



บริษัท ไมโครลีสซิ่ง จำกัด (มหาชน)
Micro Leasing Public Company Limited

ไมโครลีสซิ่ง ขวัญใจสิบล้อ



2020
Annual
Report

Vision Mission



Vision

The Company
commits to be leader of used trucks
finance services in Thailand



- To our Customers and Business Partners: Ensure excellent services. Maintain strong relationship and satisfy the needs of our customers and business partners.
- To our employees: Quality and professional workplace. Openness and honesty. Fair share of benefits to all our employees.
- To our Shareholders: Continuous and sustainable growth with good corporate governance and transparency to maximize shareholders' value.
- To our Society: Cooperate with society and government to develop our country's economy in order to create a sustainable and prosperous society.

Mission

Core Value

“
Integrity, Honesty, Diligence,
Commitment, Benefits for all
”

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essage from the Chairman of the Board of Directors

The year 2020 is considered the prideful year of the Micro Leasing Public Company Limited that we successfully enter into the capital market. The company has already listed in the Stock Exchange of Thailand (SET) and began trading its securities on the Stock Exchange of Thailand for the first time on Thursday, October 1, 2020. The company adheres to its goal of being the nation's leading provider of used truck leasing business based on fairness, honesty and transparency under the slogan "Micro Leasing Trucker's Best Friend"

The company still realizes the importance of conducting business with transparency, good governance and preparing for the development of the organization both in terms of business strategy, supervision including participation in community, social and environmental development and the continuous improvement of the service standards that are impressive and effective for better.

Finally, on behalf of the Board of Directors of Micro Leasing Public Company Limited, we would like to thank shareholders, customers, business partners, financial institutions, management team, staffs and stakeholders for the success of the Company. We hope that we will help to drive the company forward with stability and sustainability in the future.



(Mr. Krit Umpote)

Chairman / Independent



M

essage from the Chairman of the Executive Committee

The year 2020 is an important year for the company to take on the next level of transformation : Listed as a public company on the Stock Exchange of Thailand (SET), the first offering of newly issued ordinary shares on the Stock Exchange of Thailand on October 1, 2020, the management team is ready to perform the management duties with determination in accordance with good governance principles. The company maintained sustained growth despite the challenge of significant impact of the COVID-19 epidemic and the uncertainty of the economic environment.

Economic impact on the Thai and foreign economies was in the first half of 2020 and began to recover in the second half of the year. But the company was able to operate the business achieving to its goals. The loan portfolio has grown as planned.

As the company continues reaching for its goal, it requires cooperation from all levels of employees to improve and transform its work process, coupled with standard external audit process, which requires patience and determination. So i would like to thank all our staffs who have come together through this transformation and see the importance of change, with the core belief that our company with the core belief that our company will continue to sustainably grow, in line with our company's motto "Micro Leasing Trucker's Best Friend".



(Mr. Wisarn Boornasuntikoon)

Chairman of Executive Committee / Managing Director

M

essage from the Founder



For more than 26 years since its founding, Micro Leasing Public Company Limited has continued to strive to become the nation's leader in used truck finance business in accordance with the Company's vision. We possess extensive experience and expertise in our business, together with the company's management team and professional personnel, who understand used truck credit market and possess expertise in used truck valuation and appraisals. These are important factors that allow us to be competitive with other finance operators. We are fully committed to grow our business by our branch expansion plan to cover all regions of the country. With strength in our human resource development and information technology systems, we are able to provide our services to customers with prudence and caution, for future sustainable growth.

Finally, thanks to our shareholders, business partners, customers, financial institution, relevant government, private agencies and all our stakeholders who have always trusted and supported our company. Also, thanks to the management team and all our employees who together have been very determined, focused, and dedicated in their work, thus enabling our company to grow in a stable and sustainable manner.

(Mr. Thammasak Auchyawat)

Founder

Micro Leasing PCL's Audit Committee is comprised of 3 independent directors; Mr. Chalong Luengprasit, Chairman of the Audit Committee, Assoc. Prof. Mr. Pijak Chantaviroj and Mr. Weidt Nuchjalearn as the Audit Committee members. The three executives possess all of the required qualifications stated in the Audit Committee's charter, which was compiled in accordance with the direction and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand.

The Audit Committee has been performing duties independently, whereby 1 committee member has an accounting knowledge and experience to perform the audit activity to ensure the reliability of the statement of financial position.

In 2020, the Audit Committee held a total of 8 meetings, with full attendance of the Audit Committee members. The meeting attendance details are shown below.

Name of Audit Committee Members	The Number of Meetings Attended/ The Number of Meetings Held
1. Mr. Chalong Luengprasit	8/8
2. Mr. Pijak Chantaviroj	8/8
3. Mr. Weidt Nuchjalearn	3/3

Remark : Mr. Weidt Nuchjalearn was appointed as Audit Director according to the Board of Directors meeting resolution no. 8/2020 on 16 October 2020.

Key Takeaways of the Audit Committee's Performance

- Verification of Financial Reports**

The Audit Committee had verified the preparation of the quarterly and annual statements of financial position of Micro Leasing PCL, in collaboration with the management, Internal Audit Division and the auditor, as well as other financial reports; Internal Audit Division's report, Risk Management report, etc. The Committee also had a session with the auditor without the management's involvement at least once a year to independently discuss the accounting audit plan, independence in performing duties and significant information for the preparation of the financial statements.

- Verification of the Internal Control System**

The Audit Committee had verified the PricewaterhouseCoopers ABAS Limited's report and discussed with the Internal Audit Division and the management on the observations made. The Committee also ensured that the suggestions arising from the Internal Audit Division's report were actioned upon, with the focus on making corrections on identified issues effectively. Furthermore, the management had been consulted with regarding the appropriateness of the internal control operations related to electronics e.g. data access, storage, etc., as well as risk factors in several aspects, and the whistle blowing protocols. The Committee hereby provided suggestions on improving the procedures to enhance efficiency and effectiveness that cohere with the principles of corporate governance.

- Supervision of the Internal Audit Division**

The Audit Committee had verified and evaluated the level of independence of the Internal Audit Division, approving the appointment, transfer and termination of the Internal Audit Division Head and attended meetings with the Internal Audit Division Head without the involvement of the management at least once a year in order to independently discuss several matters; the appropriateness and sufficiency of the resources for conducting

audit activities, independence in getting access to the essential information for the internal audit, etc. The Committee also signed off the annual audit plan and the Internal Audit Division's charter, as well as supervised the Internal Audit Division's operations to perform duties and comply with the standards.

- **Verification of Legal Compliance, Regulations, Policies and Relevant Rules**

The Audit Committee ensured that the Company complies with the laws related to securities and the Stock Exchange, as well as laws relevant to the Company's business, and any obligations that may arise from the agreement made with external parties. In this regard, the management had been consulted with regarding business operations, following-up of issues and obstacles in order to ensure that all parties execute their duties correctly, completely and in a way that complies with the principles of good governance.

- **Consideration of Inter-Related Transactions or Transactions that may Involve Conflicts of Interests**

The Audit Committee had verified inter-related transactions, considering the value of transactions, reasons, necessities of making such transactions, the rationality, disclosure of information and other significant information to ensure that the transactions comply with the laws and the Stock Exchange of Thailand's regulations, and contribute to the Company's and stakeholders' utmost benefits.

- **Consideration of the Appointment of the Auditor and Remuneration**

The Audit Committee had considered the qualifications, level of independence, performance and remuneration of the auditor, and attended meetings with the auditor on a quarterly basis to discuss issues or observations arising from verifying the statement of financial position.

In 2021, the Audit Committee had agreed to appoint EY Office Company Limited as the auditor, which will be proposed to the Board of Directors to obtain an approval from the annual general meeting of shareholders in due course.

In conclusion, the Audit Committee had been performing duties as stated in the Audit Committee's charter, sufficiently exercising knowledge, competencies, prudence, cautiousness and independence in proposing opinions and suggestions for the benefits of the Company and all stakeholders. The Audit Committee is of the view that the Company's statement of financial position had been prepared in accordance with the generally accepted accounting standard, with sufficient internal control system, and proper compliance with the laws, regulations of the Stock Exchange of Thailand or other laws relevant to the Company's business that align with the good governance principle, for the Company's ultimate benefits and sustainable growth.



(Mr. Chalong Luengprasit)

Chairman of the Audit Committee

R

esponsibilities of the Board of Directors for Financial Report

The Board of Directors of Micro Leasing Public Company Limited is responsible for financial statements of the Company including financial information disclosure in Annual Report of 2020. Such financial statements were prepared according to general accepted accounting principles and such financial statements were regularly prepared according to the financial reporting standard and appropriate accounting policy. The discretion and estimates were used carefully and reasonably as needed. The information disclosure in the financial statement appendix was sufficient. Such financial statements passed the check and comment from the independent Certified Public Accountants of the Company with no condition.

The Board of Directors realized the importance of the duties and responsibilities that must continuously be in accordance with the good corporate governance policy in order to conduct the business with efficiency, transparency and credibility and established proper and effective control system, risk management system in order to rationally assure that the accounting information was correctly and completely recorded and adequate to sustain the Company's assets as well as to prevent any frauds or significantly irregular operations. The Board of Directors has appointed the Audit Committee comprising qualified independent directors to review the quality of financial report and internal control system. The opinion of the Audit Committee is reported in the Audit Committee's Report in this annual report.

The Board of Directors has viewed that the overall internal control system is adequate and appropriate and ensure that the financial statements of the year ending 31 December 2020 was reliable according to the financial reporting standards and was conducted precisely according to the related laws and regulations.



(Mr. Wisarn Boornasuntikoon)

Chairman of Executive Committee / Managing Director



(Mr. Krit Umpote)

Chairman of the Board of Directors

The Board of Directors (the Board) appointed the Nomination and Remuneration Committee (NRC), which consists of these three following directors.

1. Mr. Chalong Luengprasit has been serving as the Chairman of the NRC
2. Mr. Pijak Chantaviroj has been serving as the Committee
3. Mr. Thammasak Auchyawat has been serving as the Committee

The NRC took full responsibility corresponding to the NRC's Charter, which was considered and assigned by the Board.

In 2020, the NRC organized four meetings with fully attended by all incumbent members to follow up the progress and considers the Board's assignments set by the NRC's Charter as followed.

1. Nominated the directors with appropriate qualification to substitute the complete term directors. These directors would be appointed by the Board with the requirements in terms of quantity of directors and the growth of company.
2. Considered and proposed the remuneration for the Board and sub-committee. The reasonable remuneration was considered by comparing to other companies in the same industrial sector, as well as company's overall performance. The proposed remuneration was considered by the Board and approved by shareholders in general meeting.
3. Set the criteria and guideline to evaluate the performance of Managing Director (MD) for appropriate annual remuneration.
4. Reviewed the company's structure with appropriate responsibility and correspond to the market conditions. Reviewed the Succession Plan for Managing Director and Executive Officers for continual operation.
5. Evaluated the performance of the NRC and considered the remuneration in 2020. The evaluation's result has been used to improve the efficiency of the operation toward the company's objectives. The report was presented to the Board and published annually.

The NRC has fully executed for the assignment with caution and independence. In addition, they have held the approach of Good Governance (GC) with honesty, equity, fairness, and transparency for ultimate benefit of the company and all stakeholders.



Mr. Chalong Luengprasit

Chairman of the Nomination and Remuneration Committee

Micro Leasing PCL is well aware of and places great emphasis on risk management under the principle of good governance, with consideration of vision, mission, objectives and organizational strategies, which all form the basis of risk management protocols according to the international standard that are applicable organization-wide. It is encouraged that risk management activities are part of everyday operations, leading to the creation of value-added features for the Company. There are protocols to monitor the systems and risk management procedures that prevent potential impact on the financial position and the Company's operating performance, as well as competitive ability on the long run in order to build trust in stakeholders in achieving the objectives aspired by the Board of Directors, and in preventing and minimizing potential impact caused by the environment and uncertainty in operating the business.

In order for the operations to align with the mentioned objectives, the Board of Directors have appointed the Risk Management Committee, comprising of 7 top executives and department heads who have knowledge and experiences in risk management. In 2020, the Risk Management Committee had arranged 3 meetings to supervise and monitoring the performance of risk management, with key operational highlights as follows:

Name of Risk Management Committee Members	The Number of Meetings Attended / The Number of Meetings Held
1. Mr. Pijak Chantaviroj	3/3
2. Mr. Keittipong Toemkunanon	3/3
3. Mrs. Rotsanan Yingthaweesak	3/3
4. Mr. Tanyakon Autchayawat	3/3
5. Mr. Jedsada Auchyawat	3/3
6. Mr. Kitsada Auchyawat	3/3
7. Mr. Preeda Iramaneerat	3/3

Key Takeaways of the Risk Management Committee's Performance

1. Consider and comment on the draft policies and organizational risk management framework prior to proposing to the Board of Directors for approval, while also assigning the management team to execute the policies as prescribed.
2. Consider and comment on the analyses and identify organizational risks and stakeholders' needs, prescribe the acceptable risk level and risk management plan that is in accordance with the strategies and objectives of the organization.
3. Consider and give opinion on Business Continuity Management (BCM) by following up on business continuity management and supporting the Company. In addition, there is preparation for review and testing of the Business Continuity Plan (BCP) to ensure that if any crisis occurs, the Company will be able to effectively resume business within an acceptable time period.
4. Continuously review and improve the effectiveness and efficiency of the risk management system, with constant follow-up of risk management activities on a quarterly basis.
5. Systematically review recently-incurred risks to ensure they are aligned with the current situation on a continuous basis, as well as verify the risk management report to monitor risks that can have significant impact on the organization.
6. Continually reporting to the Board of Directors on significant risks and risk management solutions.

The Risk Management Committee is fully committed to ensure that the Company has good corporate governance and risk management at an acceptable level, and are aligned with the current business scenarios, by way of constant and continuous reviews to ensure that the risk management is incorporated as part of the strategic and business plans, which will have direct impact on the organizational competency to operate effectively and to be able to achieve the targets put forth by the Board of Directors.

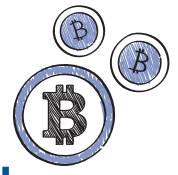


(Mr. Pijak Chantaviroj)

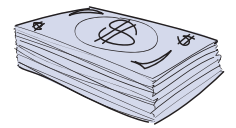
Chairman of the Risk Management Committee

		2018	2019	2020
Statements of comprehensive income				
	(Million Baht)			
Interest income from hire purchase		225.3	282.2	355.6
Fee and service income		29.4	40.6	77.9
Other income		3.9	7.4	20.5
Total revenues		258.6	330.2	454.1
Selling and administrative expenses		94.6	129.4	152.7
Expected credit loss		-	-	36.3
Bad debts and doubtful accounts and losses on confiscation assets		8.7	29.6	40.9
Gain on disposals of assets foreclosed				
Total expenses		114.7	152.4	229.9
Profit from operating activities		143.9	177.8	224.1
Profit for the year		89.9	110.8	135.1
Statement of financial position				
	(Million Baht)			
Total current assets		1,536.8	2,118.3	2,755.1
Total liabilities		567.9	1,038.6	932.1
Total shareholders' equity		968.9	1,079.7	1,823.0
Ratio				
Interest rate received	(%)	16.28	15.95	15.53
Interest Rate Spread	(%)	11.30	10.79	10.18
Net Interest Margin	(%)	14.28	13.75	13.44
Net Profit Margin	(%)	34.78	33.55	29.75
Return on equity	(%)	10.92	10.82	9.31
Return on assets	(%)	6.32	6.06	5.54
Debt to equity ratio	(Time)	0.59	0.96	0.51

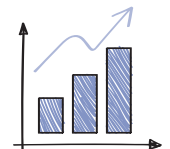
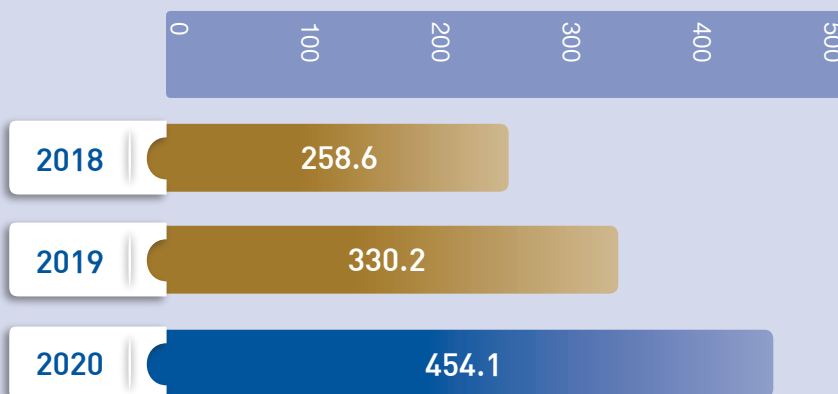
(Unit : Billion Baht)



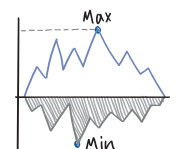
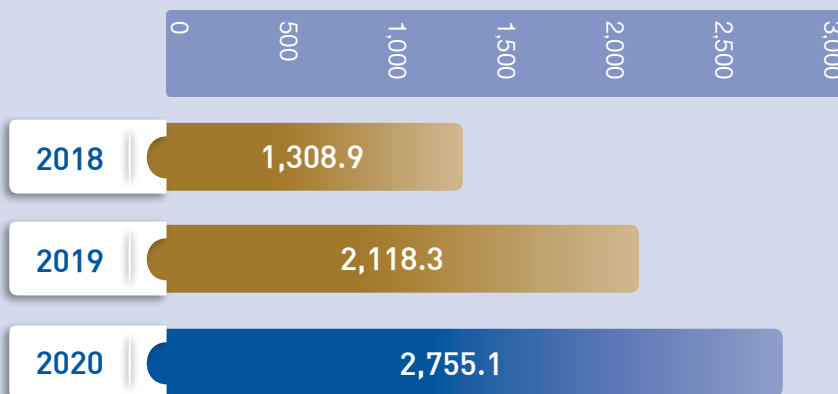
Net Profit



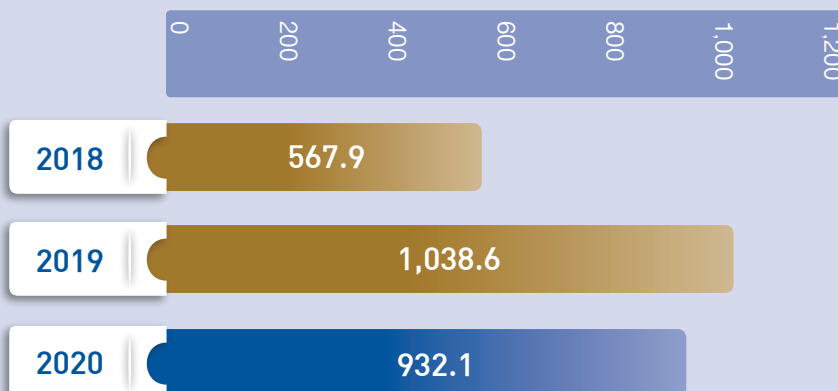
Total Revenue



Total Asset



Total Liabilities



B

oard of Committee

01

Mr. Krit Umpote

- Chairman
- Independent Director

03

Mr. Thammasak Auchyawat

- Director

05

Mr. Keittipong Toemkunanon

- Director

02

Mr. Wisarn Boornasuntikoon

- Director
- Managing Director

04

Mrs. Rotsanan Yingthaweesak

- Director

Board of



06

Mr. Tanyakon Autchayawat

- Director

07

Mr. Jedsada Auchyawat

- Director

08

Mr. Kitsada Auchyawat

- Director

09

Mr. Chalong Luengprasit

- Independent Director
- Chairman of the Audit

10

Mr. Weidt Nuchjalearn

- Independent Director
- Audit Committee

11

Mr. Pijak Chantaviroj

- Independent Director
- Audit Committee

Committee



Executive



Mr. Wisarn Booranasuntikoon
Managing Director
and Chairman of Executive Committee



Mrs. Rotsanan Yingthaweesak
Senior Deputy Managing Director
Senior Executive Director and
Risk Management Director



Mr. Tanyakon Autchayawat
Assistant Managing Director
of Credit Operations
and Risk Management Director



Mr. Jedsada Auchyawat
Deputy managing Director of Credit Operations
Executive Director and
Risk Management Director



Mr. Preeda Iramaneerat
Deputy Managing Director of Business
Resources And Investment/Executive
Director and Risk Management Director



Mr. Kandanai Chonsuwat
Deputy Managing Director of Accounting
And Finance/Company Secretary/Executive
Director and Risk Management Director



Mr. Wisan Wethayanukool
Chief Financial Officer
and Executive Director



Mr. Krit Umpote

Age 80 years

Position in other listed Company: Chairman and Independent Director

Date of appointment: 17 April 2020

Qualifications

- M.S.B. A Indiana University USA.
- Master of Public Administration (M.P.A.) GSPA NIDA
- Bachelor's Degree in Accounting Program Thammasat University
- Bachelor's Degree in Commerce Program Thammasat University
- Advanced Management Program, Harvard Business School USA.
- Strategic Human Resource Management, Harvard Business School USA.

Training Program

- IOD Chartered Director
- Director Certification Program (DCP) Class 0/2000
- Advanced Audit Committee Program (AACP) Class 3/2010

Working Experience for the last 5 Years

- | | |
|----------------|---|
| 2020 - Present | • Chairman and Independent Director,
Micro Leasing Public Company Limited |
| 2015 - Present | • Independent Director / Audit Committee,
Thiensurat PCL. |
| 2000 - Present | • Independent Director / Chairman of the
Audit Committee / Nomination and
Remuneration Committee, TBSP PCL. |
| 2000 - Present | • Facilitator in Resident Thai Institute of
Directors Association |

Shareholding in the Company (%) - none -

Relationship with the Executive Management - none -



Mr. Wisarn Boornasuntikoon

Age	61 years
Current position:	Director /Managing Director/ Chairman of Executive Committee and Authorized Director
Date of appointment:	24 December 2020

Qualifications

- Master's Degree in Economic, GSPA NIDA
- Master's Degree in Business Administration, Chulalongkorn University
- Bachelor's Degree in Engineering, Chulalongkorn University
- Bachelor's Degree in Laws, Thammasat University
- Bachelor's Degree in Business Administration, Ramkhamhaeng University
- Diploma of Public Administration, GSPA NIDA

Training Program

-none-

Working Experience for the last 5 Years

2020 - Present	<ul style="list-style-type: none"> • Director, Managing Director / Chairman of Executive Committee and Authorized Director Micro Leasing Public Company Limited
2019 - 2020	<ul style="list-style-type: none"> • Advisor of Aseptic Pak (THAILAND) Company Limited
2013 - 2019	<ul style="list-style-type: none"> • Deputy Managing Director Operations Executive. KTB LEASING CO., LTD. • Deputy Managing Director Support Executive. KTB LEASING CO., LTD.
2012 - 2013	<ul style="list-style-type: none"> • Executive Vice President CIMB Thai Bank Plc.
2005 - 2012	<ul style="list-style-type: none"> • Managing Director, Center Autolis Co., Ltd. (Companies in the financial business group CIMB Thai Bank PCL.)
1999 - 2005	<ul style="list-style-type: none"> • Senior Director Office of the President and Secretary to the Board of Directors, Thai Bank PCL.

