financial statements. The Group has initial applied TFRS 15 *Revenue from Contracts with Customers* (“TFRS 15”) which replaces TAS 18 *Revenue* (“TAS 18”) and related interpretations. The details of accounting policies are disclosed in note 3 (o).

In addition, the Group has not early adopted a number of new TFRSs which are not yet effective for the current period in preparing these financial statements. Those new and revised TFRSs that are relevant to the Group’s operations are disclosed in note 26.

*(b) Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Company’s functional currency.

*(c) Use of judgements and estimates*

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of the Group’s accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Information about assumption and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities recognised in the next financial year is included in the following notes:

Note 6 and 7	Allowance for doubtful accounts
Note 13	Non-current provisions for employee benefits

### **3 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

#### **(a) Basis of consolidation**

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in joint venture.

##### *Subsidiaries*

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

##### *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

##### *Interests in equity - accounted investees*

The Group's interests in equity-accounted investees comprise interests in a joint venture.

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which joint control ceases.

##### *Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(b) Cash and cash equivalents**

Cash and cash equivalents in the statements of cash flows comprise cash balances and call deposits excluded deposits at bank on obligation.

**(c) Receivables under hire purchase and other receivables**

Receivable under hire purchase contract are stated at the outstanding balance net unearned interest income and allowance for doubtful accounts.

Other receivables arising from lending services are stated at the outstanding amount less allowance for doubtful accounts.

Other receivables which do not arise from lending services are stated at the invoice amount less allowance for doubtful accounts.

The Group records allowance for doubtful accounts that is provided for the expected losses in collection of receivables.

In determining an allowance for doubtful accounts, the management needs to make judgment to estimate expected losses over the life of each receivables contract. The allowance for doubtful is determined through a combination of collection experience, default experience, analysis of payment history, loss given default, predictions about the future repayment of receivables and taking into account of change in the current economic conditions. The allowance for doubtful accounts is considered from the outstanding balance under hire purchase (net of unearned interest income) and collateral value, which the collateral value is calculated based on expected selling price less approximated costs to make the sales in each period. However, the use of different estimates and assumptions could affect the amounts of allowance for doubtful accounts. Adjustment of the allowance may therefore be required in the future.

The Group has measured the expected loss over the life of the receivables contract as general reserve. The Group has used the above information to calculate the probability of default by comparing with all contract and calculate the actual loss given default by collecting statistical information that cover the average contract term. And the Group then uses the such rate to calculate the percentage of allowance for doubtful accounts, which are classified by the status of the receivables.

As at 31 December 2019 and 2018, the Group calculated allowance for doubtful account for general reserve by the percentage as follows:

	2019		2018	
	New cars	Used cars	New cars	Used cars
		(%)		
Within credit terms	0.51	4.74	0.59	4.82
Overdue:				
Less than 10 days	0.51	4.74	0.59	4.82
Over 10 - 30 days	1.32	9.93	1.42	10.29
Over 30 - 90 days	1.32	9.93	1.42	10.29
Over 90 - 180 days	3.00	15.91	2.85	15.03
Over 180 - 270 days	3.00	15.91	2.85	15.03
Over 270 days	3.00	15.91	2.85	15.03

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

The Group additionally measures the expected loss (additional provision) for the overdue receivables and receivables with carrying amount at the period end date higher than the collateral value, which is an expected selling price less approximated costs to make the sales in each period, to calculate the shortfall of each overdue receivables and bring the probability of default as the percentage of the allowance for doubtful accounts.

As at 31 December 2019 and 2018, the Group calculated allowance for doubtful accounts for additional provision as follows:

	2019		2018	
	New cars	Used cars (%)	New cars	Used cars
Overdue:				
Over 10 - 30 days	-	18.59	-	17.99
Over 30 - 90 days	20.11 - 24.07	21.53 - 24.46	20.11 - 24.07	20.11 - 24.07
Over 90 - 180 days	100.00	100.00	100.00	100.00
Over 180 - 270 days	100.00	100.00	100.00	100.00
Over 270 days	100.00	100.00	100.00	100.00

The allowance for doubtful accounts will be additionally provided to specific accounts which there is any indication on the failure of the receivable to settle their obligations to the Group.

The Group's calculation of the allowance for doubtful accounts for receivables which are overdue over 90 days differs from the accounting guidelines issued by the Federation of Accounting Profession, "Providing allowance for doubtful accounts for consumer finance business". These accounting guidelines prescribes that allowance for doubtful accounts should be made in the full amount of all outstanding receivables that are overdue for over 3 installments period without deduction of collateral value from the remaining debt. However, the management has considered that there is low risk of not being able to retake collateral from receivables. Therefore, the Group determines to provide the allowance for doubtful accounts by deducting collaterals which they believe that all risks are covered and it actually reflects the business operation of the Group.

**(d) Factoring receivables**

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

The Group calculated allowance for doubtful accounts by percentage as follows:

	2019	2018
	(%)	
Within credit terms	0.25	0.25
Overdue:		
Less than 90 days	0.25	0.25
Over 90 - 180 days	20.00	20.00
Over 180 days	100.00	100.00

In determining an allowance for doubtful accounts, the management needs to make judgment to estimate expected losses over the life of each debtor contract. The allowance for doubtful accounts is determined through a combination of collection experience, default experience, analysis of payment history, loss given default, predictions about the future repayment of receivables and taking into account of change in the current economic conditions.

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

The allowance for doubtful accounts will be additional provided to specific accounts which there is any indication on the failure of the receivable to settle their obligations to the Group.

**(e) Inventories**

Inventories are measured at the lower of cost and net realisable value.

Cost comprises all costs of purchase and expenditures that is directly attributable to the purchasing.

Inventories repossessed from the defaulting receivables are initially recognised at the lower of outstanding balances or fair value of inventories and subsequently stated at the lower of carrying amount or net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business less the costs to make the sale.

Allowance for loss from devaluation of inventories is made for all deteriorated, damaged, obsolete and slow-moving inventories.

**(f) Investments**

*Investments in subsidiaries and joint ventures*

Investments in subsidiaries and joint ventures in the separate financial statements of the Company are accounted for using the cost method. Investments in associates and joint ventures in the consolidated financial statements are accounted for using the equity method.

**(g) Leasehold improvement and equipment**

*Recognition and measurement*

*Owned assets*

Leasehold improvement and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. When parts of an item of leasehold improvement and equipment have different useful lives, they are accounted for as separate items (major components) of leasehold improvement and equipment.

Any gains and losses on disposal of item of leasehold improvement and equipment are determined by comparing the proceeds from disposal with the carrying amount of leasehold improvement and equipment, and are recognised in profit or loss.

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Leased assets*

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Leasehold improvement and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

*Subsequent costs*

The cost of replacing a part of an item of leasehold improvement and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of leasehold improvement and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of leasehold improvement and equipment. The estimated useful lives are as follows:

Buildings improvements	3, 6 and 10 years
Office equipment	3 and 5 years
Tools	1 - 7 years
Vehicles	3 - 5 years

No depreciation is provided on assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(h) Intangible assets**

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

*Amortisation*

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

Software licences	5 years
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Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

**(i) Impairment**

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

*Calculation of recoverable amount*

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

*Reversal of impairment*

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss.

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(j) Interest-bearing liabilities**

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

**(k) Other payables**

Other payables are stated at cost.

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(l) Employee benefits**

*Defined contribution plan*

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

*Defined benefit plans*

The Group considers compensation paid to employees when leaving employment under the Labor law is a post-employment benefit plan for employees due to retirement.

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

*Short-term employee benefits*

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**(m) Provisions**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(n) Measurement of fair values**

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during the change has occurred.

**(o) Revenue**

***Accounting policies for revenue recognition in 2019***

Revenue is recognised when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Group expects to be entitled, excluding those amounts collected on behalf of third parties, value added tax and is after deduction of any trade discounts.