Shareholding in the - none -

Company (%)

Relationship with the - none -

Executive Management



Mr. Thammasak Auchyawat

Age	66 years
Current position:	Director and Authorized Director
Date of appointment:	2 August 2019
Current position:	Nomination and Remuneration Director
Date of appointment:	23 December 2020

Qualifications

- Vocational Certificate (Voc. Cert.) Siam Technological College
- Micro MBA, National Institute of Development Administration

Training Program

- Director Certification Program (DCP) Class 254/2018
- Role of the Chairman Program (RCP) Class 42/2018

Working Experience for the last 5 Years

2020 - Present	• Nomination and Remuneration Director Micro Leasing Public Company Limited
1994 - Present	• Director and Authorized Director Micro Leasing Public Company Limited

Shareholding in the 22.9

Company (%)

Relationship with the	Father	Tanyakon Auchyawat
Executive Management		Jedsada Auchyawat
		Kitsada Auchyawat



Mrs. Rotsanan Yingthaweesak

Age	62 years
Current position:	Director
Date of appointment:	28 January 2004
Current position:	Executive Director and Risk Management Director
Date of appointment:	21 September 2018
Current position:	Senior Deputy Managing Director
Date of appointment:	25 February 2021

Qualifications

- Bachelor's Degree in Business Administration, Bangkok University

Training Program

- Director Certification Program (DCP) Class 262/2018

Working Experience for the last 5 Years

Feb 2021 - Present	• Senior Deputy Managing Director Micro Leasing Public Company Limited
2018 - Present	• Executive Director and Risk Management Micro Leasing Public Company Limited
2004 - Present	• Director/ Deputy Executive Director and Authorized Director Micro Leasing Public Company Limited
2004 - Feb 2021	• Deputy Managing Director Micro Leasing Public Company Limited

Shareholding in the 1.58

Company (%)

Relationship with the	Wife of Mr. Thammasak Auchyawat
Executive Management	



Mr. Tanyakon Autchayawat

Age	42 years
Current position:	Director / Assistant Managing Director and Authorized Director
Date of appointment:	3 January 2000
Current position:	Executive Committee and Risk Management Director
Date of appointment:	21 September 2018

Qualifications

- Bachelor's degree in marketing, Siam University

Training Program

- Director Certification Program (DCP) Class 254/2018

Working Experience for the last 5 Years

2018 - Present	• Executive Committee and Risk Management Director Micro Leasing Public Company Limited
2000 - Present	• Director/ Assistant Managing Director and Authorized Director Micro Leasing Public Company Limited

Shareholding in the Company (%) 5.68

Relationship with the Executive Management	Children	Thammasak Auchyawat
	Siblings	Jedsada Auchyawat Kitsada Auchyawat



Mr. Jedsada Auchyawat

Age	40 years
Current position:	Director and Authorized Director
Date of appointment:	2 January 2007
Current position:	Executive Director and Risk Management Director
Date of appointment:	21 September 2018
Current position:	Deputy Managing Director
Date of appointment:	25 February 2021

Qualifications

- Bachelor's Degree in Business Administration, Siam University

Training Program

- Director Accreditation Program (DAP) Class 144/2018
- Director Certification Program (DCP) Class 259/2018

Working Experience for the last 5 Years

Feb 2021 - Present	• Deputy Managing Director Micro Leasing Public Company Limited
2018 - Present	• Executive Director and Risk Management Director Micro Leasing Public Company Limited
2007 - Present	• Director/ Assistant Managing Director and Authorized Director Micro Leasing Public Company Limited

Shareholding in the Company (%) 13.17

Relationship with the Executive Management	Children	Thammasak Auchyawat
	Siblings	Tanyakon Autchayawat Kitsada Auchyawat



Mr. Kitsada Auchyawat

Age 35 Years
Current position: Director and Authorized Director
Date of appointment: 2 August 2019

Qualifications

- Bachelor's Degree in Business Administration (General Management), Rajabhat University Nakhon Pathom

Training Program

- Director Accreditation Program (DAP) Class 144/2018
- Director Certification Program (DCP) Class 262/2018

Working Experience for the last 5 Years

- | | |
|-----------------|---|
| 2007 - Present | • Director and Authorized Director
Micro Leasing Public Company Limited |
| 2007 - Feb 2021 | • Assistant Managing Director/
Executive Director and Risk Management Director
Micro Leasing Public Company Limited |

Shareholding in the Company (%) 13.77

Relationship with the Executive Management Children Thammasak Auchyawat
 Siblings Tanyakon Autchayawat
 Jedsada Auchyawat



Mr. Keittipong Toemkunanon

Age 43 years
Current position: Director and Authorized Director
Date of appointment: 21 September 2018

Qualifications

- Bachelor's Degree in Business Administration, Rajabhat University Nakhon Pathom

Training Program

- Director Accreditation Program (DAP) Class 144/2018
- Director Certification Program (DCP) Class 259/2018

Working Experience for the last 5 Years

- | | |
|-----------------|---|
| 2015 - Present | • Director and Authorized Director
Micro Leasing Public Company Limited |
| 2015 - Feb 2021 | • Assistant Managing Director/
Executive Director and Risk Management Director
Micro Leasing Public Company Limited |
| 1997 - Present | • Field Manager, L.C. Transport and Commerce Co., Ltd. |

Shareholding in the Company (%) 3.29

Relationship with the Executive Management - none -



Mr. Chalong Luengprasit

Age	57 years
Current position:	Independent Director / Chairman of the Audit Committee
Date of appointment:	21 September 2018
Current position:	Chairman of the Nomination and Remuneration Committee
Date of appointment:	23 December 2020

Qualifications

- Master's degree in accounting, Chulalongkorn University
- Bachelor's Degree in accounting, Siam University

Training Program

- Director Certification Program (DCP) Class 270/2018
- Director Accreditation Program (DAP) Class 78/2009

Working Experience for the last 5 Years

2020 - Present	<ul style="list-style-type: none"> • Chairman of the Nomination and Remuneration Committee Micro Leasing Public Company Limited
2018 - Present	<ul style="list-style-type: none"> • Independent Director / Chairman of the Audit Committee Micro Leasing Public Company Limited
2013 - Present	<ul style="list-style-type: none"> • Managing Director, Baan Charungklin Company Limited.

Shareholding in the Company (%) 0.01

Relationship with the Executive Management - none -



Mr. Weidt Nuchjalearn

Age 67 years
Current position: Independent Director and Audit Committee
Date of appointment: 1 November 2020

Qualifications

- Master's degree in Accounting, Thammasat Business School, Thammasat University
- Bachelor's Degree in Science Program (Agricultural Economics), Kasetsart University

Training Program

- Director Accreditation Program (DAP) Sec 2015
- Capital Market Academy Programs Class 18/2014
- The Role of the Chairman Program (RCP) Class 31/2013
- Top Executive Program in Commerce and Trade Class 3/2010
- Security Management and Leadership for Executives Program (SML) Class 2
- Credit Skills Assessment Chulalongkorn University
- Financial Executive Development Program (FINEX) Class 14/2006

Working Experience for the last 5 Years

- | | |
|----------------|---|
| 2020 - Present | • Independent Director and Audit Committee
Micro Leasing Public Company Limited |
| 2020 - Present | • Executive Director, Union Auction PCL. |
| 2020 - Present | • Expert Advisor, Financial Advisor Center,
Thai Credit Guarantee Corporation |
| 2018 - Present | • Chairman of the Board, Hinsitsu (Thailand) Co., LTD. |
| 2018 - Present | • Chairman of the Audit Committee and Chairman
of the Nomination and Remuneration Committee,
WHA Utilities and Power PCL. |
| 2018 - Present | • Reform Committee Radio and Television of Thailand |
| 2017 - Present | • Chairman of the Board, Siamrajathane PCL. |
| 2017 - Present | • Chairman of the Board, Thai Techno Class PCL. |
| 2017 - Present | • Chairman of the Board, Siam Technic Concrete PCL. |
| 2017 - Present | • Advisor, Dhipaya Insurance PCL. |
| 2015 - Present | • Advisor, Small and Medium Enterprise Development
Bank of Thailand |
| 2014 - Present | • Chairman of the Audit Committee,
Thai Foods Group PCL. |
| 2018 - 2019 | • Director, Srisawad Finance PCL. |
| 2017 - 2019 | • Director, Raimon Land PCL. |
| 2015 - 2019 | • Director, Srisawad Power PCL. |
| 2016 - 2018 | • Director, Provincial Waterworks Authority |
| 2016 - 2018 | • Honorary Director, MAI Stock Exchange |
| 2015 - 2018 | • Director, The Zoological Park Organization of Thailand |
| 2015 - 2018 | • Director, Forest Industry Organization |
| 2015 - 2017 | • Director, Dhipaya Insurance PCL. |
| 2015 - 2017 | • Committee of Right Livelihood Foundation |
| 2015 - 2016 | • Director, Hemaraj Klywater Co., LTD. |

Shareholding in the Company (%) - none -

Relationship with the Executive Management - none -



Mr. Pijak Chantaviroj

Age	51 years
Current position:	Independent Director / Audit Director and Nomination and Remuneration Director
Date of appointment:	21 September 2018
Current position:	Chairman of the Risk Management Committee
Date of appointment:	18 October 2019

Qualifications

- Doctorate in Public Administration, Rangsit University (In progress)
- Master's Degree in Business Administration - Accounting, Siam University
- Bachelor's Degree in accounting, Siam University

Training Program

- Director Accreditation Program (DAP) Class 78/2009
- Director Certification Program (DCP) Class 270/2019

Working Experience for the last 5 Years

2019 - Present	• Chairman of the Risk Management Committee Micro Leasing Public Company Limited
2019 - Present	• Independent Director / Audit Director and Nomination and Remuneration Director Micro Leasing Public Company Limited
2011 - Present	• Managing Director, KPJ Accounting Company Limited
1991 - Present	• Lecturer, Department of Accounting, Faculty of Business Administration, Siam University

Shareholding in the Company (%) 0.05

Relationship with the Executive Management - none -



Mr. Preeda Iramaneerat

Age	47 years
Current position:	Executive Director and Risk Management Director
Date of appointment:	1 November 2018
Current position:	Deputy Managing Director
Date of appointment:	25 February 2021

Qualifications

- Bachelor's Degree in Engineering, Chulalongkorn University
- Mini-MBA Program, Kasetsart University

Training Program

- Director Certification Program (DCP) Class 270/2019

Working Experience for the last 5 Years

Feb 2021 - Present	• Deputy Managing Director Micro Leasing Public Company Limited
2018 - Present	• Executive Director and Risk Management Director Micro Leasing Public Company Limited
2015 - 2019	• Technical Consultant, Duco Technology Limited (Hong Kong) Co., Ltd.

Shareholding in the Company (%) 0.24

Relationship with the Executive Management Son-in-Low of Mrs. Rotsanan Yingthaweesak



Mr. Kandanai Chonsuwat

Age	34 years
Current position:	Deputy Managing Director and Company Secretary
Date of appointment:	25 February 2021
Current position:	Executive Director
Date of appointment:	21 September 2018
Current position:	Risk Management Director
Date of appointment:	17 July 2020

Qualifications

- Master's Degree in Business Administration, Silpakorn University
- Bachelor's Degree in Arts (General Business Management), Silpakorn University

Training Program

- Director Accreditation Program (DAP) Class 168/2020
- Chief Financial Officer Certification Program (CFO) Class 22
- Orientation Program (CFO) Class 5
- Corporate Finance Class 1/2019
- Financial Model 1
- Fundamentals of Finance Class 1/2019
- CFO Focus on Financial Reporting Class 2/2018

Working Experience for the last 5 Years

Feb 2021 - Present	• Deputy Managing Director and Company Secretary Micro Leasing Public Company Limited
2020 - Present	• Risk Management Director Micro Leasing Public Company Limited
2018 - Present	• Executive Director Micro Leasing Public Company Limited
2017 - Feb 2021	• Chief Financial Officer Micro Leasing Public Company Limited
2016 - 2017	• Information Technology Manager Micro Leasing Public Company Limited
2008 - 2016	• Assistant Manager Micro Leasing Public Company Limited

Shareholding in the Company (%) 0.32

Relationship with the Executive Management Grandchildren of Thammasak Auchyawat



Mr. Wisan Wethayanukool

Age 36 years
Current position: Chief Financial Officer
Date of appointment: 25 February 2021

Qualifications

- Master's Degree in Business Administration, Ramkhamhaeng University
- Bachelor's Degree in Accounting, Rajabhat University Udonthani

Training Program

- Director Accreditation Program (DAP) Class 169/2020
- Chief Financial Officer Certification Program (CFO) Class 22
- Company Secretary Program (CSP) Class 99/2019
- Orientation Program (CFO) Class 8

Working Experience for the last 5 Years

Feb 2021 - Present	• Chief Financial Officer Micro Leasing Public Company Limited
2020 - Feb 2021	• Assistant Managing Director Micro Leasing Public Company Limited
2018 - Feb 2021	• Company Secretary and Assistant Chief Financial Officer Micro Leasing Public Company Limited
2017 - 2018	• Chief Financial Officer, My Simple Life Co., Ltd.
2016 - 2017	• Manager of Accounting Department, VSCHEM Co., Ltd.
2015 - 2016	• General Manager Udon Friends Development Co., Ltd.

Shareholding in the Company (%) 0.02

Relationship with the Executive Management -none-

Micro Leasing Public Company Limited (“Company”) operates business in providing hire purchase loans for used trucks to individuals and corporations who want to purchase used trucks for commercial purpose, such as used 6-wheel trucks, 10-wheel trucks and trailers. Moreover, the Company provides loans for other large commercial vehicles, such as tractors and various special trucks to larger customer groups. The Company focuses on providing hire purchase loans for used trucks of which models and brands are well accepted in the trading market, such as ISUZU, HINO and FUSO, etc. The period of hire purchase agreement lasts 12 - 60 months. In addition, the Company provides other financial services or other forms of loans to meet customer’s financial demand, such as which holds truck registration transfer book as collateral and refinancing loans services for current customers who have good installment payment records and prefer further financial liquidity.

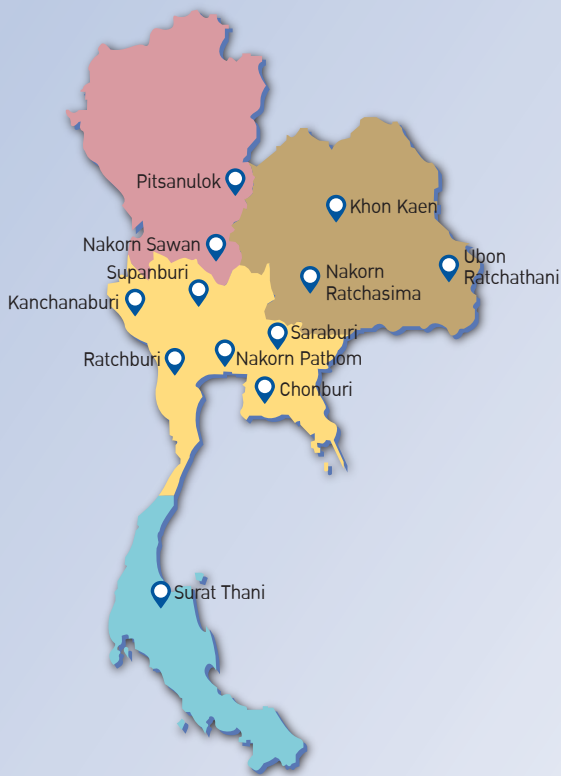
Company credit service overview



The Company also provides other services related to hire purchase business which is the Company’s main business, such as insurance coordination services, credit limit protection insurance and car insurance and compulsory car insurance renewal service, etc.

The hire purchase loan for used trucks business is the Company’s main business, accounted for 95% of total credit amount each year. The Company focuses on the low-end customer group who has limited access to financial resources of large financial institutions but wants to purchase used trucks to do business, such as hired goods transportation or goods transportation within business. As the hire purchase loan provider, the Company is the owner of the trucks until customers or purchase hirers pay the last installment completely as stated in the agreement, then the ownership will be transferred to the purchase hirer. The hire purchase loan business of the Company is different from leasing which allows the lessee to choose to renew the agreement or to return the asset to the lessor when the last payment is made completely according to the agreement.

Providing hire purchase loan services, the Company receives the interest income and fees as the return on credit providing. The interest rate stated in the hire purchase agreement is the flat rate of 8-15% per year. The interest shall be calculated from the full amount of principle throughout the agreement period or equivalent to the effective interest rate or EIR of 15-25% per year. The current hire purchase loan portfolio of the Company (as of 31st



List of Company Branches as of 31st December 2020

- | | |
|------------------------------|-----------------------------|
| 1. Headquarter/Nakorn Pathom | 7. Khon Kaen branch |
| 2. Ratchaburi branch | 8. Pitsanulok branch |
| 3. Kanchanaburi branch | 9. Saraburi branch |
| 4. Supanburi branch | 10. Ubon Ratchathani branch |
| 5. Nakorn Ratchasima branch | 11. Nakorn Sawan branch |
| 6. Chonburi branch | 12. Surat Thani branch |

December 2020) has the average EIR of 18% per year. The Company's hire purchase loans of used trucks mostly have the 4-5 year of agreement period and have credit amount of 70-85% of estimated prices of hire purchase trucks. The Company has the policy that controls the credit limit at the maximum of (including the insurance premiums and credit limit protection insurance) not higher than 90% of truck selling price or not higher than 120% of collateral appraisal price (whatever price is lower) (please see further information in section 2.2.2 Nature of Business Operation, 2.2.3 Process of collateral valuation and credit limit setting.) Thus, the purchase hirer must make the down payment for at least 10% of the truck selling price to the operators of used truck tents or the previous truck owners in order to take the cars for further usage.

The Company has the Credit Analysis Department, Marketing Department and Collateral Assessment Department that have experiences and special skills in marketing the used trucks hire purchase loans. The Marketing Department and branches officers are responsible for new customer recruitment by aiming to build good relationship with used truck tent operators who are the important channel of the Company. The used truck tent operators who become the Company's partners shall be considered and approved on their history, qualification and creditability according to the Company's policy.

As of 31 December 2020, the Company had 180 professional staff, consisting of 82 persons at branches, 8 credit analysts and specialists in inspecting and assessing the condition of collateral trucks, 16 persons of debt collection, and 74 persons of other supporting functions, including Marketing and Information Technology. The full team function was the key factor that enabled the Company to consider and approve credits within short period and to provide services to meet customer satisfaction. At present, the Company's headquarter was located in Nakorn Pathom. Its 12 branches were located in the regions all over the country, i.e. Nakorn Ratchasima, Ubol Ratchathani, Surat Thani, Khon Kaen, Chonburi, etc. As of 31 December 2020, the Company had total of 4,534 receivable accounts and the outstanding hire purchase receivables number (before deducting expected credit loss (ECL) allowance) was 2,542.0 million Baht.

1. History

Micro Leasing (Public) Company Limited was previously named Micro Leasing Company Limited when being established on 7 November 1994 by Mr. Thammasak Auchyawat and 30 other shareholders. The initial registered capital was 1 million Baht. The main business was to provide services for used car hire purchase loans. Later the Company mainly focused on commercial car hire purchase loan, such as 6-wheel truck, 10-wheel truck and 12-wheel truck, etc.

Mr. Thammasak Auchyawat and family, the key men in the Company establishment, had knowledge and experience in car and truck spare part trading for over 20 years before entering the hire purchase loan business. Moreover, other shareholders also had knowledge and experience in cars, trucks, car spare parts and truck spare parts businesses and also were brand name car dealers. Thus, the Company had the credible team of knowledgeable and specialized personnel to well ensure the hire purchase loan services.

In the first stage of business, the Company provided hire purchase loan services for used trucks mainly in Nakorn Pathom. Then, the executives saw the opportunity for business growth in capital demand of many retail customers and SMEs and decided to expand the used truck hire purchase loan business to other provinces throughout the country.

The Company focused on hire purchase loans for used truck segment where there were few players and low competition. Although the used truck hire purchase loan business had higher risk than new truck hire purchase loan and such risk got higher with the longer service period of collaterals, the Company ensured the appropriate risk compensation with the higher interest rate of hire purchase loans. Most hire purchase trucks were used in the transportation service sector where the assets were used to

generate incomes which continuously returned cash flow to pay for interests and principles of the Company.

In the previous year, the Company focused on providing services of used truck hire purchase to individual customers and corporate customers mainly in the used truck tent operator channel. Later, the Company expanded business to hire purchase services for other commercial vehicles, such as tractors and special trucks, i.e. bulk feed truck (silo) or hazardous substance truck, etc. , which were high value assets. As a result, the Company had higher average credit rating per contract and increased loan amount respectively. Later, the Company added new financial products in other categories, i.e. liquidity enhancing loans and refinancing loans, in order to meet financial needs of customers who wanted complete working capital.



2. Significant Changes and Development

1994 Micro Leasing Company Limited was established on 7 November 1994 by Auchyawat family and 30 other shareholders with the initial registered capital of 1 million Baht. The Company started with hire purchase business for used 6-wheel trucks and 10-wheel trucks as main products, servicing to customers in Nakorn Pathom and nearby provinces. The first headquarter was the 1 commercial building located on Songpol road, Muang district, Nakorn Pathom.

2000 The Company expanded its customer base to other provinces in the Central region with the new branches in Ratchaburi (2000), Kanchanaburi (2002), and Supanburi (2008) respectively.

- 2002** The 3-storey office building was established on the 1 rai land on Petchkasem road, Muang district, Nakorn Pathom as the Company's new headquarter.
- 2009** The credit service was expanded to the North-Eastern region with the new branch in Nakorn Ratchasima.
- 2014** The credit service was expanded to the Eastern region with the new branch in Chonburi.
- 2015** The paid-up capital was increased to 500 million Baht by issuing and offering the new ordinary shares to existing shareholders according to the shareholding proportion. The increased paid-up capital was used in credit business expansion. The new branches were opened in various regions continuously to provide convenience to customers in many provinces. Four new branches were opened in Khon Kaen, Pitsanulok, Saraburi, and Ubonratchathani, as the contact point for customers in Central and North Eastern regions.
- 2016** One new branch was opened in Nakorn Sawan to meet customer demand in increasing hire purchase. As of the end of 2016, the Company had the loan net of over 1,000 million Baht.
- 2017** The credit service was expanded to the South region with the new branch in Surat Thani.
- 2018** The capital was increased for 200 million Baht for business expansion by issuing 2,000,000 new ordinary shares at the par value of 100 Baht per share offered to existing shareholders according to the shareholding proportion. As a result, the Company had the increase in paid-up capital from 500 million Baht to 700 million Baht, consisting of 7,000,000 ordinary shares at the par value of 100 Baht per share.

Moreover, the Company had significant changes as follows:

- Applying for the membership of National Credit Bureau or "NCB" to access to customer credit information for consideration on credit approval in order to minimize the number of customers who had high risks in paying back to the Company.
 - Beginning to use Bill Payment system and Barcode scanning to receive installment payment, instead of cash, from customers at branches to provide convenience to customers and to reduce the risk of employee corruption.
 - Developing and improving the information technology system and increasing the number of employees to support business growth.
- 2019** Transforming the status of the Company from company limited to public company limited and changing the name from Micro Leasing Company Limited to **"Micro Leasing (Public) Company Limited"** and changing the par value of share from 100 Baht/ share to 1 Baht/share.

Increasing the registered capital from 700 million Baht to 935 million Baht to support the issuance and offering of the new 235 million ordinary shares at the par value of 1 Baht/share for general public allocation.

In addition, the Company had following significant changes:

- Being a member of Thai Hire-Purchase Association (THPA) to receive information and movement in the hire purchase industry to support the Company's business conduct.
 - Adding the installment payment channel with Counter Service as an option for customer convenience.
 - Developing the information technology system to enable customers to contact the Company via the Company's website where customers can find the preliminary important information of the loan application, such as fees and service charges in loan application, and other public relation information of the Company.
- 2020** In the process of system development to use Mobile Application for credit services to help employees in collecting data integrity and improving credit analysis accuracy, expected to be complete and effective by the first year of 2021 onward.

Micro Leasing (Public) Company Limited was registered and started first day trading in the Stock Exchange of Thailand on 1 October 2020.

3. Vision, Mission and Corporate Value

Vision

The Company commits to be the leader of used trucks finance services in Thailand

Mission

To Customers and Business Partners: To build confidence and trust on the excellent, fast, satisfactory services to become the favorite of customers and partners.

To Employees: To build the quality team with expertise to provide the excellent services and the honest operations with professional ethics and fair benefit sharing for the quality living of all colleagues.

To Shareholders: To conduct business for steady and sustainable growth with transparency to continuously provide good return to shareholders.

To Society: To conduct business transparently with corporate governance system so that customers and partners can grow together with the corporate and to cooperate with the government sector in developing the country's economy to be stable, wealthy and sustainable.

Corporate Value

The Company defined the corporate value as “M I C R O” for employees to hold as the practice guideline in operations as follows:

Integrity Honesty Diligence Commitment Benefits for all

4. Business Goal and Business Practices

The Company commits to be the leader of the hire purchase for used trucks services in the country. The Company's goal is to expand hire purchase customer base by opening branches in all regions of the country together with human resource and information technology development to enable the Company to provide credit services to customers with cautiousness for the sustainable growth in the future.

As for the short term business plan in the next 3-5 years, the Company will maintain its focus on the hire purchase for used trucks services to support the demand of operators who want to buy used trucks for business operations. This segment is expected to continue growing and the market competitiveness is still low. Moreover, the used truck hire purchase business gives higher return on interest income and profit margin than new truck hire purchase and has lower risk than individual hire purchase. Normally, the Company can sell trucks at auction at the price closed to the remaining debt or at no significant loss. So the Company can avoid competing with large financial institutions which have lower operating costs in new truck hire purchase market.

In the next 3-5 years, the Company aims to maintain the growth rate of hire purchase portfolio at the average of not less than 30% per year by focusing on maintaining existing customer base and recruiting new customers through used truck tent operators, increasing number of employees, and increasing number of branches in various regions, in order to provide services of used truck hire purchase to customers all over the country. The Company plans to open 8 new branches in North, Northern East, West and Central East, which will result in the total of 20 branches to support the growth of hire purchase portfolio to 5,000 million Baht within the year 2022. The source of fund is expected to mainly come from financial loans from financial institutions and issuance of debentures. The Company plans to maintain the proportion of loans for used truck hire purchase at 95.0% while other loans, including liquidity enhancing loans, are expected to be 5.0% of total loans of the Company.

5 Company's Strengths



1) One of market leaders in used truck hire purchase market which has potential to grow continuously

Currently the Company is one of the leaders in used truck hire purchase loan provider service. The Company has experiences and special expertise in business for over 25 years. Its executive team and personnel have knowledge and understanding in the used truck hire purchase loan market and have special skills in used truck price evaluation. These are the Company's significant business advantages.

The Company provides loan service for used truck hire purchase in 12 branches in all regions throughout the country. The Company also recruits new customers through used truck tent operators and dealers, the Company's partners, which have been increasing continuously. The Company currently has almost 390 used truck tent operators and over 120 dealers in the system. They are located in many provinces and ready to introduce the hire purchase loan service to customers who are interested in used truck hire purchase for business. The Company's hire purchase loan portfolio has been growing from 1,500.9 million Baht in 2018 to 2,542.0 million Baht as of 31 December 2020 or representing the growth rate of over 26% per year.

2) Fast loan service for highest customer satisfaction

The Company has a policy to provide hire purchase loan service with the fast approval to respond to customer's demand in capital, also on the cautiousness basis, since the fast service is the key factor that used truck tent operators use to suggest customers to choose the Company's hire purchase loan service. The Company's credit review and approval come from the close working cooperation of officers in branches and in headquarter to encourage the fast review and approval to meet customer's business opportunities. The Company identifies the credit approval process at the area level to be supervised by Area Managers who had experiences in reviewing used truck hire purchase loans for many years in order to create flexibility and fast action but still maintain concise and discreet. The Company can approve credit for customers within 3-5 days after receiving the complete application documents.

3) Various loans services in responding to capital demand of targeted customers

The Company has a policy to support the source of fund to retail or small entrepreneurs who want to purchase trucks for business operation, which is considered as a part of government support on funding sources to small entrepreneurs, who have limited access to large financial institutions, for their career and income strengthening. In addition to the hire purchase loan services, the Company also provides other loans services in responding to various financial demands of target customers. At present, the Company provides liquidity enhancing loans and refinancing loans for customers who need working capital for their business and to increase liquidity of their daily spending.

4) Standard credit review system to screen customers similar to other large hire purchase loan providing companies.

The Company takes the credit consideration process as first priority and aims to develop tools for reviewing and screening good customers who pass the Company's credit approval criteria under the framework of Credit Risk Control Policy which was approved and regularly reviewed by the Board of Directors. Moreover, the Company aims to update Credit Policy to be in accordance with relevant regulations and changing situations and also improves the credit consideration process to be concise and discreet in order to control the debtor quality to be at good and appropriate level. The Company developed tools to be the standard of reviewing and screening credit customers like other large hire purchase loan providers in the same industry did. At present the Company's important tools used to review credit approval includes verification of correctness and completeness of the identity document, checking on source of income and domicile of residence, assessment of debt payment ability through debt-to-income ratio analysis, checking on debt payment record from Credit Bureau, and checking on bankruptcy history. All information will be used in Credit Scoring Model. Customers' credit scores must pass the minimum requirement set by the Company to be qualified for loan application.

The standard, concise and discreet credit review system is the key factor that makes the Company's non-performing loan (NPL) proportion continuously decrease. As of 31 December 2021, the Company's NPL proportion was 3.8%, lower than comparable companies in the industry listed in the Stock Exchange of Thailand.

5) Personnel team with expertise and experiences in hire purchase business and used truck condition inspection

Used truck hire purchase loan business is considered a risky business compared to new truck hire purchase loan business. The risk in used truck hire purchase loan business depends on the quality of debtor and collateral truck. The long service life trucks can deteriorate quickly, resulting in the risk in the collateral selling price that may not be worth the remaining debt. However, the Company can set the higher hire purchase interest rate to compensate the higher risk of such collateral selling price.

The Company has a Risk Management Policy to manage such risk concisely before credit approval. The policy allows hire purchase loan only for used truck with no longer than 25 years of service and the loan to value limit must not exceed the criteria set by the Company. Moreover, the Company has the credible team with expertise and specialization on used trucks. The Company's executives also had over 20 years of experiences in trading car and truck spare parts business before entering the hire purchase loan business. The professional team had high experiences in condition inspection of used trucks, inspecting the editing chassis and the proof of car registration, and also had good knowledge of used truck market prices. So the Company can set the appropriate credit limit which does not exceed the value of collateral trucks which helps reduce the risk from credit loss significantly.

6) Network of over 440 partners of used truck tent operators and dealers throughout the country

The Company's new customers recruited from the channel of used truck tent operators were accounted for 80% of total credit amount each year. (Another 20% were from walk-in customers and from branch staff's customer acquisition.) Thus, the used truck tent operators were important partners in new customer acquisition. At present, the Company has almost 390 partners who are used truck tent

operators in the regions throughout the country. 200 of them are regular partners who are used truck agents in the metropolitan area and other provinces. And over 120 partners are agents who help recruit new hire purchase loan customers for the Company. The Marketing team and branches officers were responsible for contacting and taking care of relationship with these operators.

In the future, the Company shall still focus on customer base expansion through used truck tent operators by emphasizing on nurturing good relationship and providing fast pre-sales and after-sales services to used truck tent operators together with providing efficient customer services for highest satisfaction to hire purchase loan customers who are customers of both the Company and used truck tent operators. The loan officers at branches are the contact points providing services and closely coordinating with used truck tent operators to deliver fast loan service to customers. Moreover, the Company offers other services for further convenience to used truck tent operators, i.e. vehicle transfer service at the Department of Transportation. The Company also gives importance to the fast and punctual payment to used truck tent operators.

With the experiences and expertise in hire purchase loan business for over 26 years, the Company currently has almost 440 partners including used truck tent operators and agents throughout the country. The Company shall utilize this advantage to create the business competitiveness through the good relationship with and motivating return to tent operators and agents when they encourage customers to choose the Company's services. For example, the partners will receive the commission when they get new customers to do agreement with the Company. The partners who can reach the target will receive sales incentives. The strengthening and expansion of relationship with these partners will give opportunities and channels to business growth in the future.

7) Effective debt collection system which helps decrease NPL amount continuously.

The Company sees the importance of the risk management in debtor quality by increasing the intensity and developing various tools for credit approval review. The Company also uses the efficient debt tracking and collection system aiming to reduce the number of non-performing loan (NPL) debtors to the low level or not higher than the average rate of the industry (about 3% of total loans.) At present, the debt tracking and collection process is under the responsibility of the Collection & Follow-up Department at the head quarter. They work closely with branch officers. The debt collectors were hired from the outsourcing companies in order to reach debtors in various areas thoroughly. The Company set the regulations and practices in debt tracking and collection clearly and concretely to reduce the risk from complaints about unfair debt collection. Debtors will be informed on details of the late fines and follow-up fees by phone calls and written notices during the collecting process.

The concise credit approval policy and the efficient debt collection are the key factors that last year the Company's NPL proportion continuously decreased. As of 31 December 2020, the proportion of the Company's NPL or receivables with longer than 90 days overdue was 3.8% of total hire purchase receivables.

8) Information System specially developed for modern and high security company

The Company developed the information system to connect the communication between head quarter and branches for the fast and secure information transfer. The credit approval could be processed quickly and created highest satisfaction to customers. The information system that the

Company developed was specially designed to match the Company's hire purchase business. The Company used this information system to establish information base of customers who used the Company's loans services. The system collected customer's profile and career, payment record and utilized them for credit analysis and marketing planning to maintain existing customers and recruiting new customers efficiently. The security of such system included granting of individual rights with access to information and requiring encrypted code before sending the data. The system was developed to cover the credit operating system, the debt tracking and collection, the management reporting system, etc. In addition, the Company was in the process of developing the credit providing system via mobile application to help collecting data integrity and improve the credit analysis accuracy. It was expected to be implemented at the beginning of 2021.

9) Strong capital base reflecting potential of business expansion in the future

As of 31 December 2020, the Company held 1,823.0 million Baht as shareholders, consisting of 935 million Baht of paid-up capital, 12.4 million Baht of legal reserves, and 503.8 million Baht of retained earnings. The Company had 1,167.8 million Baht of total debts, representing debt to equity ratio of 0.51.

10) Good level of profitability

In 2018 - 2020, the Company's total incomes were 258.6 million Baht, 330.2 million Baht, and 454.1 million Baht. Net profits were 89.9 million Baht, 110.8 million Baht, and 135.1 million Baht. The compound annual growth rate (CAGR) was considered high at 30.5% per year.

The Company's net profit margin tended to continuously grow as a result of the competitiveness in credit portfolio expansion and the ability to maintain the right interest margin spread. The Company also managed the operating expenses efficiently, including the debtor risk management with concise credit approval policy and the strict debt tracking and collection. However, the year end 2020 the net profit margin decreased due to the slowing economy caused by COVID-19.

6. Competitive Strategy

According to the 3-5 year business plan, the Company will continue to focus on used truck hire purchase loan since it created higher interest rate than new truck hire purchase loan. Moreover, there are not many players in the market since it requires knowledge and special skills in inspecting condition of used trucks which are hire purchase collaterals. The Company set the strategy and direction of business to create competitive advantage and increase market shares by utilizing such expertise and specialization on used trucks for business expansion and for stable and sustainable growth in the future as follows:

Marketing Strategy

- To increase loan amount and interest incomes from hire purchase by continuously expanding customer base of used truck hire purchase through new branches opening in the areas where used truck markets were growing fast. The Company has plans to open 8 new branches in 2022 in the North, North-Eastern, Central West and Central East regions, focusing on the provinces with the high growth of industrial sector or the areas with condensed population of used truck tent operators, locations on the main road and easy access to other provinces.

- To grow the hire purchase loan portfolio to 5,000 million Baht by 2022 focusing on the proactive competition to gain market shares from local entrepreneurs who often offer higher interest rate since they have higher financial costs. The Company plans to promote its marketing and PR campaign to larger areas via new branches and to increase the number of marketing and credit staff.
- To maintain existing customer base and expand new customer base focusing more on SME group since they are the ones who need a lot of trucks to conduct business. The main target is the freight forwarding business group for consumer goods in order to reduce the risk of income fluctuation of loan applicants, i.e. farmers, whose income goes up and down according to the country economy. As of 31 December 2020, the Company's agricultural receivables represented 12.5% of total hire purchase receivables.
- To revise credit portfolio by increasing the proportion of high return loans, such as hire purchase loans for tractors since most tractors' loan-to-contract balance has high value and tractors have short service life which helps the Company reduce the risks of collateral quality.
- To emphasize on providing credit through quality used truck tent operators and give importance to the selection of used truck tent operators as the Company's partners. For example, they must sell used trucks with appearance validity, never record any fake car registration history and never get complaints from customers, etc.
- To emphasize on the Company's PR and relationship with business partners, such as used truck tent operators, with continuous sales promotion campaign, i.e. giving away gifts or premiums, offering reasonable compensation, providing various forms of convenience, such as truck ownership registration transfer, fast cash payment transfer, aiming to create highest customer satisfaction.

Operational Strategy

- To develop tools to check customer's credit to ensure the concise and discreet credit approval in order to reduce business risks, such as improving and developing Credit Scoring Model to suit each type of debtors and to always be updated with changing situation.
- To improve the information technology system and increase efficiency of credit approval process to be fast, accurate and satisfactory for customers, such as utilizing Mobile Application system to increase competitive advantages and support other types of credit business expansion in the future and improving the operating system and data base server to build service stability.

Financial Strategy

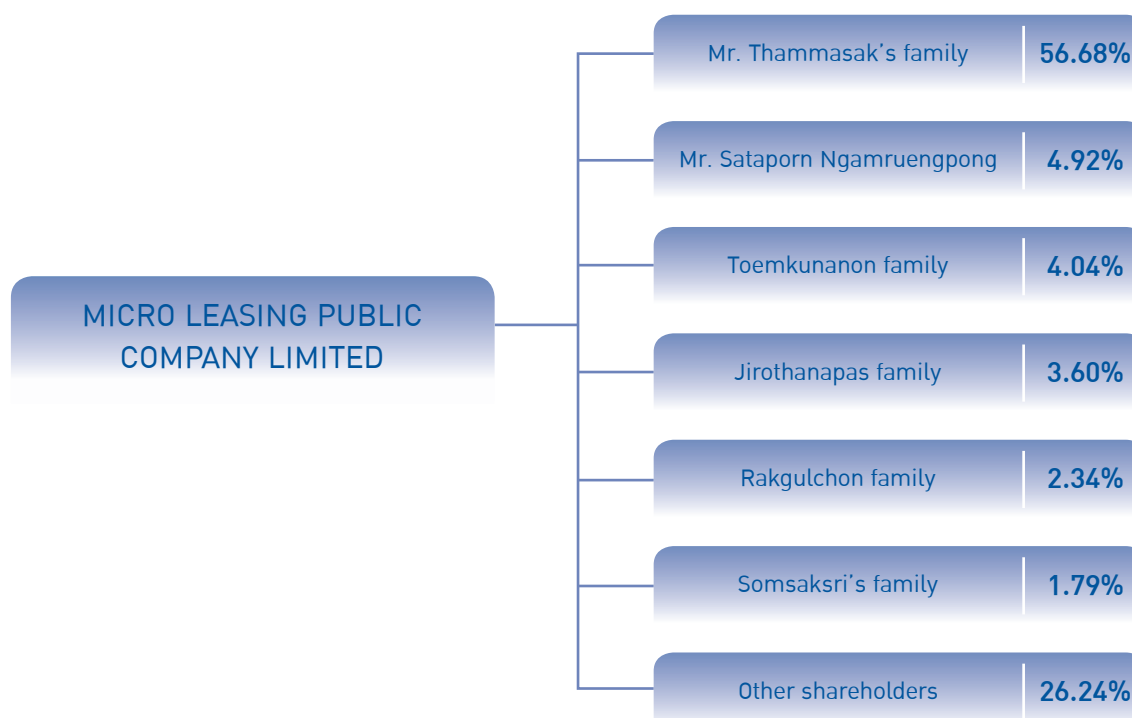
- To do financial restructuring and to focus on liquidity management in order to support the continuous expansion of credit business, such as issuance of long-term debentures of which service life is closed to average service life of hire purchase agreement, the control of debt to equity ratio as required by financial institutions, etc.
- To find suitable sources of fund to provide cost competitive with other operators to the Company, such as issuance of short-term and long-term debentures, etc.
- To improve business conduct for higher efficiency in order to reduce operating costs and to strengthen the Company's competitiveness, such as opening new branches as service points for credit team only. Other functions of administration, agreement and documentations will share the human resources with other nearby full branches. Some processes will be conducted by outsourcing companies to reduce employee expenses, especially for travel expenses on impounding vehicles in the areas far from branches, travel expenses of a trip to court for legal action, and the truck registration book transfer process at the Department of Transportation.

Human Resource Strategy

- To increase the number of staff in Marketing and Credit Department to support the growth of hire purchase loan business in larger areas.
- To sustain valuable employees of the Company with appropriate and fair remuneration and benefits, in accordance with the Company's performance and individual's performance.
- To emphasize on people development in Credit Department to be equipped with knowledge and special skills through training. The training sessions are conducted at the training center at head quarter and on site to transfer knowledge of the qualification of loan applicant and the collateral condition inspection in order to build the working standard and support business growth in the future.

7. Shareholding Structure

Chart of the Company's Shareholding Structure as of 31 December 2020:



As of 31 December 2020, the major shareholders of the Company included family members of Mr. Thammasak Auchyawat, accounted for 56.68% of total issued and sold shares of the Company. As of 31 December 2020, the Company had no subsidiary, associate, or investment in other companies.

8. Relationship with business group of major shareholders

- None -

1. Business Overview

The Company operates business of providing services on hire purchase loans for used trucks, such as 6-wheel truck, 10-wheel truck, and 12-wheel truck, etc. The Company aims to provide hire purchase loans for used trucks since the hire purchase loan for used trucks can set higher interest rates than new trucks. Moreover, there are not so many players in this market. Most trucks used as loan collaterals are used for commercial operation, such as transporting products for commercial purpose or transporting products within the Company. Thus, they are assets that generate incomes to their owners to repay for the principles and interests successively.

The Company provides hire purchase loans for used trucks of which types, models and brands have high trading liquidity in the market, such as ISUZU, HINO, FUSO, etc. The credit limits of the loans depend on the condition of trucks including brands, service period, trading liquidity and the qualification of purchase hirer. The Company sets the policy and process to concisely and discreetly screen customers, both individual and corporate types, who want to apply for the hire purchase loans by aiming at customer groups which have regular incomes or are business owners who want used trucks to operate their businesses which generate stable incomes.

In addition to hire purchase loans for used trucks, the Company also provides other types of loans including the following 3 types:

1) Used trucks hire purchase loans

Are loans for individuals or corporates who want to buy used trucks for their business operations. The proportion of this type of loan is accounted for 95% of total loan amount each year.

2) Liquidity enhancing loans

Are loans for customers who are owners of trucks and want to get working capital to enhance their liquidity. The customers can give their trucks as collaterals for loan application with the Company by transferring the truck ownership to the Company, same as general hire purchase agreements.

3) Refinancing loan or closing & reopening loans

Are hire purchase loans for existing customers of the Company who have good record of installments payment and are in the process of paying installments with the Company but need more cash. Customers can start the new hire purchase agreement and close the existing hire purchase agreement with low remaining debt. They will receive the difference from closing the original agreement in cash.

Moreover, the Company also provides pre-sales and after-sales services for customer's convenience, such as coordination for insurance and credit limit protection insurance, insurance policy renewal service, both compulsory and voluntary, to protect customer's assets and prevent damages to the Company.

2. Income Structure of the Company

The Company's Income Structure in 2017- 2020 is shown below:

Incomes	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Interest income from hire purchase contracts	198.6	87.5	225.3	87.1	282.2	85.5	355.6	78.3
Fee & service incomes ^{/1}	26.5	11.7	29.4	11.4	40.6	12.3	77.9	17.2
Other incomes ^{/2}	1.9	0.8	3.9	1.5	7.4	2.2	20.5	4.5
Total incomes	227.0	100.0	258.6	100.0	330.2	100.0	454.1	100.0

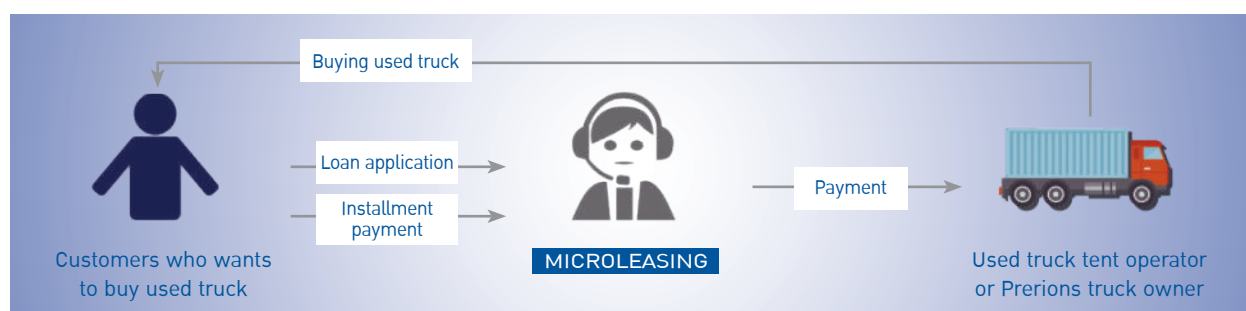
^{/1} Fee and service incomes include late interest penalty income, debt collection fees and insurance commission, etc.

^{/2} Other incomes include gain from sales of assets, income interest and bad debt recovery, etc.

The Company's incomes consist of interest income from hire purchase contract, fee and service income, such as late interest penalty fees, insurance commission income. The Company's main incomes come from interest income from hire purchase contracts representing 78-88% of total incomes. Most of interest incomes are from used truck hire purchase loans representing 95%. Interest incomes from liquidity enhancing loans and refinancing loans are accounted for 5% of total hire purchase interest incomes. The Company has a policy to set the interest rates and fees that reflect the risk of the Company appropriately by considering the age and condition of collaterals, financial costs, operating costs, market conditions on the date of signing hire purchase agreement and relevant legal requirements.

Overview of hire purchase loan service

Truck hire purchase loan is a form of loan service providing with objectives to provide the alternative funding sources or enhance liquidity for individuals or business owners who do not have to invest in buying such assets with their own cash. The hire purchase loan service includes 3 relating parties, that is, 1) customer of purchase hirer, 2) used truck tent operators or previous truck owner, and 3) the Company which provides hire purchase loan service.



Regarding hire purchase loan service for used trucks, when customers agree to purchase trucks from used truck tent operators or previous owners, they must submit documents required for loan application to credit officers at the Company branches. Credit officers will collect documents, do preliminary review and consider the qualification of applicants before submitting the information to authorized approver. The approval for customer and the information used in the consideration will be sent to the Credit Department in head quarter for review again before preparing the agreement to be signed in further step.

When customers agree to sign hire purchase agreement with the Company which provides hire purchase loan service, the Company shall pay the truck value to used truck tent operators or previous owners

after the truck ownership is transferred to the Company. Then, customers will pay monthly installments to the Company while they can occupy and utilize hire purchase truck along the hire purchase period. The maintenance and other occurred expenses, i.e., annual vehicle tax renewal and insurance fees will be responsible by customers. The ownership of the truck belongs to the Company and shall be transferred to customers when they complete the last installment payment according to the agreement. If customers cannot pay the installments or have 3 outstanding installments, the Company will send registered notices to customers and surety to let them pay the overdue installments within 30 days after receiving notices. If the payment is not made within the deadline, the hire purchase agreement will be held cancelled. The trucks will be confiscated and sold at auction.

Providing hire purchase loan service for used trucks, the Company has over 100 credit officers at head office and branches to coordinate with almost 390 used truck tent operators who are partners with the Company and over 120 agents in the regions. Thus, the Company can access to potential customers all over the country.

3. Products and Services

The Company provides services for used truck hire purchase loans, liquidity enhancing loans, and refinancing loans to retail customers, both individuals and corporates. The category of loan services is as follows:

(1) Hire purchase loans for used truck

The Company provides services for used truck hire purchase loans to individual customers and corporate customers who want to purchase used trucks for business operation purpose. The company mostly provides credit at approximately 70-85% of estimated prices of collateral trucks. The maximum credit limit will not exceed 90% of trading prices or 120% of estimated prices of collaterals (whatever price is lower) (Process of collateral valuation and credit limit setting.) Thus, customers will pay cash for the difference to sellers and pay monthly installments of the hire purchase amount to the Company. Such assets' ownership will be transferred to customers when they complete the installments payment according to the agreement to the Company.

Vehicles that can be used as collaterals to apply for hire purchase loans must be vehicles for commercial use, such as 6-wheel truck, 10-wheel truck, 12-wheel truck, tractor and trailer, with the well-known brands, such as ISUZU, HINO, and FUSO, etc. Moreover, the collateral truck must have been used or be a second-hand truck which loan applicants want to buy to truly use in business operation in order to get cash in return to repay for principles and interests continuously. The Company does not have a policy to purchase assembled vehicles, such as vehicles of which spare parts are imported from China and assembled in Thailand because they are not popular in the market and can cause problem in reselling prices.

The Company focuses on hire purchase loans for used truck since the Company has the professional executives and team with knowledge and specialization in inspecting the used truck history by checking the body and Chassis number to assess the history and usage condition of the trucks. So the Company can set the appropriate credit limit which does not exceed the value of collateral trucks. This helps the Company reduce the risk from credit loss significantly. Moreover, the executives have knowledge about all spare parts of used trucks. If the trucks confiscated from customers need to be repaired, the Company will surely find the sources of appropriate priced spare parts which can help reduce the risk of loss from auction.

Examples of trucks or collaterals for which the Company provides hire purchase loans.



^{/1} Other vehicles include water truck, liquid truck, special truck, such as bulk feed truck (silo) or hazardous substance truck, etc.

The Company's policy accepts only trucks that have been used for not over 25 years. Over 60% of hire purchase trucks of the Company at present have been used for 6-15 years. The hire purchase loans for trucks during these ages allows the Company to set the interest at higher rate than trucks with less years of service. The interest rate goes with the risk of collaterals.

Considering credit approval, the Company considers the qualification of credit applicants and ability to pay back. The term of payment can be 12-60 installments depending on the ability to pay back of the applicants. The interest rates of loans are flat rates over the term of the contracts and depend primarily on the age of the collateral. The hire purchase interest rates are 8-15% per year over the term of contracts or equivalent to the Effective Interest Rate (EIR) of 15-25% per year. The Company's hire purchase loan portfolio (as of 31 December 2020) was the EIR at the average of 17% per year.

(2) Liquidity enhancing loans

The Company provides liquidity enhancing loans or collateral loans to general retail customers who are owners of trucks and want working capital to enhance liquidity for their businesses. Customers who own trucks can use their trucks as collaterals for credit applying with the Company. Loan applicants must own the trucks for not less than 3 months to ensure their true ownership.

The vehicles that will be used to apply for liquidity enhancing loans with the Company include commercial vehicles or various types of trucks similar to the used trucks for hire purchase loans, such as 6-wheel truck, 10-wheel truck, 12-wheel truck, etc. At present, the Company provides service of liquidity enhancing loans in the form of hire purchase agreement only. Customers who want to apply for the loans must submit the real vehicle registration book to the Company as collaterals. Then the vehicle's ownership will be transferred to the Company. During the loan installment payment period, customers can still occupy the vehicles and use them as normal. The ownership will be transferred to customers when they complete the last installment payment as per contract. The process of loan consideration and interest rate frame of liquidity enhancing loans is the same as normal hire purchase loans for used trucks.