***Sale of goods and services***

Revenue from sales of goods is recognised when a customer obtains control of the goods, generally on delivery of the goods to the customers. For contracts that permit the customers to return the goods, revenue is recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Therefore the amount of revenue recognised is adjusted for estimated returns, which are estimated based on the historical data.

Revenue for rendering of services is recognised over time as the services are provided. The related costs are recognised in profit or loss when they are incurred.

***Revenue from hire-purchase contracts and factoring***

The Group recognises interest income from hire-purchase contracts and factoring based on the effective interest rate method over the term of agreement.

The Group ceases interest income from hire-purchase contract and factoring when the receivables are defaulting on the installment payment for more than 90 days.

***Accounting policies for revenue recognition in 2018***

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Sales of goods*

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods.

*Revenue from hire-purchase contracts and factoring*

The Group recognises interest income from hire-purchase contracts and factoring based on the effective interest rate method over the term of agreement.

The Group ceases interest income from hire-purchase contract and factoring when the receivables are defaulting on the installment payment for more than 90 days.

*Other income*

*Fees and service income*

The Group recognises revenue from rendering of services when services are rendered.

*Interest income*

Interest income is recognised on an accrual basis.

*Penalty income on late payment*

The Group recognises penalty income on late payment as the actual amount received.

*Other income*

Other income is recognised on an accrual basis.

**(p) Expenses**

*Finance costs*

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred.

**(q) Lease payments**

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

**(r) Income tax**

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to items recognised directly in equity or in other comprehensive income.

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint venture to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**(s) Earnings per share**

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period.

**(t) Related parties**

Related parties are a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Group; a person or entity that are under common control or under the same significant influence as the Group; or the Group has direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(u) Segment reporting**

Segment results that are reported to the Group's CEO (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**4 Related parties**

Relationships with subsidiaries and joint venture are described in notes 9 and 10. Other related parties that the Group had significant transactions with during the year were as follows:

<b>Name of entities/Person</b>	<b>Country of incorporation/ Nationality</b>	<b>Nature of relationships</b>
Key management personnel	Thai	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Group
Mitsib Pico Co., Ltd.	Thai	Subsidiary, 100% shareholding
Mitsib Sek Ngoen Co., Ltd.	Thai	Subsidiary, 100% shareholding
App Taxi Co., Ltd.	Thai	Joint venture
Chaisirijit Co., Ltd.	Thai	Entity in which shareholders or their close family members who have control over the Company are members of the key management personnel of the entity
Damrongchai Bangbo Palace Co., Ltd.	Thai	Entity in which shareholders or their close family members who have control over the Company are members of the key management personnel of the entity
Damrongchai Safe & Steel Furniture Co., Ltd.	Thai	Entity in which shareholders or their close family members who have control over the Company are members of the key management personnel of the entity
Sawatsiri Co., Ltd.	Thai	Entity in which shareholders or their close family members who have control over the Company are members of the key management personnel of the entity
N.E.E. Co., Ltd.	Thai	Entity in which shareholders or their close family members who have control over the Company are members of the key management personnel of the entity
Damrongchai Gold Trade Co., Ltd.	Thai	Entity in which shareholders or their close family members who have control over the Company are members of the key management personnel of the entity
Damrongchai Kingkaew Co., Ltd.	Thai	Entity in which shareholders or their close family members who have control over the Company are members of the key management personnel of the entity
Related persons	Thai	Close members of the family of management and / or shareholders

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

The pricing policies for transactions with related parties are explained further below:

<b>Transactions</b>	<b>Pricing policies</b>
Purchase of equipment	Contractually agreed price
Sale of equipment	Contractually agreed price
Rental income	Contractually agreed price
Distribution costs and administrative expenses	Contractually agreed price
Rental expense	Contractually agreed price
Interest expense	Contractually agreed rate

Significant transactions for the years ended 31 December with related parties were as follows:

<i>Years ended 31 December</i>	<b>Consolidated financial statements 2019</b>	<b>Financial statements in which the equity method is applied 2018 (in thousand Baht)</b>	<b>Separate financial statements 2019</b>	<b>2018</b>
<i>Purchase of equipment</i>				
Related parties	328	1,549	328	1,549
<i>Sales of equipment</i>				
Related parties	-	19	-	19
<i>Rental income</i>				
Subsidiary	-	-	120	-
<i>Distribution costs and administrative expenses</i>				
Related parties	2,189	1,501	2,189	1,501
<i>Rental expenses</i>				
Related parties	143	377	143	377
Related persons	528	528	528	528
<i>Interest expenses</i>				
Subsidiaries	-	-	442	-
Related persons	2,195	2,944	2,195	2,944

**Key management personnel**

Key management personnel compensation for the years ended 31 December 2019 and 2018 consisted of:

<i>Years ended 31 December</i>	<b>Consolidated financial statements 2019</b>	<b>Financial statements in which the equity method is applied 2018 (in thousand Baht)</b>	<b>Separate financial statements 2019</b>	<b>2018</b>
Short-term benefits	13,896	10,385	13,896	10,385
Post-employment benefit	499	398	499	398
Others	380	170	380	170
<b>Total</b>	<b>14,775</b>	<b>10,953</b>	<b>14,775</b>	<b>10,953</b>

# Mitsib Leasing Public Company Limited and its subsidiaries

## Notes to the financial statements

### For the year ended 31 December 2019

#### Directors' remuneration

Directors' remuneration represents benefits paid to the directors of the Company in accordance with section 90 of the Public Company Limited Act, exclusive of salaries and related benefit payable to directors who hold executive positions.

For the years ended 31 December 2019 and 2018, the Group paid directors' remuneration in the amount of Baht 1.82 million and Baht 1.33 million, respectively.

Significant balances of assets and liabilities with related parties as at 31 December 2019 and 2018 were as follows:

	Consolidated financial statements 2019	Financial statements in which the equity method is applied 2018 (in thousand Baht)	Separate financial statements 2019	2018
<i>Rental guarantee (Assets)</i>				
Related parties	-	47	-	47
Related persons	88	88	88	88
<i>Other payables</i>				
Related parties	152	96	152	96
<i>Rental guarantee (Liability)</i>				
Subsidiary	-	-	40	-

Movements during the years ended 31 December of short-term loans from related parties were as follows:

	Interest rate At 31 December (% per annum)	At 1 January	Financial statements in which the equity method is applied / Consolidated financial statements Increase      Repayment      At 31 December (in thousand Baht)	
<b>2019</b>				
Related person	4.00	70,000	-      (40,000)	30,000
<b>2018</b>				
Related person	4.00	60,000	100,000      (90,000)	70,000
	Interest rate At 31 December (% per annum)	At 1 January	Separate financial statements Increase      Repayment      At 31 December (in thousand Baht)	
<b>2019</b>				
Subsidiaries	3.50	-	49,500      -	49,500
Related person	4.00	70,000	-      (40,000)	30,000
<b>Total</b>		<b>70,000</b>	<b>49,500      (40,000)</b>	<b>79,500</b>

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Interest rate At 31 December (% per annum)	At 1 January	Separate financial statements		
			Increase	Repayment	At 31 December
2018			(in thousand Baht)		
Related person	4.00	60,000	100,000	(90,000)	70,000

**Significant agreements with related parties**

As at 31 December 2019, the payment of short-term loans from related parties are on demand.

The Group has entered into various office building rental agreements with related parties for period within 1 year starting from 1 February 2019 to 31 May 2020.

**Guarantee for liabilities by related persons**

As at 31 December 2019, related persons had pledged collaterals and guaranteed for the Company's liabilities (see note 12) as follows:

1. The Company's director had pledged his rights in cash at bank as collateral for loans from a financial institution.
2. The Company's director, together with shareholders and related persons had mortgaged their land as collateral for loans from a financial institution.
3. The Company's director and shareholders had guaranteed for such loan without compensation.