(3) Refinancing loans

The Company provides refinancing loans to customers who have good records and are in the process of used truck hire purchase installment with the Company. That means if customers are in the process of installment payment according to the hire purchase contract with the Company, they can

apply for refinancing loans by applying for the new hire purchase loan contract, replacing the existing one. The collateral trucks will be assessed for the new prices as new collaterals. Customers will receive cash for the difference of the loan amount of the new contract and the remaining balance of the previous contract for their financial liquidity support.

The Company provides refinancing loans only to customers who have good records of installment payment to the Company. The Company has not yet provided refinancing loans service to external customers. The interest rates of refinancing loans are the flat rate of 8-15% per year over the term of contract and are equivalent to the normal interest rates of used truck hire purchase loans.

3.1 New loan amount

The new loan amount of the Company in 2017-2020 is classified by collateral type, region and customer group as follows:

New loan amount classified by type of collaterals.

New loan amount per type of collaterals	2017		2018		2019		2020	
	Agreement	Mil. Baht	Agreement	Mil. Baht	Agreement	Mil. Baht	Agreement	Mil. Baht
10-wheel and 12-wheel trucks	450	342.6	474	376.8	571	537.1	564	502.0
6-wheel trucks	314	160.6	505	270.6	558	333.1	587	395.3
Tractor	40	44.3	93	99.6	172	199.9	228	241.0
Trailer / semi trailer	113	27.5	102	26.6	191	63.9	266	86.8
4-wheel trucks	3	1.0	9	3.1	7	3.7	3	0.9
Others ^{/1}	7	4.0	14	11.4	24	22.4	24	18.5
Total	927	580.0	1,197	788.1	1,523	1,160.2	1,672.0	1,304.5

Note : The new loan amount as shown above includes all types of loans, such as hire purchase loan for used trucks, liquidity enhancing loan, and refinancing loan.

^{/1} Other trucks include water trucks, liquid trucks, special trucks, i.e., bulk feed trucks (silo) or hazardous substance, etc.

The Company arranged the hire purchase loan for used truck agreements in 2017 - 2020 for 927 agreements, 1,197 agreements, 1,523 agreements, and 1,672 agreements respectively. Total new loan amounts were 580.0 million Baht, 788.1 million Baht, 1,160.2 million Baht, and 1,304.5 million baht respectively. The types of truck that the Company granted for hire purchase loans the most were 10-wheel truck and 12-wheel truck which represent 46.1% in total; followed by 6-wheel truck representing 30.4% of total accumulated hire purchase loans in 2017 - 2020.

In 2020, the Company granted new 1,672 hire purchase loan agreements with the new total loan amount of 1,304.5 million Baht, including hire purchase loans for 10-wheel trucks and 12-wheel trucks of 562.0 million Baht representing 43.1% of total loan amount, increased from the 2019 amount. The loan amount for 6-wheel trucks was 30.3% of total loan amount while the loan amount for tractors was 18.5% of total new loan amount, respectively.

New loan amount by region

New loan amount by region	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Central	275.9	47.6	353.6	44.9	616.1	53.1	763.2	58.5
North East	159.6	27.5	199.6	25.3	244.8	21.1	204.0	15.6
East	49.2	8.5	48.5	6.2	116.8	10.1	136.0	10.4
North	65.0	11.2	82.6	10.5	70.8	6.1	71.4	5.5
South	14.0/1	2.4	86.0	10.9	75.8	6.5	71.3	5.5
West	16.3	2.8	17.7	2.2	36.0	3.1	58.4	4.5
Total	580.0	100.0	788.1	100.0	1,160.2	100.0	1,304.4	100.0

^{/1} The Company opened the first branch in Surat Thani in 2017.

The Company has credit customers in all over the country. Most of them are customers in the Central and Northeast regions, accounted for 75% of loan amount each year. The loan amount in the East region has been growing in accordance with the growth of construction industry, government investment and demand for trucks in the areas.

New loan amount categorized by the installment period of hire purchase agreement.

New loan amount by installment period of hire purchase agreement	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
0 - 12 months	3.2	0.6	1.1	0.1	-	-	-	-
13 - 24 months	20.7	3.6	21.4	2.7	12.5	1.1	5.7	0.4
25 - 36 months	64.4	11.1	60.9	7.7	60.0	5.2	32.7	2.5
37 - 48 months	281.7	48.6	330.1	41.9	347.5	30.0	269.8	20.7
49 - 60 months	203.4	35.1	374.6	47.5	740.1	63.8	996.2	76.4
60 - 72 months	6.6	1.1	-	-	-	-	-	-
Total	580.0	100.0	788.1	100.0	1,160.2	100.0	1,304.4	100.0

The term of agreement of most hire purchase loans of the Company is 48-60 installments which represent over 95% of total loan amount.

New loan amount classified by age of collaterals.

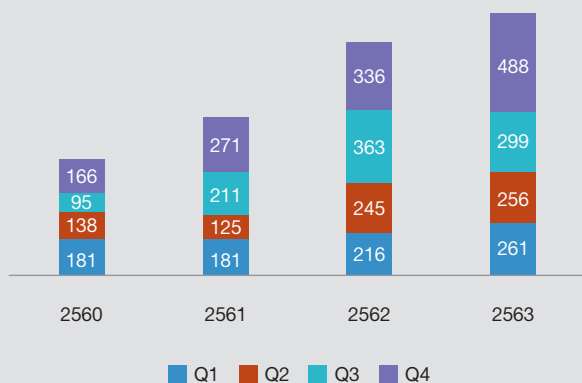
New loan amount by age of collaterals ^{/1}	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
0 - 5 years	144.7	24.9	204.7	26.0	159.8	13.8	57.1	4.4
6 - 10 years	153.2	26.4	185.9	23.6	412.8	35.6	473.0	36.3
11 - 15 years	145.4	25.1	207.9	26.4	324.4	28.0	357.5	27.4
16 - 20 years	48.8	8.4	73.6	9.3	133.5	11.5	285.3	21.9
21 - 25 years	78.5	13.5	97.2	12.3	107.0	9.2	78.7	6.0
25 years up	9.4	1.6	18.8	2.4	22.8	2.0	53.0	4.1
Total	580.0	100.0	788.1	100.0	1,160.2	100.0	1,304.4	100.0

^{/1} Age of collaterals on the granted loan date

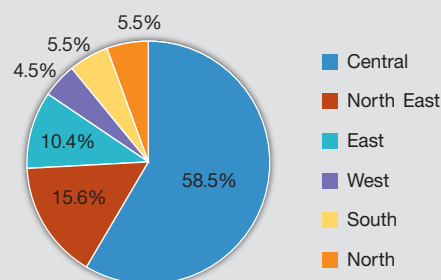
At present, the age of over 60% of the Company's collateral trucks, on the date of agreement signing, is 6 - 15 years. In the previous year, the Company's proportion of each truck segment changed, that is, the 20 years old truck segment decreased from 11.2% in 2019 to 9.1% in 2020. As a result, the collateral assets of loans for trucks were newer and had fewer years of services which consequently improved the quality of the Company's collaterals.

Graph of total new loans of the Company in 2020

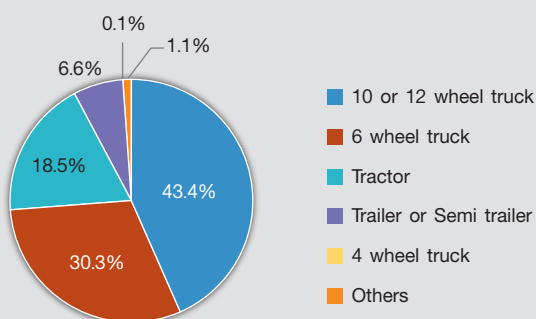
New loan (Million Baht)



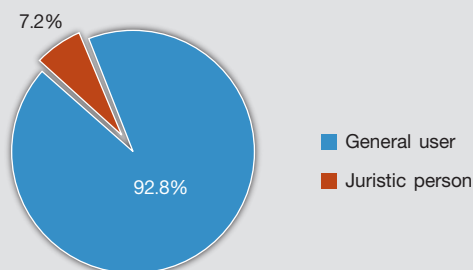
New loan percentage by region



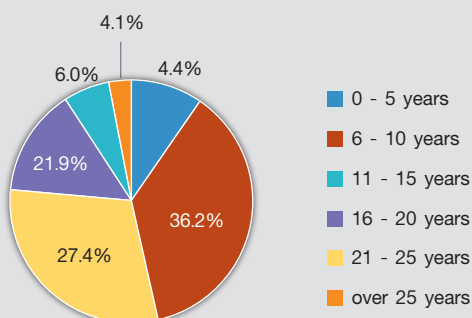
New loan percentage by thpe of collateral



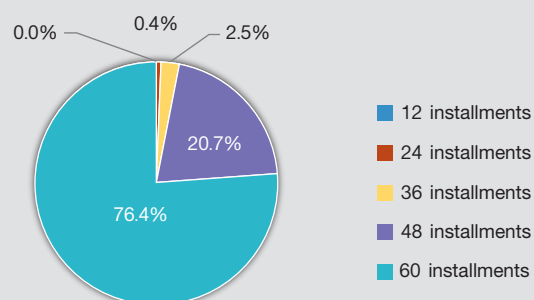
New loan percentage by thpe of customer



New loan percentage by age of collateral



New loan percentage by installment payment period



3.2 Outstanding hire purchase loan receivables

As of 31 December 2017 - 2020, the Company's hire purchase loan receivables classified by collateral type are as follows:

Outstanding loans classified by type of collaterals

Outstanding loan ^{/1} by type of collaterals	31 st Dec. 2017		31 st Dec. 2018		31 st Dec. 2019		31 st Dec. 2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
10-wheel / 12-wheel trucks	705.1	55.7	761.3	50.7	968.0	47.5	1,131.5	44.5
6-wheel truck	397.1	31.4	502.5	33.5	636.1	31.2	788.5	31.0
Tractor	90.4	7.1	153.6	10.2	293.7	14.4	427.8	16.0
Trailer/ semi-trailer	62.5	4.9	61.1	4.1	100.9	5.0	149.1	5.9
4-wheel truck	1.9	0.2	4.0	0.3	4.9	0.3	3.9	0.2
Others	9.0	0.7	18.4	1.2	33.0	1.6	41.3	1.6
Total	1,266.0	100.0	1,500.9	100.0	2,036.6	100.0	2,542.0	100.0

^{/1} The outstanding loans were calculated from outstanding hire purchase receivables deducted unearned interest and excluded accrued interests.

Number of loan accounts classified by type of collaterals.

Number of accounts by type of collaterals	31 st December 2017		31 st December 2018		31 st December 2019		31 th December 2020	
	Agreement	%	Agreement	%	Agreement	%	Agreement	%
10-wheel / 12-wheel trucks	1,181	44.4	1,343	41.7	1,566	39.9	1,663	36.7
6-wheel truck	1,001	37.6	1,284	39.8	1,533	39.0	1,710	37.7
Tractor	126	4.7	196	6.1	320	8.1	483	10.7
Trailer/ semi-trailer	313	11.8	341	10.6	446	11.4	601	13.3
4-wheel truck	10	0.4	17	0.5	15	0.4	14	0.3
Others	30	1.1	41	1.3	47	1.2	63	1.4
Total	2,661	100.0	3,222	100.0	3,927	100.0	4,534	100.0

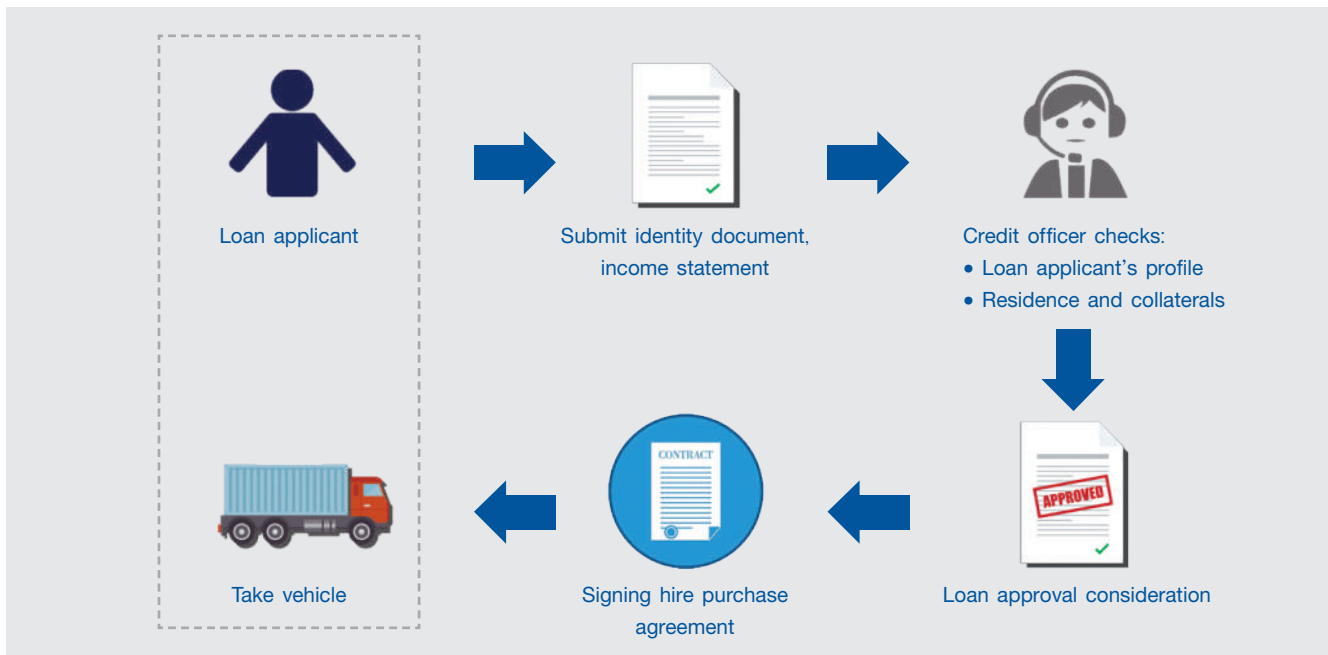
As of the end of 2017- 2020, the Company had total loan accounts of 2,661 agreements, 3,927 agreements, and 4,534 agreements, respectively. The outstanding hire purchase receivables were 1,266.0 million Baht, 1,500.9 million Baht, 2,036.6 million Baht, and 2,542.0 million Baht respectively.

As of 31 December 2020, the Company has 4,534 loan agreements and 2,542.0 million Baht of outstanding hire purchase receivables, increased from the end of the previous year as a result of the increasing new loans of new customers and the effective sales promotions. However, in the first 6 months of 2020, the Company had higher number of closed agreements from confiscated vehicles caused by the slowdown economy during COVID-19 pandemic. The final number of loan agreements in 2020 did not increase much from 2019.

3.3 Loan service process

Providing hire purchase loan services, the Company considers the qualification of loan applicants and surety to assess their ability to pay debt, inspects and assesses the quality of collaterals to set the appropriate credit limits.

Chart of loan granted process of the Company



The significant business process of hire purchase loan service consists of loan information checking, loan approval consideration, hire purchase agreement signing, installment receiving, debt tracking and collection, and collateral auction. Each process has the following significant detail:

Loan Application Process

Customers who want to apply for hire purchase loans with the Company can apply at the branches or the head office in Nakorn Pathom. The Company's customers can be classified into 2 groups as follows:

1) Individual customers

This customer group is general individual customer with the age of over 20 years who want to hire purchase trucks as working tools to generate incomes. Individual customers must have stable income occupations which can be examined, such as regular employees, shop owners, farmers or personal business owners. The Company may not consider the approval or take consideration for a special case on some occupations, such as the occupations with high risk of death or with a lot of location moves which make it difficult to track.

2) Corporate customers

Corporate customer group is registered as a juristic entity, i.e., partnership or company limited, for not less than 1 year with over 1 million Baht of registered capital, of which authorized director has Thai nationality. Corporate customers must have objectives of hire purchase for used trucks for business operation or income generation which is in accordance with their business.

At present, all corporate customers of hire purchase loans are external persons. In the past, the Company never granted loans to directors, executives, major shareholders of the Company or any persons related to them.

For loan application, customers must prepare their own documents and documents of their surety. The Company requires loan applicants to have surety in all cases since the hire purchase trucks are big trucks which result in the high value contracts. Required documents include identity documents, income statements, and documents of collateral trucks as shown in the following samples:

- | | |
|----------------------------------|---|
| Identity documents ^{/1} | • Copy of identity card, copy of house registration, photo of house. |
| Income statements | • Copy of company certificate, copy of bank statement in the past, copy of Memorandum of Association, Financial Statement in the past, copy of Commercial Registration Certificate, Transport License (if any), Certificate of Value Added Tax Registration (Por Por 20), Income Tax Return for Companies (PND 50). |
| Collateral documents | • Copy of truck registration, photo of truck, copy of insurance policy. |

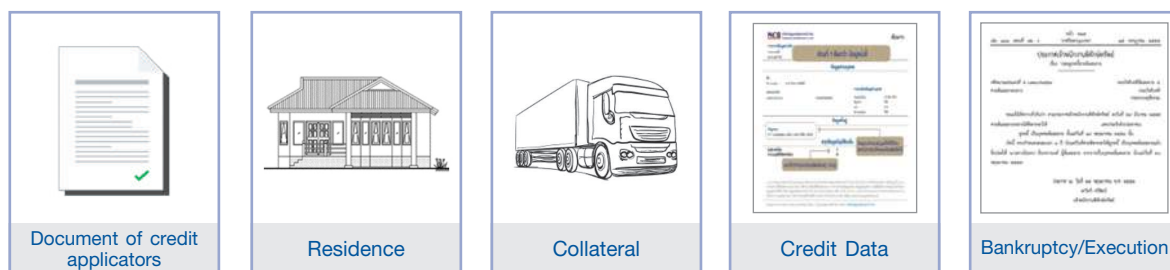
^{/1} In the case that a loan applicant is the owner of business or corporate, the identity documents of authorized persons will be used instead.

Branch officers will ask for preliminary information of loan applicants, such as purpose of loan application, and preliminarily check the truck valuated prices on the rate book of used trucks from the Credit Analysis Department. Customers shall be informed about the preliminary information, such as estimated credit limits, estimated expenses or fees from loan applying process.

Process to review and assess the ability to repayment of loan applicant.

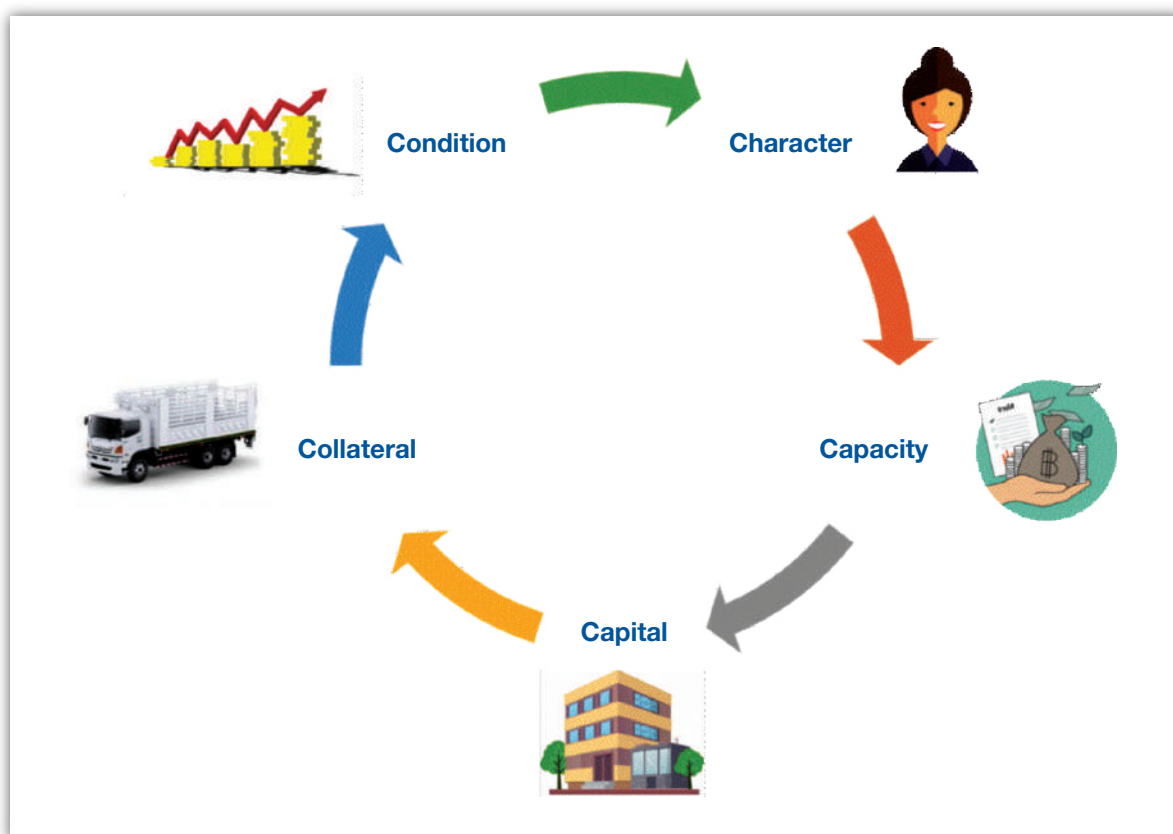
Credit officers at the branches will check the correctness and completeness of identity documents and income statements of loan applicant and surety before going to the residence of loan applicant, taking photos of loan applicant's and surety's residences, to confirm the correct residence location which will be used later for debt collection and truck confiscation if customers do not repay the installments. Then the branch officers will submit the loan applicant's information to the head office to be checked on their past payment records and bankruptcy records with Credit Bureau and Government Gazette.

Moreover, credit officers at the branches will check the correctness of collateral ownership documents, such as copy of vehicle registration and photos of collateral trucks, before sending to the collateral assessment department at the head office to assess the collateral condition, considering type, age, brand, condition and popularity in the market to estimate their values for hire purchase loan.



Credit officers at the branches will gather all acquired information to do the Credit Score model in order to know the preliminary risk level of customer's default. The Company developed the Credit Scoring system to assess customer's risks. If customer's preliminary credit score is lower than the Company's criteria, the branch officers will ask for additional documents, such as other sources of income, to bring the applicant's credit score up to pass the minimum criteria set by the Company.

The customer's credit score model assesses the debt payment records with Credit Bureau and the ability to repay debt at present by considering the following 5C criteria:



- (1) **Character** : customer's character is considered from the record of their installment payment in the past or the record of default which can be checked with the National Credit Bureau (or "NCB" or Credit Bureau), the bankruptcy records and the execution of purchase hirers.
- (2) **Capacity** : the ability to repay debt is considered from occupation, source of net income after expenses and other existing debts, as stated in NCB documents.
- (3) **Capital** : customer's capital comes from financial position analysis in other areas, i.e., properties or buildings owned by customer.
- (4) **Collateral** : the value of collaterals is based on the hire purchase truck's good condition, popularity, acceptance in the market, and easily trading. The record of surety must be credible and has solid source of income and good financial position enough to be able to repay loans for loan applicants.
- (5) **Condition** : other external factors include economic condition or political situation at that moment which may affect financial status or career of loan applicants and their business partners' creditability.

In the case that loan applicants never have any records in NCB, the Company may request for the documents showing their installment payment to other companies (which are not member of NCB) to assess their ability to repay debt. In such case, loan applicants will get diminishing Credit Score compared to other applicants who have records in NCB system. If the loan applicants do not have any loan payment records with any companies, they will not get any score in the payment record topic in the Credit Score Model. But if the applicants' total scores from other topics are high enough to pass the minimum criteria, the Company shall consider approving the loans for them.

When the Credit Score Model is done, credit officers at the branches will prepare the report of loan application information, report of documents checking and other information regarding loan application. All relevant documents, including hire purchase agreement request form, checking list for

correct and complete hire purchase documents, estimated price of trucks from collateral assessment department, documents of checked credit records and bankruptcy records of applicants, photos of residence, photo and copy of hire purchase truck registration, credit scores, preliminary approved credit limits and interest rates, will be submitted to the authorized persons for loan approval.

Process of collateral assessment and credit limit setting

Before credit approval, the Company shall assess the condition and value of hire purchase trucks in order to set credit limits. The Company shall consider: (1) trading price, (2) reference price from Rate Book, and (3) estimated truck price, as follows:

Trading prices are the prices that customers agree to trade with truck tent operators or previous owners. The Company has a policy to set credit limit at the maximum of not higher than 90% of trading prices. However, although trading price is an external factor which is out of the Company's control, the Company prepares the risk prevention measure for the case that some tent operators might set the unrealistically high trading prices by setting the policy to allow the highest credit limits at 90% of trading price in general case and can apply only when the loan is introduced by the Company's A class tent operator only. One of the important criteria that the Company uses to classify the A class tent operator's qualification is the trading price of the truck must be defined according to the usage condition.

Reference prices are the prices used as reference for estimated prices of trucks. The Rate Book includes prices of each model and each brand of trucks, surveyed by the Collateral Assessment Department, from credible sources of information, such as Truck2hand website which is the largest website popular for trading used trucks and has a lot of truck samples, and from the real trading cases from the Company's truck tent partners. The Company has a policy to regularly review reference prices every 6 month in order to make the Rate Book reflect the updated market prices of trucks.