**5 Cash and cash equivalents**

Cash and cash equivalents as at 31 December 2019 and 2018 consisted of

	Consolidated financial statements 2019	Financial statements in which the equity method is applied 2018 (in thousand Baht)	Separate financial statements	
			2019	2018
Cash on hand	127	42	115	42
Cash at banks - current accounts	22,350	16,286	17,904	16,286
Cash at banks - savings accounts	82	186	82	186
<b>Total</b>	<b>22,559</b>	<b>16,514</b>	<b>18,101</b>	<b>16,514</b>

Cash and cash equivalents of the Group as at 31 December 2019 and 2018 were denominated entirely in Thai Baht.

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**6 Receivables under hire purchase contracts**

Receivables under hire purchase contracts as at 31 December 2019 and 2018 consisted of:

<b>Consolidated and Separate financial statements</b>				
<b>2019</b>				
	Portion due within one year	Portion due over one year but within five years <i>(in thousand Baht)</i>	Portion due over five years	Total
Receivables under hire purchase contracts	586,102	998,113	1,433	1,585,648
Less unearned interest income	(178,028)	(201,299)	(54)	(379,381)
	<b>408,074</b>	<b>796,814</b>	<b>1,379</b>	<b>1,206,267</b>
Less allowance for doubtful accounts	(13,028)	(15,153)	(10)	(28,191)
<b>Net</b>	<b>395,046</b>	<b>781,661</b>	<b>1,369</b>	<b>1,178,076</b>
Reversal of bad and doubtful debts expense for the year				(4,491)

<b>Financial statements in which the equity method is applied</b>				
<b>and Separate financial statements</b>				
<b>2018</b>				
	Portion due within one year	Portion due over one year but within five years <i>(in thousand Baht)</i>	Portion due over five years	Total
Receivables under hire purchase contracts	513,659	941,202	766	1,455,627
Less unearned interest income	(172,013)	(192,439)	(10)	(364,462)
	<b>341,646</b>	<b>748,763</b>	<b>756</b>	<b>1,091,165</b>
Less allowance for doubtful accounts	(15,780)	(16,896)	(6)	(32,682)
<b>Net</b>	<b>325,866</b>	<b>731,867</b>	<b>750</b>	<b>1,058,483</b>
Bad and doubtful debts expense for the year				6,729

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

As at 31 December 2019 and 2018, aging analyses for receivables under hire purchase contracts were as follows:

Consolidated and Separate financial statements																		
31 December 2019																		
General provision								Specific provision				Additional provision						
	Number of contracts	Receivables under hire purchase contracts, net of interest income	Percentage of allowance		Allowance for doubtful		Allowance for doubtful		Number of contracts	Receivables under				Percentage of allowance for		Allowance for doubtful		Total allowance for doubtful accounts
			for doubtful accounts		accounts		accounts			hire purchase contracts				doubtful accounts		accounts		
			New cars	Used cars	New cars	Used cars	New cars	Used cars		over collaterals		Shortfall		New cars	Used cars	New cars	Used cars	
			(in thousand Baht)		(in thousand Baht)		(in thousand Baht)			(in thousand Baht)		(in thousand Baht)		(in thousand Baht)		(in thousand Baht)		
Within credit terms	1,733	780,222	0.51	4.74	3,058	8,559	-	-	18	6,628	4,465	585	166	-	-	-	-	11,617
Over due:																		
Less than 10 days	154	66,196	0.51	4.74	247	839	-	-	4	946	1,338	31	169	-	-	-	-	1,086
Over 10 - 30 days	291	145,127	1.32	9.93	1,499	3,133	-	-	8	1,642	2,787	55	166	-	18.59	-	31	4,663
Over 30 - 90 days	402	181,095	1.32	9.93	1,741	4,888	-	-	10	993	4,195	65	135	20.11 - 24.07	21.53 - 24.46	16	31	6,676
Over 90 - 180 days	71	31,174	3.00	15.91	636	1,588	-	-	7	-	3,759	-	235	100.00	100.00	-	235	2,459
Over 180 - 270 days	6	99	3.00	15.91	-	16	-	-	-	-	-	-	-	100.00	100.00	-	-	16
Over 270 days	7	2,354	3.00	15.91	21	13	957	620	2	-	15	-	63	100.00	100.00	-	63	1,674
Total	2,664	1,206,267			7,202	19,036	957	620	49	10,209	16,589	736	934			16	360	28,191

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**Financial statements in which the equity method is applied and Separate financial statements**  
**31 December 2018**

	General provision				Specific provision				Additional provision									
	Receivables under hire purchase contracts, net														Total allowance for doubtful accounts			
	Number of contracts	of interest income	Percentage of allowance for doubtful accounts		Allowance for doubtful accounts		Allowance for doubtful accounts		Number of contracts	Receivables under hire purchase contracts over collaterals		Shortfall		Percentage of allowance for doubtful accounts		Allowance for doubtful accounts		
			New cars	Used cars	New cars	Used cars	New cars	Used cars		New cars	Used cars	New cars	Used cars	New cars	Used cars	New cars	Used cars	
	(items)	(in thousand Baht)	(%)		(in thousand Baht)				(items)	(in thousand Baht)				(%)		(in thousand Baht)		
Within credit terms	1,765	794,381	0.59	4.82	3,385	10,662	-	-	215	-	79,573	-	8,555	-	-	-	-	14,047
Over due:																		
Less than 10 days	126	54,836	0.59	4.82	207	952	-	-	18	-	6,600	-	681	-	-	-	-	1,159
Over 10 - 30 days	255	101,038	1.42	10.29	888	3,961	-	-	50	-	19,078	-	2,650	-	17.99	-	477	5,326
Over 30 - 90 days	285	114,235	1.42	10.29	962	4,786	-	-	66	2,554	25,369	97	3,928	20.11 - 24.07	20.11 - 24.07	20	824	6,592
Over 90 - 180 days	58	24,413	2.85	15.03	315	2,007	-	-	24	4,062	8,223	130	1,609	100.00	100.00	130	1,608	4,060
Over 180 - 270 days	2	772	2.85	15.03	21	3	-	-	1	754	-	1	-	100.00	100.00	-	-	24
Over 270 days	4	1,490	2.85	15.03	-	3	881	590	-	-	-	-	-	100.00	100.00	-	-	1,474
Total	2,495	1,091,165			5,778	22,374	881	590	374	7,370	138,843	228	17,423			150	2,909	32,682

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

As at 31 December 2019 and 2018, total gross investment under hire purchase contracts and present value of minimum lease payments receivable were as follows:

	<b>Consolidated and Separate financial statements</b>	
	<b>2019</b>	
	Total gross investment under hire purchase contracts	Present value of minimum lease payments receivable
	<i>(in thousand Baht)</i>	
Portion due within one year	586,102	408,074
Portion due over one year but within five years	998,113	796,814
Portion due over five years	1,433	1,379
	<u>1,585,648</u>	<u>1,206,267</u>
Less unearned interest income	(379,381)	
<b>Net investment under the hire purchase contracts</b>	<b><u>1,206,267</u></b>	

	<b>Financial statements in which the equity method is applied and Separate financial statements</b>	
	<b>2018</b>	
	Total gross investment under hire purchase contracts	Present value of minimum lease payments receivable
	<i>(in thousand Baht)</i>	
Portion due within one year	513,659	341,646
Portion due over one year but within five years	941,202	748,763
Portion due over five years	766	756
	<u>1,455,627</u>	<u>1,091,165</u>
Less unearned interest income	(364,462)	
<b>Net investment under the hire purchase contracts</b>	<b><u>1,091,165</u></b>	

As at 31 December 2019, the normal credit term granted by the Group was 3 - 5 years (2018: 3 - 5 years).

Receivables under hire purchase contracts of the Group as at 31 December 2019 and 2018 were denominated entirely in Thai Baht.

As at 31 December 2019, the Group had receivables under hire purchase contracts which overdue more than 90 days amounting to Baht 33.63 million (2018: Baht 26.68 million). The Group has ceased recognition of income on such receivables.

As at 31 December 2019, the Group had redeemed collateral for loans which were the rights claiming in the receivables under hire purchase contracts from a financial institution (2018: The Group had transferred the rights claiming in the receivables under hire purchase contracts of Baht 42.65 million as collateral for loans from a financial institution).