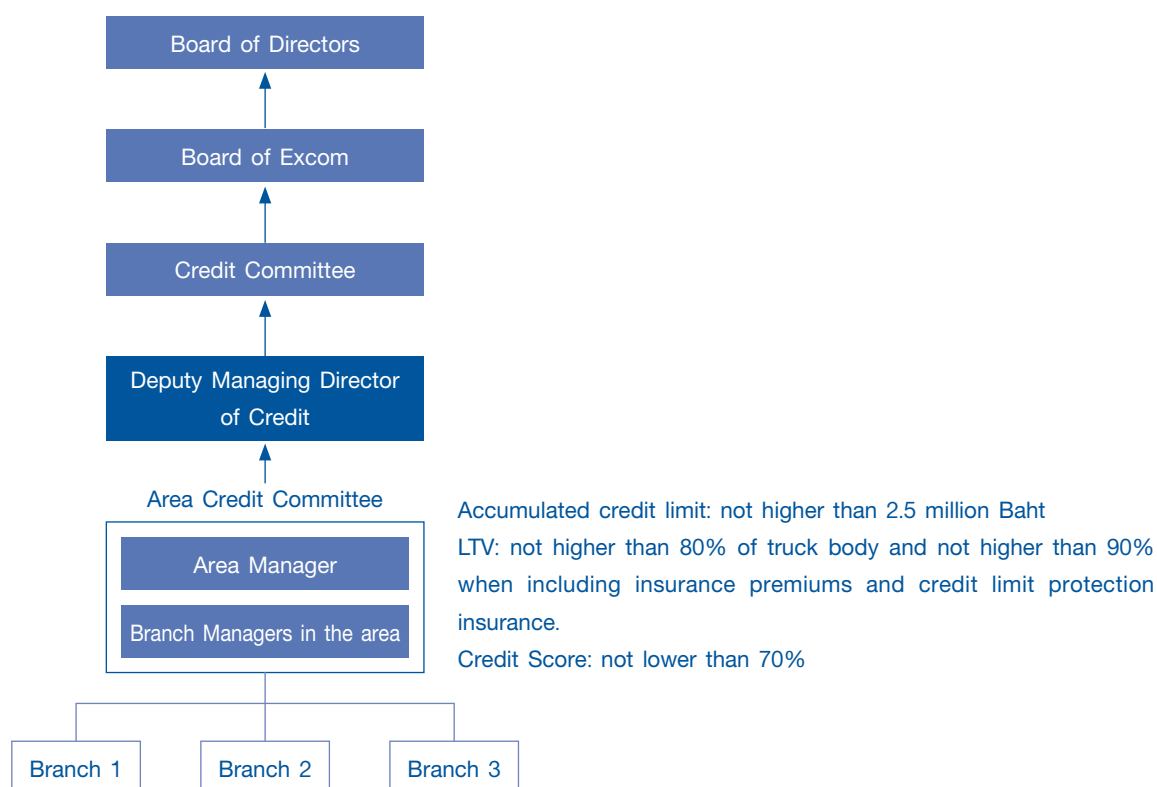
Estimated prices are the prices estimated from the real condition of trucks being put on hire purchase. The Collateral Assessment Department of the Company will assess the condition of truck by component, i.e., tractor, frame, engine, gear system, chassis, tire, and trailer. The highest estimated price must not exceed the Rate Book set by the Company.

The Company has a policy to set credit limits including insurance premiums and credit limit protection insurance, at not higher than 90% of truck's trading price or not higher than 120% of collateral's estimated price (whatever price is lower.) As a result, the credit limits of some cases can be as high as 120% of collateral's estimated prices. For example, a used truck has very good condition because it was repaired and changed many spare parts until its condition is better than a sample truck which was referenced in the Rate Book. So the trading price of this truck is high and its estimated price is higher than the reference price in the Company's Rate Book. However, since the Company's policy requires the estimated price not to be higher than the Rate Book price, the Company's estimated price of this truck is lower than the estimated price considering real condition. As a result, in some cases, the Company's approved the loans at higher prices than the estimated prices. Nevertheless, most of the Company's approved credit limits are approximately 70-85% of estimated collateral prices.

Process of Loan Approval

The Company's loan approval consideration is conducted on the concise and discreet basis, leading to stable incomes. The Company set the approval authority framework for loan approval to authorized persons in respective order, depending on Credit Line, Loan to Value ratio, and Credit Score of loan applicants. The authorized persons can be the board including the Area Credit Committee level,

consisting of Area Manager and all Branch Managers in that area. The approval authority framework can be increased respectively from Deputy Managing Director of Credit, Credit Committee, and Executive Committee up to Board of Directors.



In this regard, over 90% of the Company's hire purchase loans are considered by the Area Credit Committee which supervises the credit approval of the branches. The Company divided the branches management into 4 areas according to the branch location in the province as follows:

- Area 1 • Nakorn Pathom, Ratchburi, Kanchanaburi, Surat Thani
- Area 2 • Saraburi, Chonburi
- Area 3 • Supanburi, Nakorn Sawan, Pisanulok
- Area 4 • Khon Kaen, Ubonratchathani, Nakorn Ratchasima

Area Manager has duty to regulate, supervise, promote and support business operation of each branch under that area to ensure the efficiency and consistency with the policy of head quarter. The Area Credit Committee have authority to approve credit limit of not over 2.5 million Baht per customer, calculated from existing agreement's loans plus new agreement credit limit. The highest credit amount that Area Credit Committee has authority to approve is not higher than 80% of collateral's estimated price and not higher than 90% when including accident insurance premiums and credit limit protection insurance. Moreover, customer's credit score must not be lower than 70%. The authorized persons of credit approval at the area level include Area Manager as Chairman of the Committee and all Branch Managers of that area as Credit Directors. The credit approval of any customers at the area level must receive majority votes from the board. The Area Credit Committee meeting shall submit the minutes of meeting to the Credit Analysis Department at the head office for further review and evidence.

If the applied credit is not within the scope of approval of the area committee, such as the customer's accumulated credit limit is higher than 2.5 million Baht or the customer wants to apply for more than 80% of the collateral's estimated price (or 90% when including insurance premiums), branch officer will send the request to head office for consideration according to the authority table of the Company. The authorized persons at the head office include Assistant Managing Director - Credit, credit committee, executive committee, up to the board of directors. The credit approval at the head office has the credit analysis team from the head office to perform the duty in re-examining the credit analysis of the branches.

In this regard, the Company has a policy defining the maximum single lending limit of a customer to be 30 million Baht for individual customer and 50 million Baht for corporate customer, respectively.

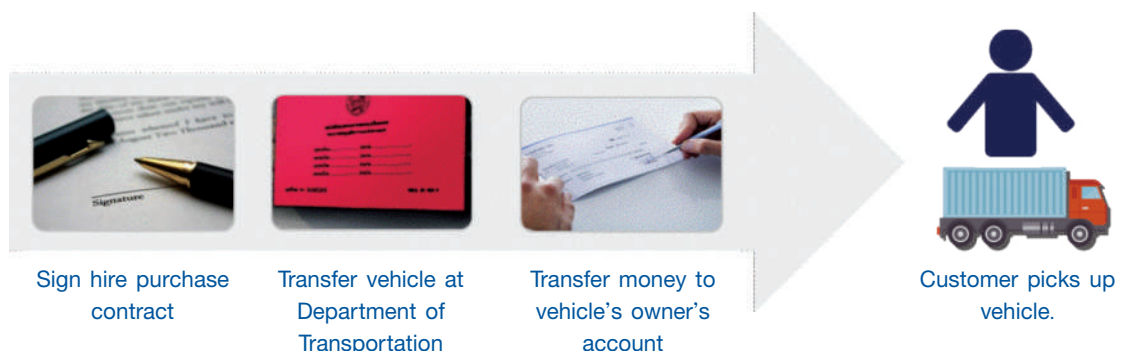
If the credit consideration is in line with the credit approval criteria of the Company, the authorized approver will inform the approval result to the branch so that the branch can inform the customer further. In general, if the credit application and documents are complete, the Company will take 3-5 working days for consideration and approval.

Process of making hire purchase agreement

When the credit application is approved by area committee or head office, the branch credit officer will inform the credit department to prepare the hire purchase agreement and review the correctness of all documents before making hire purchase agreement. Then, the branch officer will call to inform the customer and make appointment for signing the hire purchase agreement. The Company's hire purchase agreement uses the standard format reviewed by the legal department of the Company to be effective as required by law. Moreover, the branch officer will prepare the "loan amount and expenses quotation" for customer to summarize all the credit approval information and identify the fees for doing the agreement, such as a new account opening fee, stamp fee, etc. The finance department will prepare the payment for used truck tent operator or previous truck owner. In this regard, the truck for hire purchase deal with the Company must have the second-class insurance policy, at least in the first year of hire purchase, stating the Company as the beneficiary in order to reduce the risk that may occur from damages of the trucks, both for the case of damage or loss.

When customer signs in the contract and documents for hire purchase contract completely, the credit operation department will propose 2 sets of contracts (original and duplicate) to the Company's authorized person to sign.

After customer signs on the hire purchase contract, the branch credit officer shall transfer the truck ownership registration to the Company at the Department of Transportation. Then, finance department will transfer money to the bank account of the used truck tent operator or previous truck owner as the payment of the truck. Customer shall pay installments according to the agreed condition and can take the truck for further use. In this regard, the Company can transfer the payment of the truck to the tent operator or the previous owner within 1 working day after the transfer of truck ownership is finished.



Process of keeping contracts and collateral documents

When the branch credit officers receive the registration book back from the Department of Transportation, they shall keep the original hire purchase contract and the real registration book in the safety box in the “Hong Mun Kong” (stable room) of each branch, putting in order by contract number and customer’s code. To receive or to borrow such documents, there must be a record of such action in the document control registration form every time and must be signed for approval by the authorized person. The branch manager is responsible for the Hong Mun Kong and shall copy all documents in a digital filing format as backup information in case the original copies are lost.

Process of receiving installments

At present, the Company uses the Bill Payment system in receiving installments from customers. Customer can use a Pay Card which identifies customer’s information, company’s information and amount of payment or a payment form enclosed with the monthly installment receipt to pay for installments in the Bill Payment system by scanning a Barcode at any leading bank of the country. Another option is to pay on Mobile Banking Application of the banks. The Company has opened accounts with 2 banks which support payment from all banks through the Cross-Bank Bill Payment. In addition, in 2019, the Company added another payment channel through Counter Service at any 7-Eleven branches where there is a sign of Counter Service.

Such bill payment system not only provides convenience to customers but also helps reduce the corruptions of branch officers. After implementing such system, the Company announced to cancel the cash payment at all branches. Moreover, the Company does not have a policy to send branch officers to collect cash payment from customers outside the branches. In the case that any branch officer goes out to visit a customer and the customer wants to pay cash for installment, that branch officer shall suggest or take the customer to the nearest bank to make the installment payment to the Company’s account.

In the case that the installment payment is made at the bank, customer shall receive a temporary receipt from the bank and the original receipt / tax invoice will be sent to customer by the head office afterward. At the end of the day, the Company’s finance department at the head office will review the payment transaction from customer. If the amount is fully paid, the finance department will issue the receipt/ tax invoice for customer. All receipts shall be issued from the head office’s system. If any payment transaction is found overpaid or incomplete, the finance department will inform the debt collection department and branch officers to follow up with customer for the full amount repayment. If customer makes a defaulted payment of installments, the Company shall proceed on the regulations of debt tracking and collection.

Process of debt collection

The Company has a policy to manage the debt collection efficiently by defining that the branch officer has duty to monitor payment record of customers closely to get customers to pay their installments on time to maintain the not-too-high outstanding debt balance in the system. 3 days before the due date, customers shall receive SMS as a reminder from the Company. However, if a customer makes a defaulted payment or does not pay installment by due date, the Company shall proceed on the debt collection as following process:

Late payment for more than 5 days: Charge late payment penalty according to the Company’s announcement.

Outstanding 1-2 installments: Reminder call and reminder letter.

Outstanding 3 installments: Issue termination letter effective within 30 days.

Outstanding 4 installments: Debt collection and truck confiscation

Outstanding 6 installments and over: If the debt is not paid, the Company shall proceed to legal action.

Note : At present, the Company charges for late payment penalty fees and collection fees as deemed appropriate. When the due date is on or getting close, the Company will remind debtors for the penalty fees and collection fees via the calls or reminder letters. If there is a change in the late payment penalty fees or collection fees, the Company will call to inform customers verbally and put the notice at the branch office. The Company shall manage for reminders in written in the future.

The Company defines the process of debt collection for the case that customer makes defaulted payment. Starting with a call to a customer for debt collection, the officer records the debt collection information in the system. If a customer has the outstanding 1-2 installments, the Company will issue a payment reminder letter. If a customer cannot be reached, branch officers will go to collect debt at the customer's or surety's house. If a customer has the outstanding 3 installments, the Company will issue the termination letter to notify customer to pay the remaining debt within 30 days. If a customer does not pay within the due date, the Company will track customer to collect debt and confiscate the vehicle which shall be further sold at auction.

In tracking to collect debts and confiscate trucks, the branch officers and debt collection team from head office will coordinate with the collection agencies in local area to increase the efficiency of debt collection. However, in the case that the Company tracks a customer but cannot find him, the Company will submit the case to a lawyer to take legal action against customer and surety but will send the notification to warn customer and surety before the submission. In this regard, the Company gives importance to the defined regulations in tracking and collecting debts so that the legal filing shall be fair to customer within the framework of the Debt Collection Act 2015 and other relevant announcements.

Process of closing account

When a customer pays complete installments as per contract, the finance department and branch officers will check the accuracy of all installments payment to ensure there is no outstanding installment or penalty fees. Then, branch officer shall prepare the original registration book and transfer documents for customer and will call customer to pick up the registration book or send to customer by registered mail as per the informed address. Customer can bring the documents to process the registration of ownership transfer at the Department of Transportation accordingly.

Process of collateral collection

In the case that customer does not come to pay all the debt within 30 days from the date of contract cancellation notification, branch officer can go to confiscate the collateral trucks at once. After the collateral confiscation, the Company will send the notification to customer and surety to give them a chance to redeem the collateral within 7 days from the confiscation date. Customer can exercise his right for collateral redemption according to the outstanding debt in the hire purchase contract. If the hire purchase customer does not exercise such right, the Company will give the same right to the surety. The customer has options to exercise the right to redeem collateral or to accept that the Company will sell the collateral trucks at auction and the customer will have to pay the difference (if any) to the Company. By not paying for 7 days over the due date, the customer shall be considered refusing to exercise the right of collateral redemption and enable the Company to sell such collateral at auction at once.

Process of collaterals auction

When the hire purchase customer refuses to redeem the collaterals, the Company shall cancel the use of such vehicles at the Department of Transportation and sell the confiscated vehicles as soon as possible in order to avoid the price decreasing until it is not enough to pay for the outstanding debt. All confiscated trucks are kept at the parking lot of confiscated vehicles of the Company, which is located on the 5-Rais rented land near Banglane Road in Nakorn Pathom, in order to provide convenience to customers who are interested in buying trucks, including both used truck tent operators and general end users. The parking lot is very safe with surrounded gates to protect the company's assets. Before the auction, the credit analysis department will gather all confiscated trucks during that period to estimate the selling prices and propose to 2 Assistant Managing Directors to sign for approval of the confiscated truck auction.

Parking lot of confiscated vehicles of the Company in Nakorn Pathom



The Company shall send the detail of confiscated trucks to the used truck tent operators interested in offering the prices and shall publicize the truck auction on the Company's website. In the collateral auction, the Company shall consider the highest offer prices at that period which must not be lower than the estimated prices approved by Assistant Managing Directors. In this regard, the Company emphasizes to sell confiscated trucks to the used truck tent operators because it can close the deals faster than selling to end users. The used truck tent operators usually pay by cash in full amount. In the past 2 years, the Company sold confiscated trucks to the used truck tent operators and agents for 75% of the value of total confiscated trucks. Another 25% was sold to end users. The end user customer who are the real users of the trucks can also apply for the truck hire purchase loan agreement with the Company. The Company shall use the same credit analysis method for consideration as they do in the normal used truck hire purchase agreement.

In selling the confiscated trucks to the used truck tent operators, most purchasers are trade partners who introduce hire purchase loan customers to the Company. However, the Company arranges the selection system that selects purchasers who offer the highest price during the same period for the sake of transparency and fairness.

In this regard, the Company does not have a policy to sell confiscated trucks by bidding since the bidding offer prices usually are lower than the individual offer prices. Moreover, the Company has a network of the used truck tent operators, who have long term partnership with the Company, which can be another channel for the fast and effective sales of confiscated trucks. However, in the case that the value of confiscated truck sales is not worth the outstanding debts, the Company can file a claim for the missing amount and enforce the case to seize the debtor's properties for further auction. In this regard, the legal action against debtor and surety depends on the consideration of the prosecution expenses and the outstanding debt after the sales of collateral assets.

As of 31 December 2020, there were 13 confiscated trucks as the Company's foreclosed assets with the accounting value of 6.8 million Baht or 0.2% of total assets of the Company. Most of them were 6-wheel, 10-wheel and 12-wheel trucks with no more than 1 month of service, counted from the date of collateral confiscation, with the following details:

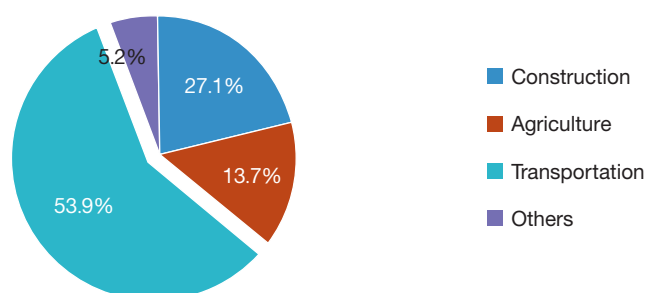
Age of foreclosed assets (from collateral confiscation date)	31 st December 2019		31 st December 2020	
	Mil. Baht	%	Mil. Baht	%
Less than 1 month	3.9	100.0	6.1	89.7
1-3 months	-	-	0.7	10.3
More than 3 months	-	-	-	-
Total	3.9	100.0	6.8	100.0
Deduct Allowance for impairment	-	-		
Foreclosed assets - Net	3.9		6.8	

Note : Foreclosed assets shown in financial statement is the costs deducted by allowance for impairment. The costs were referred from the estimated prices of each model of trucks on the date of confiscation, depending on the truck condition, the truck modification, the truck color condition and their age of services.

4. Customer's characteristics and target group

The Company provides hire purchase loan services to individual customers and corporate customers who want to purchase used trucks to be used in their professional career to generate income. The company's target groups include regular income customers, business owners, or farmers who want to purchase trucks for their goods transportation or commercial services, such as hired transportation of agricultural products, industrial products, construction materials, and consumer goods, etc.

Outstanding account receivables as of 31 December 2020, classified by industry.



From the above chart, most of the company's customers at present are from transportation industry which uses trucks mainly for hired transportation of agricultural products and consumer goods. The secondary group is the customer group which use trucks in construction industry and agricultural industry. Over 58% of total loans in 2020 are customers from Central region of the country.

New Loan amount by customer group

New Loan amount by customer group	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Individual customer	484.6	83.5	703.3	89.2	1,036.6	92.0	1,211.1	92.8
Corporate customer	95.4	16.5	84.8	10.8	123.6	8.0	93.4	7.2
Total	580.0	100.0	788.1	100.0	1,160.2	100.0	1,304.5	100.0

The Company's customer group consists of individual customers and corporate customers, introduced to the Company by the truck tent operators or used truck agents. In 2017 - 2020, the Company's hire purchase loans for individual and corporate customers were 89.6% and 10.4% of total loan amount, respectively. The Company focuses on the fast and efficient loan services, considering the convenience of customers and tent operators as priority. The continuous development of after-sales services is also taken into consideration to maintain current customer base and expand to new customer group. As a result, the past record shows that existing customers who complete their installment loans with the Company come back for the Company's hire purchase loan services when they want to buy the new used trucks.

In this regard, the Company has a policy to expand new customer base by building relationship with and increase the number of the used truck tent operators and agents who are partners with the Company. The branch expansion to many provinces is also part of the plan, focusing on the provinces where there is the high growth of industrial sector or the area where the population of used truck tent operators is condensed. The selected area shall be closed to the main road and can easily access to other provinces so that the Company's services can cover more area and can reach target customer group further in the future.

However, since the Company's main customer target group is the customer group that uses trucks for commercial services, the Company has the risk that such customer group may be sensitive to the domestic economy or the ability to repay debt may change. For example, if hire purchase customer is a farmer, his ability to repay debts may depend on the harvest season or the purchasing power may decrease from the price drop of agricultural crops due to the slowdown of domestic economy or slower recovery than expected. To reduce such risk, in the previous year, the Company turned to focus more on the customer group in the consumer goods transportation industry because consumer goods are necessary for daily life and its demand and supply do not change according to the season. So the transportation operators who are the Company's hire purchase customers have consistent income and can repay the installments continuously. In addition, the Company gives importance to the careful approval of loan application in consideration of various factors, including the collateral's quality and loan applicant's qualification. The Company has a policy to provide hire purchase loan services to customer groups of which the Company has already assessed the risk of debt payment ability. Loan applicants must have purpose to use trucks in business to generate incomes. They must also have a good financial record, credible financial position, certain occupation, stable income and earn enough to pay for installments as per contract. In addition, loan applicant and surety must not be bankrupt or have a record of prosecution and shall sign in the letter of consent for the company to check their credit information.

As for other services of loan providing, such as liquidity enhancing loan, at present the Company does not have much of such loan services because this customer group base is still small in the market. Since most trucks are usually under contract with other financial institutions or other financial service companies, the truck owners have not yet owned the trucks completely. Thus, most customers of this kind of loans are the old customers who have completed their hire purchase loan payment with the Company and come back to apply for loans to increase their liquidity. Nevertheless, in the future, the Company plans to study and survey market to approach another group of customers, the SMEs who have already had ownership on the trucks, in order to expand customer base of this credit type.

5. Pricing policy

Interest rate

The Company has a policy to define the interest rate of hire purchase for each customer that appropriately reflects the risk of loan approval. The key factors that the Company use to define the hire purchase interest rate are the financial costs of the Company and other factors that have effect on the Company's financial costs in the short run, such as the state economy of the country, the trend of changes in market interest rates, and the government policy that could affect the Company's business conduct and the trend of interest rates of other entrepreneurs the industry. Moreover, the Company also considers operational costs, qualifications and risks of collaterals, considering mainly on the age of collaterals. The interest rates shall be defined under the condition that the Company shall have profits and competitiveness compared to other players. The Company does not have a policy to define the interest rates to be lower than its financial costs and operational costs.

Credit limit

In most cases, the Company's approves the credit limit at 70 - 85% of the collateral's estimated prices which depends on the vehicle's type, model, brand, age, and usage condition. The hire purchase credit limit, when including the accident insurance premiums and credit limit protection insurance, must not be higher than 90% of such truck trading price or not more than 120% of the appraise value whichever is lower. The Credit Committee has duty to review the appropriateness of the credit limit policy regularly every 6 months in order to assure that the Company be able to define the credit policy in accordance with the economic condition or the changing industry conditions. Should there be any changes from the existing policy, the Credit Committee shall present the issues to the Board of Directors for further approval.

Installment amount and installment payment period

The Company shall define the amount of installment and term of payment in compliance with the ability to pay debts of customers, in consideration of the ability to generate incomes and Total Debt Service Ratio (TDSR) which should be at the appropriate level to reduce the risk of defaulted debt payment. The Company defines the minimum TDSR level which varies to the level of risks or net income of loan applicants with the criteria that after deducting total loans, the customer must have Residual Income enough for living. The customer group whose income is lower than 50,000 Baht per month is considered the sensitive income group. The Company will define the TDSR level of this group lower than other groups to reflect such risk. If the loan applicant's TDSR does not pass the minimum criteria defined by the Company, the Company shall not approve the loan to such customer.

The term of payment depends not only on the ability to repay debts of customers but also on the age of the collateral trucks. The term of payment for a truck with less years of service is longer than an older truck. However, the term of payment shall not be longer than 60 installments.

6. Sales channels

The Company provides 4 contact channels of hire purchase loan services for customers as follows:

1) Contact the used truck tent operators or agents who are trade partners with the Company.

At present, the Company has almost 390 trade partners of used truck tent operators in various regions all over the country. About 200 of them are regular partners who are used truck tent operators located in the provincial areas and other provinces. The branch's marketing officer and credit officer are responsible for contacting and maintaining relationship with these operators. The used truck tent operators are considered as the important trade partners who introduce hire purchase loan customers to the Company. The Company provides hire purchase loan services to customers through this channel for about 80% of total loan amount each year.

In this regard, the Company does not have any Exclusive Agreement with any operators and does not approve revolving credits to such operator group.

2) Introduction by the agent network

At present, the Company has the network of registered agents in the system for over 90 agents throughout the country. They recruit new customers interested in hire purchasing trucks for the Company. The Company provides hire purchase loan services to customers via this channel for about 10% of total loan amount each year.