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**7 Factoring receivables**

Factoring receivables as at 31 December 2019 and 2018 consisted of:

	Consolidated and Separate financial statements 2019	Financial statements in which the equity method is applied and Separate financial statements 2018
	<i>(in thousand Baht)</i>	
Factoring receivables	22,106	2,236
Add Accrued interest	174	11
	22,280	2,247
Less allowance for doubtful accounts	(56)	-
<b>Net</b>	<b>22,224</b>	<b>2,247</b>
Bad and doubtful debts expense for the year	56	-

As at 31 December 2019 and 2018, Aging of factoring receivables were as follows:

	Consolidated and Separate financial statements 2019	Financial statements in which the equity method is applied and Separate financial statements 2018
	<i>(in thousand Baht)</i>	
Within credit terms	12,950	1,517
Over due:		
Less than 90 days	9,156	719
	22,106	2,236
Add Accrued interest	174	11
Less allowance for doubtful accounts	(56)	-
<b>Net</b>	<b>22,224</b>	<b>2,247</b>

As at 31 December 2019, the normal credit term granted by the Group was 90 - 180 days (2018: 90 - 180 days).

Factoring receivables of the Group as at 31 December 2019 and 2018 were denominated entirely in Thai Baht.

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**8 Inventories**

	Consolidated and Separate financial statements 2019	Financial statements in which the equity method is applied and Separate financial statements 2018
	<i>(in thousand Baht)</i>	
Finished goods		
- New cars	18,189	11,714
- Used cars	20,278	6,718
Work in progress		
- New cars	6,091	13,368
- Used cars	18,731	11,061
Car accessories	2,177	1,943
	<u>65,466</u>	<u>44,804</u>
Less Allowance for loss from devaluation of inventories	<u>(1,161)</u>	<u>(447)</u>
<b>Net</b>	<b><u>64,305</u></b>	<b><u>44,357</u></b>
Inventories recognised as an expense in "cost of sales of goods"		
- Cost	248,936	280,426
- Write-down to net realisable value (reversal)	714	(1,087)
<b>Net</b>	<b><u>249,650</u></b>	<b><u>279,339</u></b>

**9 Investments in subsidiaries**

Investments in subsidiaries as at 31 December 2019 and 2018, and dividend income from those investments for each year were as follows:

Name of Subsidiaries	Type of business	Country of operation	Ownership interest		Paid-up capital		Cost		Dividend income for the years ended	
			2019	2018	2019	2018	2019	2018	2019	2018
			<i>(%)</i>				<i>(in thousand Baht)</i>			
Mitsub Sek Ngom Co., Ltd.	Loans secured by assets	Thai	100.00	-	50,000	-	50,000	-	-	-
Mitsub Pico Co., Ltd.	Retail financing (PICO Finance)	Thai	100.00	-	10,000	-	10,000	-	-	-
					<u>60,000</u>	<u>-</u>	<u>60,000</u>	<u>-</u>	<u>-</u>	<u>-</u>

None of the Company's subsidiaries is publicly listed and consequently do not have published price quotation.

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Detail of the increase of investments in subsidiaries during the years ended 31 December 2019 are as follows:

On 6 June 2019, the Company established a new subsidiary company, Mitsib Sek Ngoen Co., Ltd., with Baht 50 million of authorised share capital, which is issued and paid-up. 100% of shares are held by the Company.

On 6 June 2019, the Company established a new subsidiary company, Mitsib Pico Co., Ltd., with Baht 10 million of authorised share capital, which is issued and paid-up. 100% of shares are held by the Company.

## 10 Investment in joint venture

Investment in joint venture as at 31 December 2019 and 2018 and dividend income from investment for each year were as follows:

	Type of business	Country of operation	Ownership interest		Paid-up capital		Cost		Equity		Dividend income for the year	
			2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(%)									
			(in thousand Baht)									
Joint venture												
App Taxi Co., Ltd.	Providing services for public taxi via internet application	Thai	45.64	44.50	16,900	10,000	7,713	4,450	3,834	1,617	-	-
Total					16,900	10,000	7,713	4,450	3,834	1,617	-	-

None of the Company's joint venture is publicly listed and consequently do not have published price quotation.

### Acquisitions

On 19 November 2018, the Company purchased 20,000 ordinary shares of App Taxi Co., Ltd. ("App Taxi") from the existing shareholders, with the par value of Baht 10 each, totaling of Baht 0.20 million, changing the Company's joint venture interest to 40.83% of paid-up share capital.

On 22 November 2018, App Taxi increased the registered share capital from Baht 6 million to Baht 10 million by issuing 400,000 new ordinary shares, with the par value of Baht 10 each. The Company invested in 200,000 ordinary shares from increase of its share capital, totaling of Baht 2 million, changing the Company's joint venture interest to 44.50% of paid-up share capital.

On 6 September 2019, App Taxi increased the registered share capital from Baht 10 million to Baht 16.90 million by issuing 690,000 new ordinary shares, with the par value of Baht 10 each. The Company invested in 326,299 ordinary shares from increase of its share capital, totaling of Baht 3.26 million, changing the Company's joint venture interest to 45.64% of paid-up share capital.

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**11 Leasehold improvement and equipment**

	Financial statements in which the equity method is applied / Consolidated financial statements					Total
	Leasehold improvement	Office Equipment	Tools (in thousand Baht)	Vehicles	Construction in progress	
<i>Cost</i>						
At 1 January 2018	4,217	7,254	15,372	5,233	633	32,709
Additions	1,293	3,057	772	619	155	5,896
Disposals	(1,908)	(397)	(747)	-	-	(3,052)
Transfer in (out)	788	-	-	-	(788)	-
<b>At 31 December 2018 and 1 January 2019</b>	<b>4,390</b>	<b>9,914</b>	<b>15,397</b>	<b>5,852</b>	<b>-</b>	<b>35,553</b>
Additions	1,571	2,228	1,999	3,093	-	8,891
Disposals	(133)	(71)	(929)	(128)	-	(1,261)
<b>At 31 December 2019</b>	<b>5,828</b>	<b>12,071</b>	<b>16,467</b>	<b>8,817</b>	<b>-</b>	<b>43,183</b>
<i>Accumulated depreciation</i>						
At 1 January 2018	(1,252)	(3,758)	(6,660)	(2,319)	-	(13,989)
Depreciation charge for the year	(534)	(1,406)	(2,930)	(740)	-	(5,610)
Disposals	1,201	319	672	-	-	2,192
<b>At 31 December 2018 and 1 January 2019</b>	<b>(585)</b>	<b>(4,845)</b>	<b>(8,918)</b>	<b>(3,059)</b>	<b>-</b>	<b>(17,407)</b>
Depreciation charge for the year	(784)	(1,724)	(2,507)	(867)	-	(5,882)
Disposals	14	70	47	102	-	233
<b>At 31 December 2019</b>	<b>(1,355)</b>	<b>(6,499)</b>	<b>(11,378)</b>	<b>(3,824)</b>	<b>-</b>	<b>(23,056)</b>
<i>Net book value</i>						
At 1 January 2018	2,965	3,496	8,712	2,914	633	18,720
At 31 December 2018 and 1 January 2019	3,805	5,069	6,479	2,793	-	18,146
At 31 December 2019	4,473	5,572	5,089	4,993	-	20,127

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Separate financial statements					Total
	Leasehold improvement	Office Equipment	Tools (in thousand Baht)	Vehicles	Construction in progress	
<b>Cost</b>						
At 1 January 2018	4,217	7,254	15,372	5,233	633	32,709
Additions	1,293	3,057	772	619	155	5,896
Disposals	(1,908)	(397)	(747)	-	-	(3,052)
Transfer in (out)	788	-	-	-	(788)	-
<b>At 31 December 2018 and 1 January 2019</b>	<b>4,390</b>	<b>9,914</b>	<b>15,397</b>	<b>5,852</b>	<b>-</b>	<b>35,553</b>
Additions	1,571	1,670	1,993	2,638	-	7,872
Disposals	(133)	(71)	(929)	(128)	-	(1,261)
<b>At 31 December 2019</b>	<b>5,828</b>	<b>11,513</b>	<b>16,461</b>	<b>8,362</b>	<b>-</b>	<b>42,164</b>
<b>Accumulated depreciation</b>						
At 1 January 2018	(1,252)	(3,758)	(6,660)	(2,319)	-	(13,989)
Depreciation charge for the year	(534)	(1,406)	(2,930)	(740)	-	(5,610)
Disposals	1,201	319	672	-	-	2,192
<b>At 31 December 2018 and 1 January 2019</b>	<b>(585)</b>	<b>(4,845)</b>	<b>(8,918)</b>	<b>(3,059)</b>	<b>-</b>	<b>(17,407)</b>
Depreciation charge for the year	(784)	(1,697)	(2,507)	(856)	-	(5,844)
Disposals	14	70	47	102	-	233
<b>At 31 December 2019</b>	<b>(1,355)</b>	<b>(6,472)</b>	<b>(11,378)</b>	<b>(3,813)</b>	<b>-</b>	<b>(23,018)</b>
<b>Net book value</b>						
At 1 January 2018	2,965	3,496	8,712	2,914	633	18,720
<b>At 31 December 2018 and 1 January 2019</b>	<b>3,805</b>	<b>5,069</b>	<b>6,479</b>	<b>2,793</b>	<b>-</b>	<b>18,146</b>
<b>At 31 December 2019</b>	<b>4,473</b>	<b>5,041</b>	<b>5,083</b>	<b>4,549</b>	<b>-</b>	<b>19,146</b>

The gross amount of the Group and the Company's fully depreciated leasehold improvement and equipment that was still in use as at 31 December 2019 amounted to Baht 10.43 million (2018: Baht 5.04 million).

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**12 Interest-bearing liabilities**

	<i>Note</i>	Consolidated financial statements 2019			Financial statements in which the equity method is applied 2018		
		Secured	Unsecured	Total (in thousand Baht)	Secured	Unsecured	Total
Short-term loans from financial institutions		362,250	-	362,250	679,000	-	679,000
Current portion of long-term loans from financial institutions		50,630	-	50,630	23,596	-	23,596
Short-term loans from related parties	4	-	30,000	30,000	-	70,000	70,000
Short-term loans from other parties		-	20,000	20,000	-	49,265	49,265
Long-term loans from financial institutions		112,245	-	112,245	17,883	-	17,883
<b>Total</b>		<b>525,125</b>	<b>50,000</b>	<b>575,125</b>	<b>720,479</b>	<b>119,265</b>	<b>839,744</b>

	<i>Note</i>	Separate financial statements 2019			2018		
		Secured	Unsecured	Total (in thousand Baht)	Secured	Unsecured	Total
Short-term loans from financial institutions		362,250	-	362,250	679,000	-	679,000
Current portion of long-term loans from financial institutions		50,630	-	50,630	23,596	-	23,596
Short-term loans from related parties	4	-	79,500	79,500	-	70,000	70,000
Short-term loans from other parties		-	20,000	20,000	-	49,265	49,265
Long-term loans from financial institutions		112,245	-	112,245	17,883	-	17,883
<b>Total</b>		<b>525,125</b>	<b>99,500</b>	<b>624,625</b>	<b>720,479</b>	<b>119,265</b>	<b>839,744</b>

<i>Assets pledged as security for liabilities as at 31 December</i>	Consolidated financial statements 2019	Financial statements in which the equity method is applied 2018 (in thousand Baht)	Separate financial statements	
			2019	2018
Property of director, together with shareholders and related persons	900,000	900,000	900,000	900,000
Rights in cash at bank of director	130,000	130,000	130,000	130,000
<b>Total</b>	<b>1,030,000</b>	<b>1,030,000</b>	<b>1,030,000</b>	<b>1,030,000</b>

Interest-bearing liabilities of the Group as at 31 December 2019 and 2018 were denominated entirely in Thai Baht.

As at 31 December 2019 the Group and the Company had unutilised credit facilities totalling Baht 468 million (2018: Baht 31 million).

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

As at 31 December 2019 the Company had a long-term loan agreement with a financial institution totalling of Baht 163 million at floating rate. Contract period is 4 years which will be matured in 2023.

As at 31 December 2018 the Company had a long-term loan agreement with a financial institution totalling of Baht 41 million at floating rate. Contract periods are between 4 - 5 years which will be matured in 2020 - 2021.

**13 Non-Current provisions for employee benefits**

	Consolidated financial statements 2019	Financial statements in which the equity method is applied 2018 <i>(in thousand Baht)</i>	Separate financial statements 2019	2018
<b>Statement of financial position</b>				
<b>Non-current provisions for:</b>				
Post-employment benefit				
Defined benefit plan	2,680	2,585	2,680	2,585

**Defined benefit plan**

The Group operate a defined benefit plan based on the requirement of Thai Labour Protection Act to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Group to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

	Consolidated financial statements 2019	Financial statements in which the equity method is applied 2018 <i>(in thousand Baht)</i>	Separate financial statements 2019	2018
<b>Present value of the defined benefit obligations</b>				
At 1 January	2,585	1,711	2,585	1,711
<b>Include in profit or loss</b>				
Current service cost	1,022	822	1,022	822
Interest on obligation	79	52	79	52
	1,101	874	1,101	874
<b>Included in other comprehensive income</b>				
Actuarial (gain) loss				
- Demographic assumptions	(748)	-	(748)	-
- Financial assumptions	583	-	583	-
- Experience adjustment	(841)	-	(841)	-
	(1,006)	-	(1,006)	-
<b>At 31 December</b>	<b>2,680</b>	<b>2,585</b>	<b>2,680</b>	<b>2,585</b>

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Consolidated financial statements 2019	Financial statements in which the equity method is applied 2018 (%)	Separate financial statements	
<i>Actuarial assumptions</i>			2019	2018
Discount rate	1.81	3.04	1.81	3.04
Future salary growth	8.00	8.00	8.00	8.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2019, the weighted-average duration of the defined benefit obligation was 26 years.

***Sensitivity analysis***

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant.

	Consolidated financial statements / Financial statement which the equity method is applied and Separate financial statements			
<i>Effects to provision of employee benefits as at 31 December</i>	Increase 1%		Decrease 1%	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Discount rate	(394)	(403)	477	494
Future salary growth	413	460	(345)	(385)

**14 Share capital**

	Par value per share (in Baht)	2019 Number	2019 Amount (thousand shares / thousand Baht)	2018 Number	2018 Amount
Authorised at 31 December	0.50	<u>667,000</u>	<u>333,500</u>	<u>667,000</u>	<u>333,500</u>
<b><i>Issued and paid-up</i></b>					
At 1 January					
- ordinary shares	0.50	500,000	250,000	500,000	250,000
Issue of new shares	0.50	<u>167,000</u>	<u>83,500</u>	-	-
<b>At 31 December</b>					
- ordinary shares	0.50	<u>667,000</u>	<u>333,500</u>	<u>500,000</u>	<u>250,000</u>

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

***Initial Public Offering***

In May 2019, the Company offered 167 million ordinary shares to the initial public offering ("IPO"). The new shares were sold at a price of Baht 2.50 per share (par value at Baht 0.50 and share premium on ordinary share at Baht 2.00). The Company received cash from selling of new ordinary shares of Baht 417.50 million. The Company registered the increase of paid-up share capital with Ministry of Commerce on 6 June 2019 and the shares of the Company were begun trading in the Market for Alternative Investment (mai) on 11 June 2019. Expenses directly attributable to the IPO of Baht 16.09 million was deducted from the IPO's share premium, which was received share offering to investors, resulting in net share premium Baht 317.91 million.