3) Introduction by Company's employees

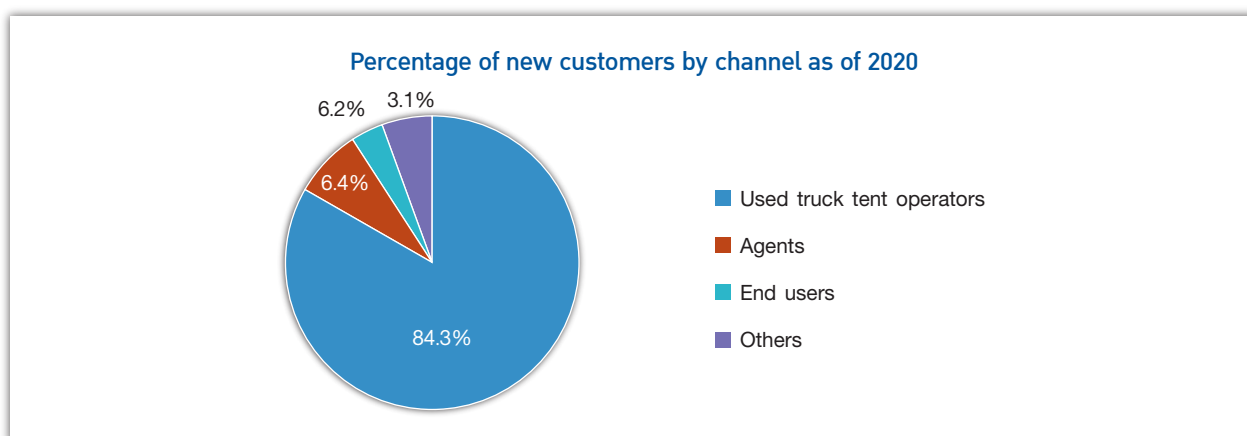
The Company shall send credit officers located at the branches in every region of Thailand to visit customers in various places to publicize and introduce the hire purchase services of the Company in order to accomplish the loan target of each branch.

4) Direct contact to the Company or its branches

Customers who know and receive information of the Company from advertisement, such as newspaper, radio, billboard, etc. can contact the Company to request for the credit application services at any branch or at the head office directly. As of 31 December 2020, the Company had total of 12 branches all over various provinces in every region of the country. The Company's branch is opened for service on Monday - Saturday : 8.00 - 17.00 hrs.

In this regard, those who recruit new customers for the Company shall receive a "Commission" which is defined as a percentage of total interest income as per contract and shall not be over the maximum commission rate per contract defined by the Company. Such rate will vary to the type of introducer. The Company will pay commission to introducer when introduced customer's qualification passes the requirement

and get into the hire purchase agreement with the Company. Such commission is a one-time payment, cannot be recalled, and is the rate in accordance with the general practice of the industry.



From the above chart, over 80% of the Company's new loan customers come from the channel of the used truck tent operators. Thus, the used truck tent operators are the important business partners in recruiting and introducing new customers to use the Company's loan services. The Company shall further screen these customers according to the credit review standard of the Company.

The Company focuses on acquiring new loan customers through the quality used truck tent operators. The used truck tent operators selected to be the Company's partners must have good records, define appropriate selling prices, have process in selecting and purchasing trucks, never have a fake registration history, and never receive any complaints from customers, etc. Furthermore, the Company defined the process of account opening for used truck tent operators, requiring such documents as the application for opening a truck tent, a copy of business registration certificate, a copy of house registration and identity card of the owner, a copy of bank book, and the photos of the truck tent which is the operating place, to be attached with the application form for opening a new account of the Company's operator network.

The Company has a policy to build good relationship with used truck tent operators with various kinds of sales promotions, such as offering commission or other marketing programs to stimulate sales, such as thank you party, incentive trip, or give-away premiums when tent operators achieve the targeted number of loan customers. In addition, the Company gives importance to the fast payment transfer for the truck price to the tent operators within 1 working day after the ownership transfer is finished, resulting in the trust and preference that the tent operators have for the Company and choose to introduce new customers to the Company. However, although the Company has been relying on this channel, there were no tent operators who can provide loan customers to the Company for more than 30% of total loan amount each year. Thus, the Company does not rely on any specific used truck tent operator in business conduct.

7. Product or service sourcing

7.1 Source of funds

In the beginning stage of business, the source of funds for credit business expansion mainly came from the shareholders' capital, both in the form of capital increase in the company and loans from connected persons. The loan application to financial institutions during the beginning of business was limited because the credit policy of financial institutions was quite strict and the Company's business could be considered as competitor of some financial institutions. However, in 2018, the Company received the short-term credit limit from the financial institution for the first time to increase its liquidity. The operating result giving continuous retained earnings and the decreasing proportion of Non-Performing Loans, as a result of the concisely implementation of the credit approval policy and the effective debt collection enable the Company to receive more credit limits from other banks, respectively.

As of 31 December 2020, the Company has short-term credit limit from the banks in total of 700.0 million Baht, consisting of 255.2 million Baht of used credit limit and 444.7 million Baht of unused credit limit.

Sources of funds	31 st Dec. 2017		31 st Dec. 2018		31 st Dec. 2019		31 st Dec. 2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Loans from financial institutions	-	-	90.0	6.0	587.0	28.4	488.2	18.6
Loans from connected persons	585.0	46.3	430.0	28.9	370.0	17.9	305.6	11.6
Loans from other persons	-	-	-	-	29.2	1.4	9.2	0.4
Shareholder's fund	677.8	53.7	968.9	65.1	1,079.8	52.3	1,823.0	69.4
Total source of funds	1,262.8	100.0	1,488.9	100.0	2,066.0	100.0	2,625.3	100.0
<i>Unused credit limit</i>	-		10.0		96.7		444.7	

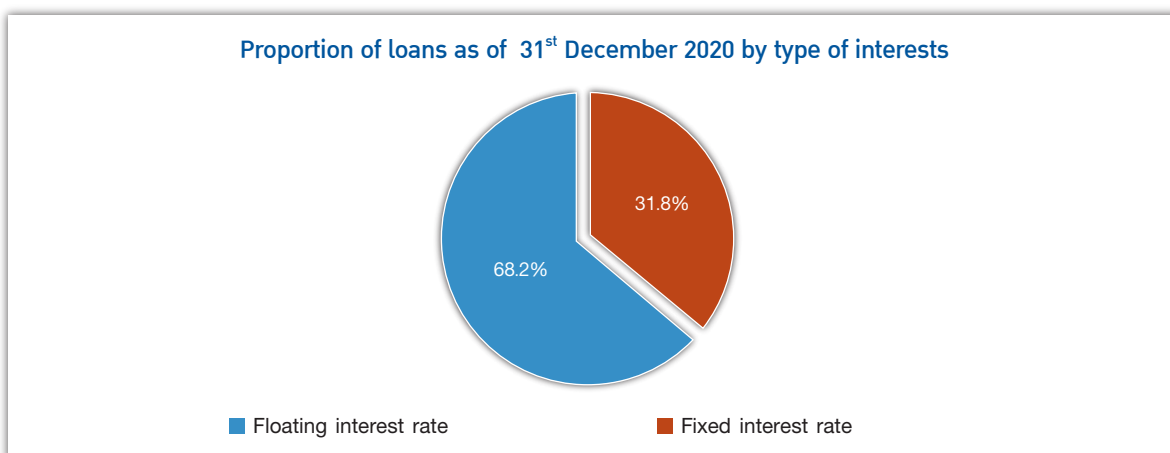
Note : The above funding did not include debts in hire purchase contracts due to their insignificant amount and excluded other debts, such as trade payables and accrued income tax, etc., since such debts come from normal business operations.

As of 31 December 2020, the Company had credit amount (before deducting allowance for expected credit loss) of 2,541.9 million Baht of which sources of funds came from shareholders' paid-up capital, legal reserves, and retained earnings in total of 1,823.0 million Baht and loans from connected persons of 305.6 million Baht, totally accounted for 81.0% of total capital, while the loans from financial institutions was 488.2 million Baht, accounted for 18.6% of total capital, respectively. From the above sources of funds, it can be considered that the main source of funds of the Company came from connected persons.

Nevertheless, the Company expects that the proportion of loans from directors or shareholders will be decreasing respectively in the future. After being listed in the Stock Exchange of Thailand, the Company will have source of funds from Initial Public Offering (IPO) and other sources of funds, i.e., issuance of debentures and bill of exchange, which can support the Company in managing liquidity for operations sufficiently. The Company shall gradually return the loans to such directors accordingly.

7.2 Liquidity Management

From the financial position structure of the Company at present, most of the Company's source of funds consists of the fund from the owner and the short-term and long-term loans for business operations including loans from financial institutions, loans from external persons, and loans from shareholders, directors or persons involving those people. Most loans' period of payment is within 1-3 years. The main business of the Company is the hire purchase loan service of which the contract payment period is 4-5 years resulting in the Maturity Mismatch. Moreover, there is also the Interest Rate Mismatch since the interest rate that the Company receives from the hire purchase contract is Fixed Rate while some loans' interest is the Floating Rate which goes up and down along the country's economic condition.



The Company gives importance to the liquidity risk management to reduce the risk of the inability to repay debt or obligation when reaching due date, or the inability to find source of funds in time for a sufficient amount as needed to expand business, or the ability to find source of funds but at the unacceptably high financial costs which can affect the Company's incomes and performance. In this regard, the total loan amount of the Company as of 31 December 2020 was 803.0 million Baht with the payment due as follows:

Debt obligation to be repaid (Liabilities)	31 st December 2019		31 st December 2020	
	Mil. Baht	%	Mil. Baht	%
Within 1 year ^{/1}	685.7	69.5	670.7	83.5
Over 1 year but not over 2 years	234.0	23.7	132.3	16.5
Over 2 years but not over 3 years	66.5	6.8	-	-
Over 3 years	-	-	-	-
Total	986.2	100.0	803.0	100.0

^{/1} Consisting of short-term loans from financial institutions, short-term loans from other persons and connected persons, and long-term loans from financial institutions - within 1 year due payment as shown in the Company's statement of financial position.

Considering hire purchase receivables as of 31 December 2020 excluding receivables more than 3-months overdue and debtors currently under legal action, the Company's due payment installments are as follows:

Hire purchase receivables (excluding NPL)	31 st December 2019		31 st December 2020	
	Mil. Baht	%	Mil. Baht	%
• Within 1 year	580.4	29.8	758.4	31.0
• Over 1 year but not over 2 years	501.7	25.8	592.9	24.3
• Over 2 years but not over 3 years	429.8	22.1	530.1	21.7
• Over 3 years	433.7	22.3	563.5	23.0
Total	1,945.6	100.0	2,444.9	100.0

As of 31 December 2020, the Company had loans due within 1 year of 670.7 million Baht, including 399.9 million Baht of loans from financial institutions, 261.6 million Baht of loans from connected persons and 9.2 million Baht of loans from other persons, which were higher than the amount to be received from debtors within 1 year which was 758.4 million Baht. However, the short-term loans from a financial institution with an outstanding balance as of 31 December 2020 was 330.6 million Baht with the 4-year term of payment. Since the bank renews the contract annually, the Company takes this whole amount as the short-term loan. This loan is due on the monthly basis at approximately 85.0 million Baht per year. The Company does not have to repay such loan in full amount within 1 year.

The short-term loan from another financial institution was the revolving credit. When the repayment is complete, the Company can apply for the new loan at full credit limit. The short-term loan from the connected persons due within 1 year of 261.6 million Baht was the short-term loan from directors and/or shareholders or connected persons to those persons who have been the good financial sponsors for the Company. The Company have never been called for the repayment earlier than the due date and can renew the loan contract continuously.

In addition, considering the long-term loans with over 1 year but not over 3 years due of 132.3 million Baht and the amount to be received from the over 1 year but not over 3 years receivables of 1,123.0 million Baht, the Company will have enough fund for loan repayment in the long term.

Being aware of the significance of the liquidity management, the Company requires the accounting and finance department to assess the financial position of the Company and estimate the Company's liquidity at least 30 days in advance in order to assess the net liquidity and the liquidity trend of the Company. They shall assess the factors that could have effect on business conduct of the Company in the near future and report to the Executive Committee in time.

In addition, the Company has a policy to restructure the financial structure by finding source of funds for the future. The Company may consider sourcing more funding from financial institutions in the appropriate proportion and in accordance with the needs of the Company to increase liquidity when necessary. Such funding could be the long-term loans with fixed interest rate which is in line with the loan repayment period of the Company's receivables to reduce the risk of interest rate fluctuation and the risk of fund sourcing inconsistent with the cash flow in the future. The Company shall consider the appropriate ratio of short-term loans and long-term loans in consistent with the market condition and ability to repay debt of the Company. The Company shall manage such risks carefully and concretely in consideration of the appropriate financial costs, repayment period, and the maintenance of various financial ratios in the defined level. Moreover, the Company plans to diversify the risks of funding to other sources, such as issuance of Debt Instruments and Equity Instruments, in order to be able to manage financial costs and liquidity efficiently.

7.3 Conditions required to comply with loan agreements from financial institutions.

As of 31 December 2020, the Company had short-term and long-term loans from 3 financial institutions to which the Company put on collaterals as per general conditions of borrowing, such as guarantee deposit, land and building, claim for repayment from hire purchase receivables, and guarantee by directors or shareholders, etc. However, such loan agreement had significant condition with which the Company must comply, that is, the Company must maintain the financial ratios according to the bank's terms and conditions. If the Company cannot maintain such financial ratios as required and does not comply with other conditions of the loan agreement, the Company may face the risk of the suspension of credit limit or the immediate recall of all principles, which shall have effect on the liquidity and business conduct ability of the Company. The financial ratios complying with the bank's terms and conditions are as follows:

Financial Ratios maintaining	Bank conditions	As of 31 st December 2020
• Total Debt to Equity Ratio	Not more than 2 Times	0.51 Time
• Total revolving credit from financial institutions to total receivable value (including principles and interests) ratio	Not more than 40%	7.6%
• Total revolving credit from financial institutions to the principal value of receivables outstanding for up to 3 installments ratio	Not more than 60%	10.4%
• Total financial institution loans to total receivable value ratio	Not more than 70%	13.6%
• NPL ratio	Not more than 7.5% ^{/1}	3.8%
• NPL to confiscated truck value ratio	Not more than 7.5% ^{/2}	4.1%
• Proportion of 4 major shareholders to registered capital	more than 50%	55.6%

^{/1} The condition of financial institutions requires the Company to maintain the NPL ratio at not more than 7.5% up to Quarter 1/2021 and at 5.0% from Quarter 2/2021 onwards.

^{/2} The condition of financial institutions requires the Company to maintain the NPL ratio including confiscated trucks at not more than 7.5% up to Quarter 1/2021 and at 5.0% from Quarter 2/2021 onwards.

The Company is aware of the significance of the compliance with the financial institution's requirement and has operated at its best to maintain the financial ratios according to the bank's terms and conditions. As of 31 December 2020, the Company had the financial ratios as per the bank's requirement.

8. Industry condition and competition

The main industry relating to the hire purchase loan business is the loan industry which has direct relations with the economic condition of the country and the domestic truck industry. The overall picture of each industry in the past year is summarized as follows:

8.1 Overview of domestic economy and credit business

- The Thai economy in 2020 contracted less than expected due to government measures that support the economy. The Thai economy in 2020 contracted by -6.1 percent, slightly lower than the rate of -6.7 percent estimated by the Kasikorn Research Center. It was mainly due to the impetus from the government's economic recovery measures. In particular, half of the projects with spending through it in the fourth quarter accounted for 0.3 percent of GDP. As a result, household spending rose to positive. After a contraction in the previous two quarters, the global economic recovery also caused Thai exports in the fourth quarter to shrink less than the estimated -2.0 percent. In Q4 2020, there will be a lack of continuity due to the new coronavirus outbreak that began in mid-December 2020 to date. However, if there is no more severe epidemic situation in the country. While plans to gradually open to foreign tourists can be implemented in the last quarter of the year. The Kasikorn Research Center is also looking for the recovery of the Thai economy in 2021 to expand at 2.6 percent (the estimated range of 0.0-4.5 percent).
- The vaccine factor was a key factor in determining the guidelines for exposure to Thai tourists in the second half of the year. Which still has the issue of uncertainty from the procurement Distribution of vaccines to the majority of the population. Including the effectiveness of the vaccine that must still be monitored. If the current situation has been assessed. It is also possible that the vaccines that Thailand received may not be sufficient to achieve the estimated number of foreign tourists in 2021 (2.0-4.5 million). This will make the GDP figures tend to go down to the lower frame. (0.0-4.5 percent frame estimate) under such circumstances. There will be further impacts on the burden of the government to help those affected by the economy.

Source: Kasikorn Research Center

Overview of domestic loan business

Total outstanding loans in the system as of 31 December 2014 - 31st December 2020

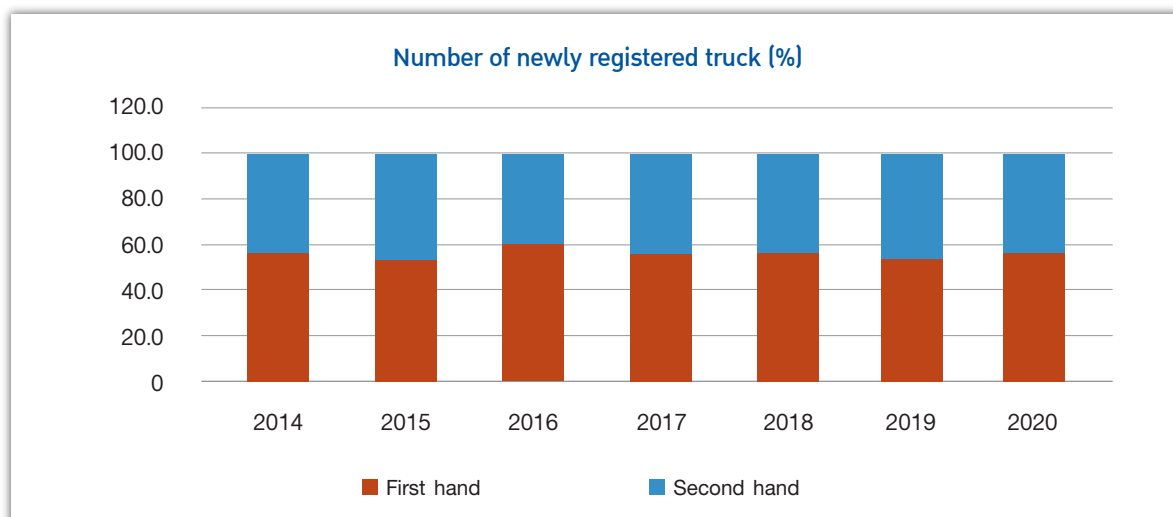
Total outstanding loans in the system by business type (unit: Billion Baht)	31 Dec. 2014	31 Dec. 2015	31 Dec. 2016	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020
1. Agriculture, Forestry, and Fishery	105	114	110	111	105	101	97
2. Mining and quarrying	71	81	74	78	75	80	86
3. Production	2,252	2,270	2,240	2,273	2,242	2,126	2,091
4. Construction	198	214	230	235	253	269	288
5. Wholesale and retail, repair of motor vehicles and motorcycles	1,858	1,831	1,868	1,902	2,000	1,951	1,940
6. Financial and insurance activities	2,647	2,692	2,785	3,399	2,994	3,374	3,825
7. Real estate activities	585	638	619	663	743	777	781
8. Public utilities and transportation	762	854	920	939	960	1,015	1,029
9. Services	688	742	829	876	987	920	1,043
10. Personal Consumption	3,463	3,708	3,888	4,124	4,507	4,852	5,078
Residence	1,684	1,844	1,971	2,080	2,240	2,366	2,458
Car	860	865	877	948	1,069	1,152	1,195
Credit card	199	212	224	232	249	274	268
Other personal stuff	720	787	816	864	949	1,060	1,117
11. Others	246	91	75	118	214	156	419
Total	12,875	13,235	13,638	14,718	15,080	15,621	16,813

Sources : Bank of Thailand

Considering the outstanding loan amount by type, it was found that the loan amount for public utilities and transportation had continuous growth. The trend of other business credits involving truck usage, such as construction business and real estate business, was growing continuously as well. This reflected the demand for loans to support such business growth which had direct impact on the demand for trucks usage for business operations.

8.2 Domestic Truck Industry

As for the overall truck market, the data of the Transportation Statistics Group, Department of Land Transport found that during 2014 - 2016, the number of new truck registration, consisting of the new truck registration (red label) and the transfer registration of used trucks, was declining in consistent with the shrinking overall vehicle market. After that in 2017, the number of new truck registration grew again and continued to grow until 2018 and returned to shrink again in 2019 when the economy was slow down. Not only for trucks, the number of other vehicle registration also declined, except for personal car which had small growth.



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

Number of trucks	2014	2015	2016	2017	2018	2019	2020
New truck red label	45,873	36,785	38,626	36,463	40,123	37,892	29,907
<i>growth rate (%)</i>		(19.8)	5.0	(5.6)	10.0	(5.6)	(21.1)
Used truck	35,090	32,196	26,537	29,093	30,282	30,592	39,814
<i>growth rate (%)</i>		(8.2)	(17.6)	9.6	4.1	1.0	30.1
Total trucks	80,963	68,981	65,163	65,556	70,405	68,484	69,721
<i>growth rate (%)</i>		(14.8)	(5.5)	0.6	7.4	(2.7)	1.8

^{/1} Growth rate compared to the same period of previous year.

It was found that, by considering the type of truck, the registration of new trucks (red label) in 2017 decreased from 2016 by approximately 5.6% since in 2016 there was the double tax deduction measures for new truck purchasers, resulting in the high number of purchasing orders. However, although there was the 1.5 times tax deduction in 2017, the sales of this year could not reach the sales of 2016. The other factors included the decreasing spending of private sector and the small growth of government sector spending in the construction projects. The trading of used truck market in 2020 was still good.

Later in 2018, the overall truck market recovered with the growth rate of 7.4% from 2017. This was the result of the investment factor in the government's Mega Projects which supported the increasing investment of private sector and reflected the direction of recovering economy of the country, including industrial production, construction, exports and agriculture, and consequently the confidence of investors. Moreover, the transportation and logistics sectors also gain merits from the growth of small transportation from online trading or e-Commerce.

In 2019, the economy was slow down all over the world. The overall truck market shrank for 2.7% while the used truck market had a small growth of 1.0% since used trucks were still important vehicles for business operations and a lot of new trucks had been bought into the market by some operators in 2018 resulting in the 10.0% market growth from 2017. During the slowdown economy, operators turned to choose used trucks instead of new trucks.

During of 2020, the truck market was continuously shrinking due to the slowdown economy from the COVID-19 pandemic situation, resulting in the declining growth of the overall domestic truck market. However, the used truck market was significantly less affected than the new truck market during the economic slowdown because more operators changed to use used trucks rather than new trucks for their business operations. This was clearly reflected in the increasing proportion of newly registered used trucks as shown in following table:

New registered trucks (red label) to total new registered trucks ratio (%)

New registered trucks	2015	2016	2017	2018	2019	2020
New truck red label (%)	53.3	59.3	55.6	57.0	55.3	42.9
Used trucks (%)	46.7	40.7	44.4	43.0	44.7	57.1

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

The analysis of the new registered trucks (red label) to total new registered trucks ratio in the past 5 years found that the proportion of new registered truck red label was at the average of 56.1% of total new registered trucks each year. Another 43.9% of new registered trucks were the registration of used truck trading. During 2017 - 2019, the used truck trading ratio was quite stable at 43.0 - 45.0% of total new registered trucks, reflecting the continuous popularity of used truck market which was the main target group of the Company's hire purchase loan services. In the first 6 months of 2020, the proportion of new registered used trucks increased to 49.9% due to the slowdown economy which made operators turn to use more of used trucks.