***Share premium***

Section 51 of Public Companies Act. B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

**15 Share-based payment**

On 1 February 2013, the major shareholders of the Company entered into agreements for the sale and purchase of shares of his owned shares with minority shareholders and outsider in accordance with contractually agreed prices, which was lower than the estimated fair value. Therefore, the difference was treated as share-based payment expense.

**16 Reserve**

Reserves comprise:

***Appropriation of profit and/or retained earnings***

**Legal reserve**

Section 116 of the Public Companies Act. B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the register authorised capital. The legal reserve is not available for dividend distribution.

**Movements in reserves**

Movements in reserves are shown in the statements of changes in equity.

**17 Segment information and disaggregation of revenue**

Segment information conform to internal report use to assess the performance of the segment and to make decisions about resources to be allocated to the segment. the CODM of the company is Board of directors.

The Group operates in 3 businesses which are sale of cars, hire purchase and factoring. All 3 businesses are operated in Thailand. Revenue recognition of sale of car is occurred at a point in time when a customer obtains control of the goods whereas, revenue recognition of hire purchase and factoring is on effective interest rate method over the period.

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**Information about reportable segments**

<b>For the year ended 31 December 2019</b>	<b>Consolidated financial statements</b>			<b>Total</b>
	<b>Sale of cars</b>	<b>Hire purchase</b>	<b>Factoring</b>	
		<i>(in thousand Baht)</i>		
Revenue	259,294	186,627	1,057	446,978
Cost of sale of goods	(249,650)	-	-	(249,650)
Finance costs	-	(29,385)	(468)	(29,853)
Gross profit	9,644	157,242	589	167,475
Other income				22,507
Distribution costs				(25,627)
Administrative expenses				(83,723)
Share of loss of joint venture				(1,046)
Profit before income tax expense				79,586
Tax expense				(13,600)
<b>Profit for the year</b>				<b>65,986</b>

**Assets of reportable segments**

Receivables under hire purchase contracts and factoring receivables at 31 December 2019	1,200,300
Leasehold improvement and equipment at 31 December 2019	20,127
Total assets at 31 December 2019	1,338,682

<b>For the year ended 31 December 2018</b>	<b>Financial statements in which the equity method is applied</b>			<b>Total</b>
	<b>Sale of cars</b>	<b>Hire purchase</b>	<b>Factoring</b>	
		<i>(in thousand Baht)</i>		
Revenue	299,181	174,594	625	474,400
Cost of sale of goods	(279,339)	-	-	(279,339)
Finance costs	(1,651)	(32,489)	(308)	(34,448)
Gross profit	18,191	142,105	317	160,613
Other income				20,727
Distribution costs				(23,026)
Administrative expenses				(85,034)
Share of loss of joint venture				(2,488)
Profit before income tax expense				70,792
Tax expense				(14,027)
<b>Profit for the year</b>				<b>56,765</b>

**Assets of reportable segments**

Receivables under hire purchase contracts and factoring receivables at 31 December 2018	1,060,731
Leasehold improvement and equipment at 31 December 2018	18,146
Total assets at 31 December 2018	1,174,037

**Geographical segments**

The Group is managed and operates principally in Thailand. There are no material revenues derived from, or assets located in, foreign countries.

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Major customer*

The Group did not have major customer which significant to financial statements since there was no revenue from one customer exceeded than 10% of total Group's revenue.

**18 Employee benefit expenses**

		Consolidated financial statements	Financial statements in which the equity method is applied	Separate financial statements
	Note	2019	2018	2019 2018
				(in thousand Baht)
Wages and salaries		37,040	28,003	37,040 28,003
Defined benefit plans	13	1,101	874	1,101 874
Defined contribution plans		1,136	773	1,136 773
Others		9,645	9,590	9,645 9,590
<b>Total</b>		<b>48,922</b>	<b>39,240</b>	<b>48,922 39,240</b>

*Defined contribution plans*

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Group at rates ranging from 3% to 5% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Manager.

**19 Expenses by nature**

		Consolidated financial statements	Financial statements in which the equity method is applied	Separate financial statements
	Note	2019	2018	2019 2018
				(in thousand Baht)
Changes in inventories		(20,662)	(7,792)	(20,662) (7,792)
Purchase of car and accessories		270,312	287,131	270,312 287,131
Employee benefit expenses	18	48,922	39,240	48,922 39,240
Depreciation and amortisation		6,700	6,588	6,622 6,588
Promotional expenses		12,207	13,113	11,647 13,113
Loss on confiscation of collateral		15,173	13,153	15,173 13,153
(Reversal of) bad and doubtful debts expenses		(3,754)	6,725	(3,754) 6,725
Rental and service expenses		9,571	9,557	9,571 9,557
Professional fees		8,211	4,494	8,071 4,494
Others		12,320	15,191	12,055 15,191
<b>Total cost of sales of goods, distribution costs and administrative expenses</b>		<b>359,000</b>	<b>387,400</b>	<b>357,957 387,400</b>

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**20 Income tax**

<i>Income tax recognised in profit or loss</i>	Consolidated financial statements 2019	Financial statements in which the equity method is applied 2018 (in thousand Baht)	Separate financial statements	
			2019	2018
<b>Current tax expense</b>				
Current year	13,213	15,589	13,213	15,589
	<u>13,213</u>	<u>15,589</u>	<u>13,213</u>	<u>15,589</u>
<b>Deferred tax expense</b>				
Movements in temporary differences	387	(1,563)	387	(1,563)
<b>Total income tax</b>	<u>13,600</u>	<u>14,026</u>	<u>13,600</u>	<u>14,026</u>

	Consolidated financial statements 2019			Financial statements in which the equity method is applied 2018		
<i>Income tax recognised in other comprehensive income</i>	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
			(in thousand Baht)			
Defined benefit plan actuarial gains	1,006	(201)	805	-	-	-
<b>Total</b>	<u>1,006</u>	<u>(201)</u>	<u>805</u>	<u>-</u>	<u>-</u>	<u>-</u>

	Separate financial statements 2019			2018		
<i>Income tax recognised in other comprehensive income</i>	Before tax	Tax expense	Net of tax	Before tax	Tax expense	Net of tax
			(in thousand Baht)			
Defined benefit plan actuarial gains	1,006	(201)	805	-	-	-
<b>Total</b>	<u>1,006</u>	<u>(201)</u>	<u>805</u>	<u>-</u>	<u>-</u>	<u>-</u>

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

*Reconciliation of effective tax rate*

	<b>Consolidated financial statements</b>		<b>Financial statements in which the equity method is applied</b>	
	<b>2019</b>		<b>2018</b>	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		79,586		70,792
Income tax using the Thai Corporation tax rate	20	15,917	20	14,158
Expense not deductible for tax purposes		176		1,743
Additional deductible expense for tax purposes		(2,864)		(312)
Current year losses for which no deferred tax asset was recognised		335		-
Utilisation of unrecognised deferred tax asset		-		(642)
Others		36		(921)
<b>Total</b>	<b>17</b>	<b>13,600</b>	<b>20</b>	<b>14,026</b>

	<b>Separate financial statements</b>		<b>2018</b>	
	<b>2019</b>		<b>2018</b>	
	<i>Rate (%)</i>	<i>(in thousand Baht)</i>	<i>Rate (%)</i>	<i>(in thousand Baht)</i>
Profit before income tax expense		81,260		73,279
Income tax using the Thai Corporation tax rate	20	16,252	20	14,656
Expense not deductible for tax purposes		176		1,245
Additional deductible expense for tax purposes		(2,864)		(312)
Utilisation of unrecognised deferred tax asset		-		(642)
Others		36		(921)
<b>Total</b>	<b>17</b>	<b>13,600</b>	<b>19</b>	<b>14,026</b>

Movement in total deferred tax assets during the years ended 31 December 2019 and 2018 were as follows:

	<b>Consolidated and Separate financial statements</b>			
	<b>(Charged)/Credited to:</b>			
	<b>At 1 January</b>	<b>Profit or loss</b>	<b>Other comprehensive income</b>	<b>At 31 December</b>
		<i>(in thousand Baht)</i>		
<b>2019</b>				
<b>Deferred tax assets</b>				
Receivables under hire purchase contracts	6,536	(898)	-	5,638
Factoring receivables	-	11	-	11
Other receivables	18	70	-	88
Inventories	90	143	-	233
Non-current provisions for employee benefits	517	220	(201)	536
Other provisions	260	67	-	327
<b>Total</b>	<b>7,421</b>	<b>(387)</b>	<b>(201)</b>	<b>6,833</b>

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

	Financial statements in which the equity method is applied and Separate financial statements (Charged)/Credited to:		
	At 1 January	Profit or loss Other comprehensive income (in thousand Baht)	At 31 December
<b>2018</b>			
<i>Deferred tax assets</i>			
Receivables under hire purchase contracts	5,190	1,346	6,536
Other receivables	19	(1)	18
Inventories	307	(217)	90
Non-current provisions for employee benefits	342	175	517
Other provisions	-	260	260
<b>Total</b>	<b>5,858</b>	<b>1,563</b>	<b>7,421</b>

**21 Earnings per share**

	Consolidated financial statements 2019	Financial statements in which the equity method is applied 2018 (in thousand Baht / thousand shares)	Separate financial statements 2019	Separate financial statements 2018
<i>Profit attributable to ordinary shareholders for the year ended 31 December</i>				
Profit attributable to ordinary shareholders of the Company (basic)	65,986	56,765	67,660	59,253
<i>Ordinary shares outstanding</i>				
Number of ordinary shares outstanding at 1 January	500,000	500,000	500,000	500,000
Effect of shares issued	95,625	-	95,625	-
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>595,625</b>	<b>500,000</b>	<b>595,625</b>	<b>500,000</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>0.111</b>	<b>0.114</b>	<b>0.114</b>	<b>0.119</b>

**22 Dividends**

The shareholders of the Company have approved dividends as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in thousand Baht)
<i><b>Paid in 2019</b></i>				
Annual dividend 2018	26 April 2019	May 2019	0.104	52,000

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**23 Financial instruments**

*Financial risk management policies*

The Group is exposed to normal business risks from changes in market interest rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivatives for speculative or trading purposes.

Risk management is integral to the whole business of the group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

*Capital management*

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, which the Group defines as result from operating activities divided by total shareholders' excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

*Interest rate risk*

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its lending and borrowings. The Group mitigates this risk by ensuring that the majority of its lendings and borrowings are at fixed interest rates

The interest rates of financial assets and financial liabilities as at 31 December and the maturity periods were as follows:

As at 31 December	Interest rate (% per annum)	Consolidated financial statements					
		Maturity periods					
		At call	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	No maturity	Total
<b>2019</b>							
<b>Financial assets</b>							
Cash and cash equivalents	0.00 - 1.25	22,432	-	-	-	127	22,559
Receivables under hire purchase contracts *	5.00 - 17.50	-	408,074	796,814	1,379	-	1,206,267
Factoring receivables **	8.00 - 13.50	-	22,106	-	-	-	22,106
Other receivables - installment receivables of insurance and loan receivables **	10.00 - 15.00	-	8,564	-	-	-	8,564
Long-term deposits at financial institution	1.19	-	-	1,000	-	-	1,000
<b>Total</b>		<b>22,432</b>	<b>438,744</b>	<b>797,814</b>	<b>1,379</b>	<b>127</b>	<b>1,260,496</b>

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

Consolidated financial statements							
Maturity periods							
<i>As at 31 December</i>	Interest rate (% per annum)	At call	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	No maturity	Total
<i>Financial liabilities</i>							
Short-term loans from financial institutions	2.55 - 4.00	-	362,250	-	-	-	362,250
Short-term loans from related parties	3.50 - 4.00	30,000	-	-	-	-	30,000
Short-term loans from other parties	4.00	-	20,000	-	-	-	20,000
Long-term loans from financial institutions	4.275	-	50,630	112,245	-	-	162,875
<b>Total</b>		<b>30,000</b>	<b>432,880</b>	<b>112,245</b>	<b>-</b>	<b>-</b>	<b>575,125</b>

\* Excluding allowance for doubtful account

\*\* Excluding accrued interest receivables and allowance for doubtful account

As at 31 December	Interest rate (% per annum)	Financial statements in which the equity method is applied					
		Maturity periods					
		At call	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	No maturity	Total
<b>2018</b>							
<b>Financial assets</b>							
Cash and cash equivalents	0.00 - 1.25	16,472	-	-	-	42	16,514
Receivables under hire purchase contracts *	5.00 - 17.50	-	341,646	748,763	756	-	1,091,165
Factoring receivables **	8.00 - 13.50	-	2,236	-	-	-	2,236
Other receivables - installment receivables of insurance and loan receivables **	15.00	-	2,708	-	-	-	2,708
Long-term deposits at financial institution	1.19	-	-	1,000	-	-	1,000
<b>Total</b>		<b>16,472</b>	<b>346,590</b>	<b>749,763</b>	<b>756</b>	<b>42</b>	<b>1,113,623</b>
<b>Financial liabilities</b>							
Short-term loans from financial institutions	2.55 - 5.025	-	679,000	-	-	-	679,000
Short-term loans from related parties	4.00	-	70,000	-	-	-	70,000
Short-term loans from other parties	4.00	-	49,265	-	-	-	49,265
Long-term loans from financial institutions	6.275	-	23,596	17,883	-	-	41,479
<b>Total</b>		<b>-</b>	<b>821,861</b>	<b>17,883</b>	<b>-</b>	<b>-</b>	<b>839,744</b>

\* Excluding allowance for doubtful account

\*\* Excluding accrued interest receivables and allowance for doubtful account

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

As at 31 December	Interest rate (% per annum)	Separate financial statements					Total
		Maturity periods					
		At call	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	No maturity	
<b>2019</b>							
<b>Financial assets</b>							
Cash and cash equivalents	0.00 - 1.25	17,986	-	-	-	115	18,101
Receivables under hire purchase contracts *	5.00 - 17.50	-	408,074	796,814	1,379	-	1,206,267
Factoring receivables **	8.00 - 13.50	-	22,106	-	-	-	22,106
Other receivables - installment receivables of insurance and loan receivables **	15.00	-	4,786	-	-	-	4,786
Long-term deposits at financial institution	1.19	-	-	1,000	-	-	1,000
<b>Total</b>		<b>17,986</b>	<b>434,966</b>	<b>797,814</b>	<b>1,379</b>	<b>115</b>	<b>1,252,260</b>
<b>Financial liabilities</b>							
Short-term loans from financial institutions	2.55 - 4.00	-	362,250	-	-	-	362,250
Short-term loans from related parties	3.50 - 4.00	79,500	-	-	-	-	79,500
Short-term loans from other parties	4.00	-	20,000	-	-	-	20,000
Long-term loans from financial institutions	4.275	-	50,630	112,245	-	-	162,875
<b>Total</b>		<b>79,500</b>	<b>432,880</b>	<b>112,245</b>	<b>-</b>	<b>-</b>	<b>624,625</b>
<b>2018</b>							
<b>Financial assets</b>							
Cash and cash equivalents	0.00 - 1.25	16,472	-	-	-	42	16,514
Receivables under hire purchase contracts *	5.00 - 17.50	-	341,646	748,763	756	-	1,091,165
Factoring receivables **	8.00 - 13.50	-	2,236	-	-	-	2,236
Other receivables - installment receivables of insurance and loan receivables **	15.00	-	2,708	-	-	-	2,708
Long-term deposits at financial institution	1.19	-	-	1,000	-	-	1,000
<b>Total</b>		<b>16,472</b>	<b>346,590</b>	<b>749,763</b>	<b>756</b>	<b>42</b>	<b>1,113,623</b>

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

<i>As at 31 December</i>	Interest rate (% per annum)	Separate financial statements Maturity periods					Total
		At call	Within 1 year	After 1 year but within 5 years (in thousand Baht)	After 5 years	No maturity	
<b>Financial liabilities</b>							
Short-term loans from financial institutions	2.55 - 5.025	-	679,000	-	-	-	679,000
Short-term loans from related parties	4.00	-	70,000	-	-	-	70,000
Short-term loans from other parties	4.00	-	49,265	-	-	-	49,265
Long-term loans from financial institutions	6.275	-	23,596	17,883	-	-	41,479
<b>Total</b>		-	<b>821,861</b>	<b>17,883</b>	-	-	<b>839,744</b>

\* Excluding allowance for doubtful account

\*\* Excluding accrued interest receivables and allowance for doubtful account

**Credit risk**

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

The Group has a policy to mitigate credit risk from receivables by forming a conservative credit policy and by determining the receipt from the hire purchase and factoring. Therefore, the Company expects that the loss from the collection of those receivables should not exceed the allowance for doubtful accounts.