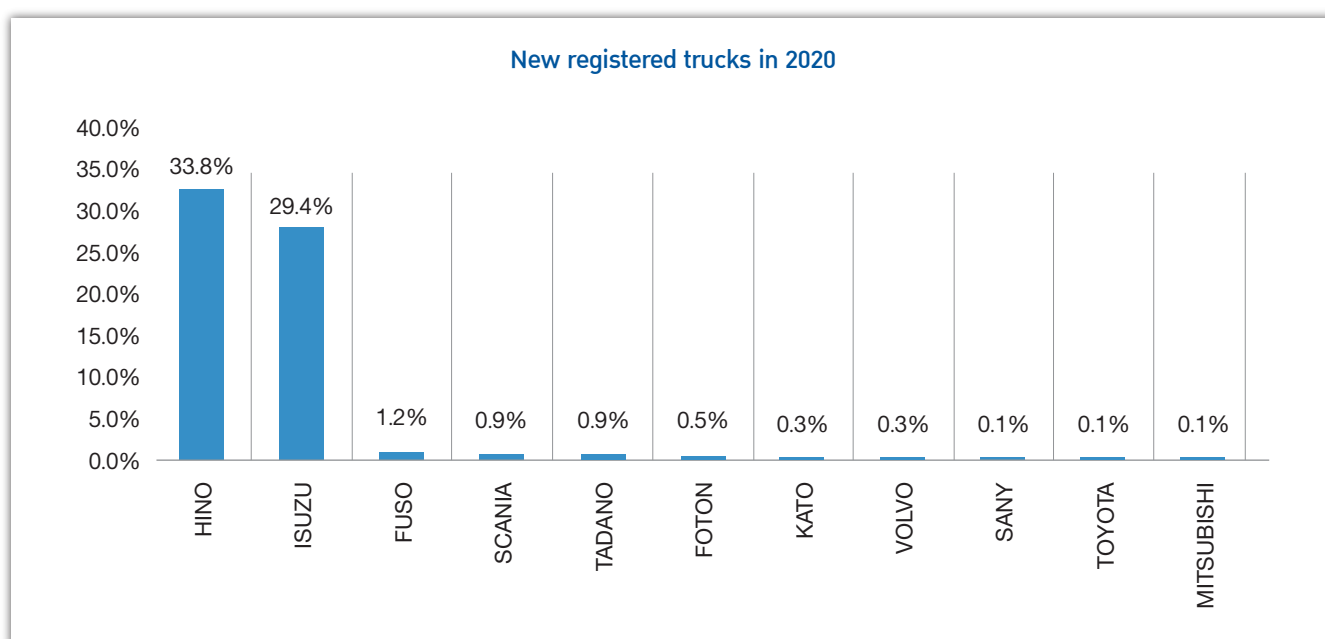
Thus, although the GDP of the country had a slow or shrinking growth, the outstanding amount of related loans, including used trucks, still increased. This reflected that the overall market condition of used trucks could still grow despite the slowdown economy. In addition, the growth of other businesses relating to used truck usage was the supportive factor for the increasing demand for trucks, which was beneficial to the Company's used truck hire purchase business.

Moreover, in 2020, the Monetary Policy Committee ("MPC") announced the decrease in policy interest rate for 3 times, gradually decreased from 1.25% to 0.50% to stimulate the economy according to the Easy Monetary Policy theory which resulted in the improving trend of the growth of hire purchase loans for used trucks industry since loan applicants could have lower borrowing interest burden.

Interest rate (%) from 5 large commercial banks	30 Dec. 2015	30 Dec. 2016	29 Dec. 2017	28 Dec. 2018	30 Dec. 2019	31 Dec. 2020
Policy interest rate	1.50	1.50	1.50	1.75	1.25	0.50
MLR - lowest	6.50	6.25	6.03	6.03	6.00	5.25
MLR - highest	6.85	6.60	6.60	6.60	6.35	5.58
MRR - lowest	7.87	7.62	7.12	7.12	6.87	5.75
MRR - highest	7.95	7.70	7.37	7.37	6.95	6.22

Source : Bank of Thailand

At present, the market leaders of commercial trucks of Thailand are ISUZU and HINO of which market shares are over 90% of total trucks sales each year.



Sources: Department of Land Transport

9. Service providers in the industry

At present, service providers of used truck hire purchase loan business in Thailand are classified into 3 groups, that is, financial institution (Bank), vehicle manufacturer and dealer (Captive Finance), and general hire purchase company which is a Non-Bank operator. Each type of service providers has different characteristics as follows:

(1) Financial Institution

The financial institution group mostly are commercial banks, branches of international commercial banks and Bank's subsidiaries. The large providers with significant roles in the market are Bank of Ayudhya, Tisco Bank, Thanachart Bank and Siam Commercial Bank.

This group of providers usually gives importance to and focus on providing hire purchase loans mainly for new vehicles since these companies have low-cost capital base and can be competitive in the new truck hire purchase market with low interest income rates rather than taking risks in the used truck hire purchase market. They also emphasize on the competition in personal car hire purchase due to its larger market size than such commercial car market as 6-wheel truck, 10-wheel truck, and trailer. Thus, the hire purchase loan service providers in financial institution group are not Company's direct competitors. However, the current competitive condition of new car market brings the interest rates of hire purchase for

vehicles down, especially the new registered vehicles (red label). So some providers move to the hire purchase for used vehicles which has higher interest rates to maintain the Interest Spread not too low.

For example, in 2011, the subsidiaries of a large bank, the Ngerntidlor Co., Ltd. (“Ngerntidlor”) began to expand business from personal car and motorcycle registration loans to used truck hire purchase loans and truck registration loans to support entrepreneur group and farmer group that want to expand business. Their strengths were the number of branches all over the country and low financial costs as a subsidiary of Bank of Ayudhya which was the fifth largest commercial bank of the country and a subsidiary of Mitsubishi UFJ Financial Group (MUFG) which was the largest financial institution in Japan. So Ngerntidlor was under the regulatory of both domestic and international leading banks.

(2) Car manufacturer and dealer

In the beginning of 2011, the car manufacturers and dealers (Captive Finance) played more roles in the car hire purchase business in Thailand after the launch of the government first car policy by utilizing the advantages of financial support from their parent company which was the large car company and creating the strategic advantages from the business partnership and marketing campaign with domestic car dealers. These car dealers usually sell both new cars and used cars. In addition, this entrepreneur group is in partnership with leading leasing companies in the country and can provide hire purchase loan services for customer’s convenience in a complete loop of customer services.

Examples of car manufacturers or dealers which provide truck hire purchase loans are:

Scania Siam Leasing Company Limited is a subsidiary of SCANIA Thailand, a dealer of both new and used bus, coach and truck from Europe.

Hino Motors Sales (Thailand) Company Limited, holding 30% market shares of trucks, is in a partnership with Aioi which is a financial loan service provider to position Hino Leasing as a One-Stop Service of sales and services to provide convenience to customers.

Daimler Commercial Vehicles (Thailand) Limited, selling FUSO trucks and providing loans with Mercedes-Benz Leasing (Thailand) Company Limited, provides loan services for Mercedes-Benz trucks and FUSO trucks in the same group (together called Daimler Trucks.)

(3) Non-Bank loan service provider

This group at present consists of approximately 300 individual hire purchase loan service providers for vehicles. The Non-Bank loan service provider group usually loses the cost advantages on the source of fund when comparing with other service providers and usually carries higher risks of bad debts than other groups because most customers have low incomes.

The Company is considered as one of Non-Bank loan service providers which is in the market of many small and large entrepreneurs, both listed companies and general private companies. The significant entrepreneurs in this group are Ratchthani Leasing (Public) Company Limited (“THANI”) and Asia Sermkij Leasing (Public) Company Limited (“ASK”) which are the large service providers of hire purchase loans for trucks.

10 Law and related regulations applied for the Company's business conduct

The company ("micro") is not financial institution under control of Bank of Thailand, and not under Civil and Commercial Code section 654 which specify that the interest rate that credit provider can charge from debtor shall not exceed 15% per year because Micro business is Hire-Purchase, not Personal Loan. In addition, Micro business is not under control of the Office of the Consumer Protection Board, Title Enforce Hire-Purchase of car or motorcycle business are not under consumer protection in contracts format too. Because Micro's business provide credit to credit applicant only used truck which use in business sector, not in personal sector. So, interest rate, fine or fees that Micro charge from credit applicant can collect without related law and regulations under control by every government bureau.

Used truck Hire-Purchase Business

At present law, guidelines or regulations related to Hire-Purchase business in Thailand are the announcement of Bank of Thailand and Office of the Consumer Protection Board. However, the announcement of Bank of Thailand conducting only financial institution that controlled by Bank of Thailand including Commercial Bank, Financial company, Credit Foncier Company and some Non-Bank such as credit card business and personal loan business under conducting of Bank of Thailand. Thus, that announcement does not cover Micro business.

Since the first publication in BE. 2555 of the announcement of the Office of Consumer Protection Board, Title Enforce Hire-Purchase of car or motorcycle business are not under consumer protection in contracts format, until the second publication in BE. 2558 and the last publication, that enter into force at present, 1 July BE. 2561, all of them intent to protect debtor who use car or motorcycle that hire-purchase in personal object only, not include the debtor who is Juristic person or debtor who has objective of business purpose. Because "car" in this announcement mean personal car or personal truck that use for personal object only, not use for business object. So, that announcement does not conduct Micro business because Micro provide credit especially for the debtor who has business object only.

Increase liquidity credit or secured credit

About the beginning of BE.2562, Bank of Thailand started to conduct Non-Bank strictly. It issued the announcement called sor.nor.sor.2/2562 for setting the guidelines of conducting secured car registration loan or car registration pledge loan, that one type of loan agreement, and the companies which are under that announcement such as car registration pledge call for the loan applicant put the car registration such as car registration book, motorcycle registration book, agriculture vehicles registration book, truck registration book to the credit provider and the loan applicant must sign in advance into transfer car agreement and any documents related, that announcement force the credit providers must have paid capital minimum of 50 million Baht and they can charge the interest and fees not exceed 28% per year, however that announcement does not cover to Micro business because Micro business is truck registration secured loan which is one type of hire-purchase agreement which loan applicant must transfer truck ownership or another secured car to Micro while signing contract, as a result, Micro can charge the interests and fees without enforcement of any regulations.

However, if in the future that announcement (or another) expands to Micro business, Micro will still charge same interest rate like nowadays because at present Micro' s interest is 8-15% per year which include every fees (Effective Interest Rate 15-25% per year) that is not over to interest rate provided by that announcement.

So, at present, 3 types of Micro business that consist of hire-purchase of used truck, increase liquidity loan or secured loan and Re-financed loan are not under the conduct or control of Bank of Thailand or another government bureau, nowadays Micro is not limited or impacted from the ceiling of interest rate rule or fee that set by some bureau, however, Micro still conduct to any Act or importance regulations that are:

(1) Debt collection

Micro must comply with debt collection Act Be.2558 including announcements that issued under this Act such as the announcement of the Board of Regulated Debt Collection, Title, frequency of debt collection, that provided debt collector can contact to debtor or person who debtor informed only, or the collector must contact to debtor not over 1 time per day. This announcement comes into force since 21 November BE.2562, but this Act had no definition of interest paying delay or follow up debt fee.

(2) Termination of the contract and seizing of guarantees or secured asset

Micro must strictly comply with Civil and Commercial Code in some related provision such as termination of the contract in case of debtor default to pay the contract, Micro will not seize the guarantee asset immediately except noticed to termination of the contract and put the appropriate to debtor for paying outstanding debt.

Risk factors mentioned in this topic are assessed from the situation in 2020. There may also be some other risks which the Company has considered and found that they do not significantly impact on the Company business operations. Micro Leasing (Public) Company Limited or (“the Company”) conducts business in hire purchase loan service for used trucks, such as 6-wheel truck, 10-wheel truck, trailer, tractor, etc. The Company has a policy to approve credit for popular trucks only, such as ISUZU, HINO, and FUSO, etc. The terms of payment are between 12-60 months and the interest rate is the Flat Rate for the whole term. Every purchase hirer must transfer the ownership of truck to the Company and give the registration book to the Company as a collateral. The Company provides service channels through 12 branches all over Thailand. Moreover, the Company has business partners who are used truck tent operators and agents throughout the country to introduce the Company’s credit services. The primary target group of the Company’s credit providing service includes transportation operators in various industries, such as transportation of agricultural products and construction materials, etc. This target group has limited opportunity and option to access to the source of funds. In addition to the used truck hire purchase loan service, the Company provides other forms of loan service, such as loans with truck registration as collateral, refinancing loans, and other hire purchase services, such as coordination job to arrange and renew car insurance under the Car Accident Victims Protection Act, etc.

The Company’s significant risk factors can be classified into 4 types as follows:

1. Risk from operating a used truck hire purchase business
2. Legal and regulatory risks
3. Financial risk
4. Risk from the impact of the COVID-19 pandemic situation

Details of risk factors and risk prevention guideline can be summarized as follows:

1. Risk from operating a used truck hire purchase business

1.1 Risk from approving hire purchase loan for used truck

The Company has primary risk from hire purchase loan for used truck, such as risk of debtor quality and risk of collateral quality.

(a) Risk of debtor quality or risk from non-performing loan

Since the Company’s primary target group is the end users who want to hire purchase used trucks to earn incomes from their occupations, the Company receives the risks from their sensitivity to the domestic economy. If there is any negative change in relevant industries, such as transportation industry, agricultural industry, or construction industry, the ability to repay debt of debtors can be decreased. As a result, the Company’s Non-Performing Loan or NPL will increase which is considered the significant risk. If debtor is unable to pay the installment on the due date, the Company may face the risk to lose a partial or the whole amount of principal if the Company cannot confiscate the collateral from debtor. This shall have impact on the ability to generate incomes and business performance of the Company.

To reduce the risk in such matter, the Company has a policy to give importance to the concise loan consideration. The process of loan consideration has been continuously improved and developed. For example, the Company has concretely set up the credit policy, the assessment of customer’s ability to repay debt, the consideration of hire purchase objectives, the consideration of guarantee quality and the regularly review of the hire purchase policy. The Company, cooperating with National Credit Bureau (NCB), uses Credit Bureau information in loan

consideration to screen customers more efficiently and uses the Credit Scoring Model as a tool for loan quality assessment which covers the source of income, domicile and address of loan applicant and surety. The bankruptcy information shall also be checked via website of the Government Gazette Office. Moreover, the Company uses customer data base system in the credit portfolio analysis in doing the Cross-selling to help customer who has good record of payment receive good offer of other suitable credit products.

In addition to the concise and concrete loan consideration, the Company gives importance to the efficient debt collection by assigning an internal unit to send a reminder message to customer before the due date of installment payment to prevent the delayed payment. In the case that customer has one or more installment outstanding, the Company will call and issue reminder letters to customer. If the Company cannot reach customer, a branch officer will go to the area to find debtor or surety to discuss the problem. Moreover, the management has regularly monitored the outstanding status of debtor every month and has set a policy to pay commission to branch officers based on the non-performing loan ratio.

Moreover, the Company started to expand customer base in consumer goods transportation sector because consumer goods are necessary in daily life. Their demand and supply are not seasonal. The Company's hire purchase customers who are transportation operators have consistent incomes and can continuously repay the installments. With the policy mentioned above, the Company's non-performing loan ratio has been continuously decreasing. The Company has set the reserves for expected credit loss allowance for the whole amount of NPL.

(b) Risk of collateral quality

The risk from operating a used truck hire purchase business is not limited to the debtor quality like the risk from new truck hire purchase business. The Company also has the risk of collateral quality. Since collateral of hire purchase loan is used truck, its condition has aged by its years of usage. In addition, some trucks may be cut and recomposed or their structure may be modified. If the Company cannot inspect or assess the collateral truck condition correctly, the approved credit limit could be over the true value of the collateral and thus result in the Company's credit loss significantly when debtor cannot repay the debt. As a result, the Company's financial status and business performance shall be affected. However, the experiences in used truck hire purchase business for over 25 years contributed to the Company's management team and personnels who are full of experiences and specialization in condition inspection and price appraisal of used trucks. The Company can define the appropriate credit limit according to the collateral's condition and value. Moreover, the Company also has a policy to support hire purchase loan service only for used trucks of which models and brands are popular and well accepted in the market. The selection of used truck tent operators who meet the standard and sell quality trucks helps the Company screen the quality collaterals in a way.

1.2 Risk from business competition that may increase in the future

At present, there are not many operators in used truck hire purchase market. However, since this business is not under the control and governance of any government agencies, anyone who has funding for credit can enter business easily. This may lead to the higher business competition in the future which may affect the growth of credit portfolio and performance of the Company.

However, the hire purchase loan for used truck business is the business that needs knowledge and specialization of used truck inspection. The Company estimates that the chance of new players to enter the market and create severe competitiveness is not high. With the experienced team in hire purchase loan for used truck business for over 25 years and the network of branches and partners all over the regions throughout the country, the Company is confident in its competitiveness against both old and new operators.

1.3 Risk from depending on personnel with experience and expertise in used truck hire purchase business.

Providing hire purchase loan for used truck service, the Company needs personnel who have experience, knowledge, and expertise in various aspects, such as marketing officers who have good relationship with used truck tent operators and agents who recruit quality customers, credit and collateral price appraisal analysts who have expertise in business to appraise quality and price of collaterals which mostly are more than 6 years old trucks with depreciation according to usage and have understanding in the main customer group who are transportation operators in various business sectors in order to be able to assess the quality of debtor correctly and concisely. Thus, the Company has risks from relying on the knowledge, expertise and experience of executives and key working team in managing business. If such personnel are absent, the Company's business operation can be affected in the short term which can cause a mistake in credit consideration or appraisal of collateral value and debtor quality, resulting in the negative impact on the Company's financial status and performance.

However, the Company has set the clear target to motivate its executives and employees to continuously work with the Company in the long term. The executive team and key personnel in various departments have been working with the Company since the beginning of business. The Company also has a policy to transfer knowledge and experience through training courses for employees of all levels to build the working team with high potential to support the Company's efficient operations.

1.4 Risk from collateral collection

Since the assets used as collaterals in loan application of the Company are trucks used in business operation which are movable assets at any time, the Company has a risk of losing track of collateral collection when debtor makes defaulted payment. The Company will then lose principal and interest that debtor does not repay at once which shall affect the Company's financial status and business performance. To reduce such risk, the Company has a policy to approve loans only for customers with domicile and residential address and their collaterals must be registered within the branch area so that the branch officers can check customer's information, source of income, and assess the ability to repay debt efficiently. Moreover, the Company has a policy of debt collection which is efficient and in accordance with legal requirement, such as sending a message to remind customers of the installment payment before the due date, calling and sending reminder letters when the installment is 5 days up overdue. The collateral survey and tracking will be started as soon as the debtor does not pay 1 or more installments to reduce the risk that debtor will take collateral out of the area before the agreement is cancelled. In addition, the Company has a network all over the country to help the efficiency of collateral collection. The Company also hires outsourcing collection team to track the collaterals at the places where customers provide transportation service, such as factory, residence, etc.

1.5 Risk from selling foreclosed assets

Since the Company's collaterals are used-for-work trucks that have specific usage in relevant industries, the Company may have risk in the delayed disposal of foreclosed assets or may not be able to sell such assets at the specified price or not worth the remaining debt, which shall give negative impact on the Company's financial status and business performance.

To reduce such risk, the Company has revised the policy of foreclosed assets management by focusing on the fast and efficient disposal of assets to reduce the impact from decreasing selling price. The Company shall communicate the detailed information of confiscated trucks, such as truck photos and offering prices, to the target group, that is, used truck tent operators who are business partners of

the Company and have introduced hire purchase loan customers to the Company. The confiscated truck information will also be publicized on the Company's website as another sales channel. All confiscated trucks shall be gathered in the parking lot located on Pholdamri road, Kampangsan district, Nakorn Pathom province, which is the main road that transportation operators use as a transport route, to increase the opportunities to reach target group who are interested in buying used trucks. Moreover, the Company defined the policy to approve used truck hire purchase loans only for the trucks that are popular in the market and easy to trade. The credit limit mostly approved is approximately 70-85% of the collateral's appraisal price. In the case that the truck selling price is lower than the debt, according to the hire purchase agreement, the Company can claim the remaining difference from debtor. Thus, the chance that the Company will get significant loss from the disposal of foreclosed assets is slim.

1.6 Risk from significant documents loss or damage from fire

In conducting business of hire purchase loan for used truck service, legal agreement, and original truck registration book, which are documents of rights showing ownership of collateral's owner, are the important documents for operation and litigation when customer does not comply with the agreement. If such documents are lost or damaged from fire, there may be a negative impact on business process and performance of the Company.

To reduce such risk, the Company assigned the branch manager to be responsible for the original agreement and truck registration book and to make electronics copy of every single document in the central system which backs up data everyday in another place to prevent the loss. Moreover, the Company requires the internal audit department to audit the completeness of the agreement and registration book at each branch every year. The branch manager is also required to summarize the audit result of registration book and agreement of new hire purchase loan each month for the credit operations manager every month. Furthermore, the document storage room (Hong Mun Kong) has the strong access control and fire insurance. The Company has never received any problems or complaints for the book or document loss.

1.7 Risk from fraud of branch officer in credit consideration

Since a branch officer is the one who gathers the information of customer and guarantor and assesses collateral's condition to consider the credit limit and interest rate of each customer, in the case that customer and branch officer have personal relationship or branch officer has relationship with used truck tent operator, that branch officer may assess the quality of customer or collateral incorrectly which impacts the credit consideration to be inconsistent with the ability to pay debt of customer. This shall lead to the non-performing loan which affects the Company's operation performance and financial status.

Realizing such risk, the Company requires branch officers to send all documents of credit approval, including documents of quality assessment on debtor and collateral, to the authorized persons of each credit limit or condition which can be a form of group, such as the Area Credit Consideration Board, Assistant Managing Directors, the Credit Committee, the Executive Committee, or the Board of Directors, respectively. In addition, before doing hire purchase contract, the credit operations department from head office will review the information and all supporting documents for credit consideration again, including the review of supporting documents for creating a Credit Scoring model and the review of collateral appraisal price, etc. Moreover, the Company will pay commission to branch officers when debtor has paid at least 3 installments on time to ensure that branch officers perform their duties in assessing quality of customers and collaterals according to the policy.

2. Legal and regulatory risks

2.1 Risk from being sued by customer from debt collection

The Company has a risk from being sued by debtor when the debt collection causes a dispute with debtor who is being tracked; for example, the debt collection that does not comply with the Debt Collection Act, the notification of the Debt Collection Supervisory Board on the number of contacts for debt collection, or other relevant notifications. In this regard, the Company is aware that such risk could occur when customer files a complaint or sues the Company for not complying with the Debt Collection Act which will cause a negative impact to the Company's reputation and competency for customer base retention and expansion.

Nevertheless, the Company enjoins branch officers and debt collection officers to strictly comply with the law relating to debt collection. The Company emphasizes the regular communication for correct understanding with customer and the assessment of ability to repay debt to reduce the chance of fraud payment which is the main cause of litigation. Moreover, for the case of outstanding payment, the Company has defined the guideline for debt collection to be fair and to comply with regulations of relevant notifications to reduce the risk of future litigation. In the past, the Company has never had any dispute of debt collection litigation.

2.2 Risk from government agencies' taking control of used truck hire purchase business

At present, the Company's hire purchase loan for used truck business is not under control of any government agencies, including the Office of the Consumer Protection Board (OCPB) which defined the standard format of hire purchase agreement and the fine and fee charge.

The Announcement of the Committee on Contracts Re: Let the car and motorcycle hire purchase business be a contract control business B.E. 2561 (2018) set the definition of Car, meaning a passenger car or personal truck for personal use only, without being used for transportation for their own trade or business or to pay. The Company business, however, provides services of hire purchase for used truck with commercial purpose, such as trade transportation or transportation for customer's business. Moreover, the Company's business conduct is not under supervision of the Bank of Thailand and is not under the Civil and Commercial Code, Section 654, which set the maximum interest rate for borrowing under a loan agreement not to exceed 15% per year. Since the business of the Company is to provide service of hire purchase loan, not personal loan, the Company's current business of used truck hire purchase loan service is not controlled by personal loan's regulations on content of contract and interest rate ceiling setting in any way.

Nevertheless, if, in the future, government agencies come to supervise the hire purchase loan for used truck service to manage all operators in the same standard, the Company may get such effect on business operation and lead to an effect on company performance.

The Company was aware of such risk and, thus, assigned the legal department to closely monitor the changes in requirements, law, various regulations relating to the Company's business operation. Moreover, the Company has entered the membership of the Thai Hire Purchase Business Association which helps the Company keep updated with the changes in rules and regulations quickly and provides opportunity to exchange knowledge and information with other operators to be aware of the trend and ready for it to reduce the impact of such changes.

3. Financial risk

3.1 Risk from depending on funding from financial institution

At present, the Company does not depend much on the funding from financial institution. However, in the future, when the hire purchase loan business grows, the Company may have to find more funding from financial institution. The dependence on financial institution's funding in a higher proportion will give the Company's burden to repay principal and interest on the required term of payment, to comply with the conditions and requirements of financial institution, to maintain the ratio of loans from financial institutions to loan receivables and to maintain the non-performing loans ratio. If the Company's performance is significantly affected by negative factors, the Company may have risk of not able to repay debt or not able to comply with the conditions required by financial institution. As a result, the Company may be called for the repayment of partial or whole amount of the loan at once, which will have effect on its liquidity and business competency especially the expansion of hire purchase receivable portfolio. Nevertheless, the Company has had good business performance, good repayment record, and has never been called for early repayment of loans by the banks. The Company gives importance to the principal and interest repayment to financial institution and has concise financial management plan. Moreover, the Company regularly monitors the credit approval plan and the receiving of installment payment from customer every month, to be assured that the Company have enough cash flow to repay the loan and to be able to comply with the conditions of financial institutions. In addition, the Company has monitored and controlled its operation and financial position every quarter to ensure that the financial ratios are maintained as required by financial institutions. So far, the financial ratios of the Company have met the requirement of financial institutions. In this regard, after being listed in the Stock Exchange of Thailand, the Company took some amount of funding to repay the loans from financial institutions and some to grant loans and open new branches to expand the Company's credit portfolio.