**Liquidity risk**

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

**Carrying amount and fair values**

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

		Consolidated financial statements / Financial statements in which the equity method is applied			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
<b>31 December 2019</b>					
<b>Financial liabilities</b>					
Long-term loans from financial institutions	162,875	-	172,756	-	172,756

**Mitsub Leasing Public Company Limited and its subsidiaries**

## Notes to the financial statements

**For the year ended 31 December 2019**

		<b>Consolidated financial statements /</b>			
		<b>Financial statements in which the equity method is applied</b>			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
		(in thousand Baht)			
<b>31 December 2018</b>					
<b>Financial liabilities</b>					
Long-term loans from financial institutions	41,479	-	53,648	-	53,648
		<b>Separate financial statements</b>			
	Carrying amount	Fair value			Total
		Level 1	Level 2	Level 3	
		(in thousand Baht)			
<b>31 December 2019</b>					
<b>Financial liabilities</b>					
Long-term loans from financial institutions	162,875	-	172,756	-	172,756
<b>31 December 2018</b>					
<b>Financial liabilities</b>					
Long-term loans from financial institutions	41,479	-	53,648	-	53,648

The fair value of long-term loans from financial institutions which bear floating rates of interest approximates their carrying value at the reporting date. The fair value of fixed rate instruments with remaining maturities greater than 1 year is estimated by using a discounted cash flow calculation applying interest rates currently being offered on similar instruments.

*Financial instruments not measured at fair value*

The fair value of cash and cash equivalent, factoring receivables, other receivables, short-term loans from financial institution, other payables, short-term loan from related parties and short-term loan from other persons were approximates their carrying values since these financial instruments have remaining maturities less than 1 year.

*Transfers between Level 1 and 2 of fair values hierarchy*

There were no transfers between Level 1 and Level 2 of fair value hierarchy for the year-ended 31 December 2019 and 2018.

## 24 Commitments with non-related parties

### Leases as lessee

The Group leases a number of space rental agreements under operating leases with related persons and other persons. The leases typically run for a period between 1 - 3 years, with an option to renew the lease after that date. Lease payments are renegotiated when maturity to reflect market rentals.

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

<i>Future minimum lease payments under non - cancellable operating leases</i>	<b>Consolidated financial statements</b>	<b>Financial statements in which the equity method is applied</b>	<b>Separate financial statements</b>	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Within one year	7,047	5,652	7,047	5,652
After one year but within five years	15,590	6,428	15,590	6,428
<b>Total</b>	<b>22,637</b>	<b>12,080</b>	<b>22,637</b>	<b>12,080</b>
<i>Other commitments</i>				
Other contacts	287	670	287	670
Purchase orders for goods and supplies	4,312	41	4,312	41
<b>Total</b>	<b>4,599</b>	<b>711</b>	<b>4,599</b>	<b>711</b>
<i>For the years ended 31 December</i>				
Lease expense	6,151	5,186	6,151	5,186

## 25 Events after reporting period

1. In January 2020, the Company was approved credit limit by a financing company totaling of Baht 100 million for the purpose of Company's business.
2. In January 2020, the Company was approved credit limit by a financial institution totaling of Baht 250 million for the purpose of repayment short-term loan to financial institution and Company's business.
3. The Board of Director's Meeting held on 24 February 2020 passed a resolution on the stock dividend payment at the par value of Baht 0.5 to the Company's existing shareholders at ratio of 14 existing shares to receive stock of 1 share equivalent to the stock dividend of Baht 0.03571 per share, total amount does not exceed Baht 23.82 million. In addition, cash dividend will be paid at the rate of Baht 0.00397 per share, total amount does not exceed Baht 2.65 million. The resolution will be proposed to seek an approval from the Annual General Meeting of Shareholders on 20 April 2020.

## 26 Thai Financial Reporting Standards (TFRSs) not yet adopted

New TFRSs, which are relevant to the Group's operations, expected to have material impact on the consolidated and separate financial statements when initially adopted, and will become effective for financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

<b>TFRS</b>	<b>Topic</b>
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

\* TFRS - Financial instruments standards

**Mitsib Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(a) TFRS - Financial instruments standards**

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS - Financial instruments are as follows:

**(i) Classification - Financial assets**

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

**(ii) Measurement at amortised cost**

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. TFRS 9 shall replace current accounting policies of the Group on recognition of both finance cost and finance income at the rate specified in the contract.

**(iii) Impairment - Financial assets**

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Group estimates allowance for doubtful account by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model will apply to financial assets measured at amortised cost exclude equity instruments.

**(iv) Classification - Financial liabilities**

TFRS 9 introduces a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL.

*Transition*

The Group expects to initially adopt these TFRS by adjusting the impact to retained earnings or other component of equity on 1 January 2020. Therefore, the Group will not apply the requirements of these TFRS to comparative information.

The Group and the Company have made the preliminary impact assessment of initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements and expect that there will be no material impact on the consolidated and separate financial statements in the period of initial application.

**Mitsub Leasing Public Company Limited and its subsidiaries**  
**Notes to the financial statements**  
**For the year ended 31 December 2019**

**(b) TFRS 16 Leases**

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Group recognises payments made under operating leases in profit or loss on a straight-line basis over the term of the lease, and recognised liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Group will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 24. As a result, the nature of expenses related to those leases will be changed because the Group will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

*Transition*

The Group plans to apply TFRS 16 initially on 1 January 2020, using the modified retrospective approach. Therefore, the cumulative effect of adopting TFRS 16 will be recognised as an adjustment to the retained earnings at 1 January 2020, with no restatement of comparative information.

The Group plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before 1 January 2020 and identified as leases in accordance with TAS 17.

The Group has made preliminary impact assessment of initially applying TFRS 16 on the financial statements. The expected impact on total assets is approximately 4% for consolidated financial statements and 4% for separate financial statements, and the impact on total liabilities is approximately 8% for consolidated financial statements and 8% for separate financial statements.

**27 Reclassification of accounts**

Certain accounts in the statement of comprehensive income for the year ended 31 December 2018 have been reclassified to conform to the presentation in the 2019 financial statements. Significant reclassifications were as follows:

	<b>Financial statements in which the equity method is applied and Separate financial statements</b>		
	Before reclassification	Reclassification (in thousand Baht)	After reclassification
<i>Statement of comprehensive income</i>			
<i>For the year ended 31 December 2018</i>			
Revenue from sales and services	479,496	(479,496)	-
Revenue from sales	-	299,181	299,181
Revenue from hire purchase contracts	-	174,594	174,594
Interest income on factoring	-	625	625
Other income	11,474	9,253	20,727
Cost of sales of goods	(285,889)	6,550	(279,339)
Distribution cost	(22,449)	(577)	(23,026)
Administrative expenses	(74,904)	(10,130)	(85,034)
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MITSUBI LEASING PUBLIC COMPANY LIMITED

895-6 Moo 5 Srinakarin Rd, Samrong Nuea, Mueang Samut Prakarn District, Samut Prakarn 10270

# Annual Report 2019

MTSIB LEASING PUBLIC COMPANY LIMITED