3.2 Liquidity risk

The terms of payment of most hire purchase contracts are 4-5 years while most loans have 1-3 years terms of payment, resulting in the Maturity Mismatch, that is, the amount and period that the Company is required to repay for its loan may not match with the amount and period expected to receive installments. This maturity mismatch can cause the risk if the Company cannot find source of funds to repay its loans in time, which will result in the default payment and affect the Company's liquidity, financial status, and business performance.

In this regard, the Company has never been called for early repayment of loan, have no default repayment and have been able to renew the loan contract continuously. Thus, the Company can be considered to have sufficient liquidity. Moreover, the management has prepared the cash flow estimate to assess its liquidity and the plan to find source of funds to support and be consistent with the loan repayment and to provide efficient liquidity management to ensure the continuous growth of the Company's credit business.

4. Risk from the effect of COVID-19 pandemic situation

The COVID-19 pandemic in Thailand since March 2020 had impact on the economy of Thailand in almost every industry, including the Company's business. The Company has assessed the potential risks and defined the guideline of risk prevention as follows:

Risk of debtor quality

Since the primary target customer group of the Company is the group of transportation operators in various industries which were directly impacted from the policy of a night curfew, effective during April - June 2020. Most of Company's customers could not take the trucks out for business operations. The uncertainty of the measures relating to COVID-19 pandemic prevention also forced customers to reserve cash for any unexpected expenses if the pandemic situation was prolonged. The results of such factors included the potential decrease of loan quality according to the ability to repay debt of debtors affected by COVID-19. The Company would face the risk of debtor quality and would have to increase reserves for doubtful accounts for a chance of the second pandemic. However, the situation of virus pandemic control in the country tended to be better. The government has eased the measures to normalize the situation as much as possible.

In this regard, the Company was aware of such risk and has added the more concise system of credit consideration and debt collection, such as the more frequent contacts with tent partners or receivables. Moreover, the operational departments, including marketing department, credit analysis department, branch department, and internal audit department, shall also work with the management in surveillance and response to problems in approving credit and monitoring status of receivables of each branch, such as outsourcing debt collection companies or outsourcing truck confiscation companies which have efficient working system, expertise, and outstanding profile in debt collection. The frequency of contact with partners and receivables is increased to reduce the problems of future non-performing loans.

As for supporting measures in other aspects, the Company will publicize more about its liquidity enhancing loan and refinancing loan services to support customer's liquidity problem. Such loan services will be offered only to customers with good repayment record according to the Company's policy to help enhance their liquidity during the crisis period. Moreover, the Company has conducted the moratorium for some receivables directly affected by COVID-19 to help them and to prevent the impact on the Company's liquidity in the future. Most receivables are from transportation industries.

Liquidity risk of the Company

As the loan provider, the Company may face the problem of liquidity management which is a result of the default payment of receivables. The Company has assessed the liquidity management by considering the payment received forecast and regularly adjusting the forecast. The estimate of approved loans and expenses from the internal operations is done on a daily, monthly, and yearly basis. If the company liquidity is not sufficient to pay for the loans or to use in cash flow, the Company still has another source of funds from shareholders and business partners. The Company also received the Soft Loan approval of 200 million Baht according to the policy of the Government and Bank of Thailand to support liquidity of Non-Bank business entrepreneurs who support individual debtors affected from COVID-19 situation.

Risk of working system and financial reporting preparation

The Company has practiced the Business Continuity Plan since April 2020. A part of employees in each department took turn to work from home. The information technology department prepared sufficient equipments to mainly support the accounting and finance department in account closing. Such BCP practice found that employees were able to work from home with the help and support from the information technology officers during daytime to ensure the normal operations.

R

Research and Development

Developing the information technology system to enable customers to contact the Company via the Company's website where customers can find the preliminary important information of the loan application, such as fees and service charges in loan application, and other public relation information of the Company.

In the process of system development to use Mobile Application for credit services to help employees in collecting data integrity and improving credit analysis accuracy, expected to be complete and effective by the first year of 2021 onward.

1. Main assets

As of 31 December 2020, the main assets for the Company's business operation consisted of hire purchase contracts, land, buildings and equipments, and foreclosed assets. The net accounting value after deducting accumulated depreciation and allowance for impairment as stated in financial statement was 2,521.8 million Baht with the following detail:

List	Ownership	Obligation	Net accounting value (mil. Baht)
1. Hire purchase receivables	Company	Some were collaterals for loans.	2,441.1
2. Land, buildings and equipments	Company	Some were mortgaged with financial institutions.	70.9
3. Foreclosed assets	Company	None	6.7
Total			2,521.7

1.1 Hire purchase receivables and allowance for doubtful accounts

Hire purchase receivables was shown as the value of hire purchase contracts deducted by deferred interest on hire purchase contracts, which was the net value from fee income, commission, and direct expenses occurred from the beginning of hire purchase activity.

Hire purchase receivables classified by the outstanding period of loans:

Hire purchase receivables	31 st December 2019		31 st December 2020 ^{/1}	
	Mil. Baht	%	Mil. Baht	%
Not due yet	1,221.0	59.9	1,553.3	61.1
Not more than 30 days outstanding	358.3	17.6	439.3	17.3
31-90 days outstanding	366.2	18.0	452.2	17.8
91-180 days outstanding	24.1	1.2	40.0	1.6
181- 365 days outstanding	17.8	0.9	39.0	1.5
More than 365 days outstanding	49.1	2.4	18.0	0.7
Total	2,036.6	100.0	2,542.0	100.0
Deducted by Allowance for doubtful accounts	(112.0)		(97.9)	
Hire purchase receivables - net	1,924.6		2,444.1	

^{/1} Information of receivable classification by the Company's management.

Policy of reserved allowance for doubtful accounts

In 2019, the Company had a policy to set up an allowance for doubtful accounts for hire purchase receivables based on the outstanding period of outstanding receivables, considering the current position of outstanding receivables. As for receivables with not more than 6 months outstanding, the Company shall consider setting the allowance for doubtful accounts from the principal balance after deducting collaterals of which calculation referred to the estimated prices after discount according to the Company's criteria or approximately 69% of outstanding receivables value. As for more than 6 months outstanding receivables, the Company shall set the allowance for doubtful accounts without collateral value deduction.

Outstanding period	Collateral value	Percentage of allowance for doubtful accounts
Normal and not more than 1-month outstanding receivables	Assessed price after Company's discount	1
Receivables with 1-3 months outstanding		2
Receivables with 3-6 months outstanding		20
Receivables with 6-12 months outstanding	Equal to 0	50
Receivables with more than 12 months outstanding	Equal to 0	100

Note : Allowance for doubtful accounts = Percentage of allowance for doubtful accounts x (Outstanding receivables under contracts - Unearned interest - Collateral value calculated by the above rates)

Nevertheless, from 1 January 2020 onwards, the Company has classified its receivables according to the classification standard and the reserve setting by new criteria according to the TFRS9 principles. The Company's hire purchase receivables were reclassified into 3 levels as follows:

- Level 1 - Receivables that do not have significant increase in credit risks, such as receivables without outstanding debt or with not more than 30 days outstanding according to the old criteria. The value of allowance for credit loss shall be measured by the expected credit loss in the next 12 months.
- Level 2 - Receivables which have significant increase in credit risks, such as receivables with 31-90 days outstanding according to the old criteria. The allowance for credit loss shall be measured by the Lifetime Expected Credit Loss.
- Level 3 - Receivables with credit impairment or, if considered by old criteria, receivables with more than 90 days outstanding and debtors under the process of prosecution and have not yet been written off from accounting. The allowance for credit loss shall be measured by the Lifetime Expected Credit Loss.

In consideration of allowance for impairment according to TFRS9 principles, the Company will set the allowance for the Expected Credit Loss (ECL), which is calculated by referring to the current value of total expected loss cash flow which is estimated by referring to information and experience in the past of the loss of receivable group considered to have the same characteristics of credit risk and will consider the risk from the Macroeconomic Assumption factor. (Please see further details Discussion and analysis of financial status and operating results.)

Write-off Policy

The Company defined the direction to consider to write-off bad debts on taxes in accordance with the Ministerial Regulation No. 186 (B.E. 2534) issued under the Revenue Code on the disposal of bad debts from accounts receivables in the following cases:

- In the case that the debt value is not over 100,000 Baht, the Company has tracked and/or sent letter of cancellation to debtor. If the Company does not get any contact back from debtor, the Company can consider to write-off the bad debt.
- In the case that the debt value is in between 100,000 - 500,000 Baht, in addition to tracking debtor as in the above case, the Company must prosecute debtor in a civil case. When the civil court has issued an order to accept the complaint or the court has issued an order to accept the debt average request, the Company can write off such debt as a bad debt.
- In the case that the debt value is 500,000 Baht and over, the Company has processed on debt collection and has prosecuted debtors in a civil case or has submitted a debt average request if debtor has been sued by other creditors in a civil case and the court has issued a decree or order but debtor does not have any asset to repay debts or has prosecuted debtor in a bankruptcy case or has submitted an application for debt repayment if debtor has been sued by other creditors in a bankruptcy case and has composition with debtor with the court's order

agreeing with such composition or debtor has been sentenced to bankruptcy and debtor's first assets have been divided.

If the case that debtor falls into any of the cases mentioned above, the Company can take the remaining debt value of debtor as deduction for tax expenses.

As for the accounting write-off policy, the Company can consider the accounting write-off if the debtor falls into any of following cases:

1. In case there is a loss from payment under judgment or payment under the compromise agreement whereas the court had a consent judgment and debtor has paid under such judgment.
2. In case debtor is a legal debtor who has processed to the end of the case and there is a difference in receiving payment under the judgment.
3. In case the debt collection has been processed to the end but cannot reach debtor, the management shall propose to the authorized person as per authority table for write-off bad debt consideration. The supportive evidence for such consideration includes evident documents of debt collection showing the continuous tracking and collecting actions, etc.

1.2 Foreclosed Assets

The foreclosed assets are assets confiscated from debtors according to hire purchase contracts, showing the costing prices deducting allowance for impairment. The foreclosed assets as of 31 December 2019 and 31 December 2020 classified by type and age since the effective date of Company's ownership are as follows:

Foreclosed assets	As of 31 st Dec. 2019		As of 31 st Dec. 2020	
	Mil. Baht	%	Mil. Baht	%
6-wheel truck	1.5	37.6	0.7	10.4
10-wheel or 12-wheel trucks	2.2	55.4	5.9	88.1
Trailer or semi-trailer	0.2	7.0	0.1	1.5
Foreclosed assets - net	3.9	100.0	6.7	100.0

The Company revised the strategy in foreclosed asset management by selling assets fast. As a result, the foreclosed asset balance as of 31 December 2020 was 6.7 million Baht. Most of them were 10-wheel trucks or 12-wheel trucks with less than 1 month age. (Further detail of foreclosed assets were shown in section 2.4.16 Discussion and analysis of financial status and operating results.)

Age of foreclosed assets (from the collateral confiscation date)	As of 31 st Dec. 2019		As of 31 st Dec. 2020	
	Mil. Baht	%	Mil. Baht	%
Less than 1 month	3.9	100.0	6.0	89.6
1-3 month	-	-	0.7	10.4
Foreclosed assets	3.9	100.0	6.7	100.0

From Quarter 2 of 2019 onwards, the Company has changed the method for recording the cost of property foreclosed from the outstanding debt under hire purchase agreements to the fair value based on truck's assessed prices. On the date of confiscation, the company will assess the fair value of such assets compared to the outstanding debt value. If the fair value is lower than the outstanding debt value, the Company will recognize the difference as a bad debt in the income statement at once. At the end of every period, the Company will test for impairment of foreclosed assets. If it is found that the expected value is lower than the accounting value, the Company will recognize the difference as the loss on impairment of foreclosed assets in each period of income statement.

1.3 Land, buildings and equipments

As of 31 December 2020, the Company owned the land, buildings and equipments as follows:

Asset type	Ownership	Net value (Mil. Baht)	Obligation
Land	Company owned	35.6	Mortgaged to financial institutions
Building and renovation	Company owned	14.3	Mortgaged to financial institutions
Decoration and office supplies	Company owned	3.2	None
Computer	Company owned	16.1	None
Vehicles	Company owned	1.6	None
Total		70.9	

2. Intangible assets

As of 31 December 2020, the Company's intangible assets' net accounting value was 5.2 million Baht as follows:



Asset type	Ownership	Value (Mil. Baht)	Obligation
Finished program	Company	5.2	None
On process program	Company	-	None
Total		5.2	

3. Trademark

As of 31 December 2020, the Company had one trademark as follows:

Trademark / service	Registration date	Item	Protection period
	10 April 2012	Hire purchase vehicle service	10 April 2012 - 10 April 2022

As of 31 December 2020, the Company was in the process of applying for trademark/service registration of 2 items as follows :

Trademark / service	Date of registration submission	Item	Status
	18 Nov. 2019	For rent and leasing vehicles	In the process of consideration of the Appeal committee trademark as of 30 December 2020
	18 Nov. 2019	For rent and leasing vehicles	In the process of consideration of the Appeal committee trademark as of 30 December 2020

4. Investment Policy

At present, the Company does not invest in any subsidiary or associate company. However, the Company has defined the investment and corporate governance policy of its subsidiary and associate companies as follows:

Investment and control policy for subsidiary and associate companies

The Company has a policy to invest in subsidiary and associate companies that are consistent with the Company in terms of goal, vision, and strategic growth plan, which will contribute to the Company's better performance or higher profits. The Company also has a policy to invest in the business that contribute benefits to the Company to increase its competency and to achieve the goal of being the leader in the Company's main business. In this regard, the Company may consider investing in other businesses further should they have potential of growth and business expansion and are beneficial to the Company's business by generating good return of investment. In consideration of investment, the Company shall do analysis on investment possibility and consider potentiality and risk factors of investment with the appropriate investment analysis process which shall be agreed and/or approved by the Board of Directors' meeting and/or shareholders' meeting. In this regard, the investment approval of such subsidiary and/or associate company must be in accordance with the announcement of the Securities and Exchange Commission and related announcement of the Securities Exchange of Thailand.

The Corporate Governance Policy for subsidiary and associate companies

The Company defined the corporate governance policy for its subsidiary and associate companies (if any) with the objectives to define, both direct and indirect, measures and mechanisms for the Company to govern and manage business of subsidiary and associate companies, supervise subsidiary and associate companies to implement measures and mechanisms according to the Company's policy and relevant laws, in order to protect the interests of the company investment in such subsidiary and associate companies, with the following actions:

- The Company shall send a representative to be a director in its subsidiary and/or associate companies based on its shareholding in each company to govern the subsidiary and/or associate companies' operations in compliance with the Company's policy and laws. Nevertheless, sending a representative to be a director in the subsidiary and/or associate companies needs to be considered and approved by the Board of Directors, taking into consideration the appropriateness of each company.
- If the entering to any transaction or operation of subsidiary company is deemed as or is an acquisition or disposal of assets according to the Notification of Acquisition and Disposal of Assets or a connected transaction according to the Notification of Connected Transactions, which result in the Company's duty to request for approval from the Board of Directors' meeting and/or from shareholders' meeting or from the related legal agencies before entering the transaction, the subsidiary company will be able to enter such transaction only after it has been approved by the Board of Directors' meeting and/or shareholders' meeting and/or related legal agencies (as the case may be.)

Moreover, if the entering to transaction or the occurrence of some situations of the subsidiary company requires the Company's duty to disclose information to the Securities Exchange of Thailand, the representative director of such subsidiary company has duty to inform the Company's management as soon as he is aware of the Company's plan to enter such transaction or situation.

- The committee and executives of each subsidiary and/or associate company shall have scope of authority, significant duty, and responsibility according to relevant laws, such as the disclosure of information about financial position and operation performance, to the Company, according to the enforcement of the notification of the Securities and Exchange Commission and the notification of the Board of Governors of the Stock Exchange of Thailand, relatively. They shall disclose and submit the information of personal interest and related persons' interest to the Board of Directors to acknowledge their relationship and a transaction with the Company, subsidiary and/or associate company, in the aspects that may lead to the conflict of interests. They shall also avoid any transaction that may lead to the conflict of interests.

- The Company shall set plans and operations as necessary to ensure that the subsidiary and/or associate company shall disclose information about operation performance and financial position. The Company shall take actions as necessary and follow up with the subsidiary and/or associate company to ensure their implementation of information disclosure system and internal control system as to be sufficient and appropriate for business conduct.

5. Summary of significant content of agreement relating to operation

1) Loan agreement

As of 31 December 2020, the Company has entered the agreement of loan application with 3 financial institutions and with individuals who may have conflict of interests as following details:

1 Financial Institution

Borrower	Company
Credit type	Short-term loan
Credit limit	350 million Baht
Interest rate	MLR - 1.0% per year
Debt burden as of 31 Dec. 2020	240 million Baht
Collaterals and surety	<ul style="list-style-type: none"> - Mortgage the land and buildings owned by Company as collaterals. - Company fixed deposits as collaterals. - Claims under hire purchase agreement as non-specific debtor of rights
Other conditions	<ul style="list-style-type: none"> - Maintain debt to equity ratio at not over 2.0. - When the loans from financial institutions is higher than 70% of total receivables, the Company needs to reduce debt burden at once. - Set NPL ratio not higher than 7.5% during June 2020 - May 2021. - After that, set NPL ratio not higher than 5%.

Borrower	Company
Credit type	Long-term loan
Credit limit	100 million Baht
Interest rate	Fixed deposit interest rates used as collateral +0.75% per year
Agreement period	3 years
Debt burden as of 31 Dec. 2020	49.9 million Baht
Collateral and surety	- Fixed deposit of 1 shareholders as full amount collaterals
Repayment condition	Monthly installment of 2.9 million Baht/ month
Other conditions	-

2 Financial Institution

Borrower	Company
Credit type	Bank overdraft loan
Credit limit	10 million Baht
Interest rate	MOR
Debt burden as of 31 Dec. 2020	None

Borrower	Company
Credit type	Short-term loan
Credit limit	340 million Baht
Interest rate	MLR - 0.5% per year
Debt burden as of 31 Dec. 2020	15.2 million Baht

Within the budget that the Company received from the second financial institution, here are conditions and criteria:

Collaterals	<ul style="list-style-type: none"> - Mortgage the land and buildings owned by Company as collaterals. - Company fixed deposits as collaterals. - Claims under hire purchase agreement as non-specific debtor of rights.
Other conditions	<ul style="list-style-type: none"> - Maintain debt to equity ratio at not higher than 2.5. - Require the ratio of total current credit limit from financial institutions to the principal loans and interests under the hire purchase contract to be not higher than 40%. - Require the ratio of total current credit limit from financial institutions to the principal loans of not more than 3 installments outstanding to be not higher than 60%. - Require the ratio of NPL including confiscated truck every quarter end to be not higher than 7.5% for Q2/2019 to Q1/2021 and not higher than 5.0% from Q2/2021 onwards.

3 Financial Institution

Borrower	Company
Credit type	Long-term loan
Credit limit	200 million Baht
Interest rate	Fixed rate of 2.0% per year
Debt burden as of 31 Dec. 2020	183 million Baht
Collaterals and surety	<ul style="list-style-type: none"> - Claims under hire purchase agreement as non-specific debtor of rights. - Guarantee by using credit limit of major shareholders, directors, and executives.
Other conditions	<ul style="list-style-type: none"> - Maintain debt to equity ratio at not over 10:1. - Set NPL ratio not higher than 5%. - Maintain major shareholders ratio at not lower than 50% of total shares.

2) Lease

Since 1 January 2020, the Company has applied the Thai Financial Reporting Standard No. 16 Re: Lease (TFRS 16) to replace the Accounting Standard No. 17 Re: Lease. The TFRS 16 requires the Company, as a tenant, to recognize assets and liabilities of leases with longer than 12 month leasing period. As a result of such change, the Company has recorded such item as “Rights of use assets” and “Lease liabilities”.

The Company shall recognize the Rights of use assets on the effective date of the lease with the costs deducted by the accumulated depreciation and the loss from accumulated impairment and

adjusted by the debt value measure under new lease contract. As for the Lease liabilities, the Company recognizes lease liabilities with the current value of payment amount under lease contract deducted by the interest rate implicit in the lease or the interest rate of additional loans of the Company after the effective date of the lease. The lease liability will increase by reflecting from the lease liability and will be decreases when reflecting payment under the lease. (Please see further details in Discussion and analysis of financial status and operating results.)

Details of lease classified by type of assets as of 31 December 2020

Type of assets	Details of lease	Lease payment condition	Net rights of use assets	Lease liabilities
Land	Parking spot for confiscated vehicles to be sold and parking spot for employees	Monthly	0.7	0.8
Building	7 branches of business operations	Monthly	2.1	1.9
Equipment	Office supply	Monthly	0.4	0.4
Vehicles	26 vehicles used in operations in each branch and 6 cars for Company's business.		17.1	16.7
Total			20.3	19.8

In 2020, the company plans to develop a mobile application information technology system for collecting customer information. To facilitate branch employees to send information to headquarters as fast as the background check outstanding customer information through the credit bureau databases. Accommodation photo upload Photos of the requested loan collateral in the preparation of modeling the credit (the Credit Scoring the) Includes loans, which will help. Reduce the time to notify the result of credit limit approval Including reducing errors in recording information of branch employees Moreover, the system will improve the efficiency of data collection in electronic format. This allows the company to quickly retrieve the information of the debtor off-site. The company expects to use the investment budget to develop the mobile application system of approximately 10-million-baht, part of which will use the money received from the offering of new ordinary shares this time. The system is expected to be completed by 2020.

In addition, in order to achieve the goals of the companies that want to maintain. The growth rate of the credit portfolio is not less than 30% per year. The company plans to expand its branches during 2021 - 2022, another 4 branches per year, totaling 8 branches in the North, Northeast. Central West And the central east coast Focus in the growth of the industrial sector, high or in areas with operators tents, trucks, many with regard to the location of the branch in the transport core, which can be connected to other counties have. the facility, which will enable the company has branches in the year 2565, a total of 20 stores is expected to be invested in expanding the area of 1 million baht from working capital. Each branch will have employees per branch on average 6-7 people.

However, the said investment plan and branch expansion plan It depends on many factors such as operational readiness. And economic factors etc. Direct and indirect changes of such factors will affect the branch expansion plan. Therefore, the company may adjust the investment plan as appropriate. So that the shareholders of the company get the most return.

L

egal Dispute

As of 31 December 2020 the Company does not have any legal dispute which may affect the Company's assets in excess of 5% shareholders' equity. According to the financial statements for ended 31 December 2020 and there are no other legal disputes that may materially affect the Company's business operations. There are also no other legal disputes that are not arising from the normal business operations of the company.

1. General Information

1.1 Company

Company name	: Micro Leasing Public Company Limited
Registration number	: 0107562000416
Type of business	: Hire purchase financing and other financing services for used trucks
Head Office address	: 863/3 Petchkasem Road, Sanamchan Sub-district, Mueang Nakhon Pathom District, Nakhon Pathom Province 73000
Phone number	: 034 109 200
Fax	: 034 255 577
Homepage	: www.microleasingplc.com
Capital	: 935,000,000 baht (Information as of 31 December 2020)
Paid-up capital	: 935,000,000 baht (Information as of 31 December 2020)

1.2 Subsidiary

-none-

1.3 Joint venture company

-none-

2. Other References

- (1) Securities Registrar : Thailand Securities Depository Company Limited
 Location : The Stock Exchange of Thailand Building 1 Floor Tower B
 No. 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
 Phone : 02 229 2800
 Call Center : 02 009 9999
 Fax : 02 359 1259
 Website : www.set.or.th/tsd

- (2) Auditor : EY Office Company Limited
 Location : Class 33 Building Lake Ratchada No. 193 / 136-137 Ratchadapisek Road.
 Klongtoey, Klongtoey, Bangkok
 Phone : 02 264 9090
 Fax : 02 264 0789-90
 Website : www.ey.com/th

- (3) Internal auditors : PricewaterhouseCoopers ABAS Company Limited
Location : 15 Floor, Bangkok City Tower, 179 / 74-80 South Sathorn Road
Thungmahamek, Sathorn, Bangkok
Phone : 02 344 1000
Fax : 02 286 0600
Website : www.pwc.com/th
- (4) Legal advisor : Bangkok Lawyer Company Limited
Location : 88 Paso Tower, 23 Floor, Silom Road, Suriyawong,
Bangrak, Bangkok 10500
Phone : 02 267 2460
Fax : 02 267 2464
- (5) Financial advisor : Asia Plus Advisory Company Limited
Location : 11 Floor, Sathon City Building, No. 175 South Sathorn Road,
Thungmahamek, Sathorn, Bangkok
Phone : 02 680 4002 - 3
Fax : 02 670 9291
Website : www.asiaplusadvisory.co.th

1. Securities

1) Amount of registered capital and paid-up capital

As of 31 December 2020, The company has a registered capital of 935,000,000 baht As follows common stock amount 935,000,000 shares par value of 1 Baht per share and paid-up capital of 935,000,000 baht.

2) Share transfer restrictions

The company has no restrictions on the transfer of shares. The transfer of shares must not cause the foreign shareholding of more than 49% of the total voting shares of the Company. After the offering of common shares to the public this time. If the transfer of shares of any person makes the foreign shareholding proportion more than 49% of the total voting shares of the company. The company has the right to refuse to register the transfer of such shares.

2. Shareholder

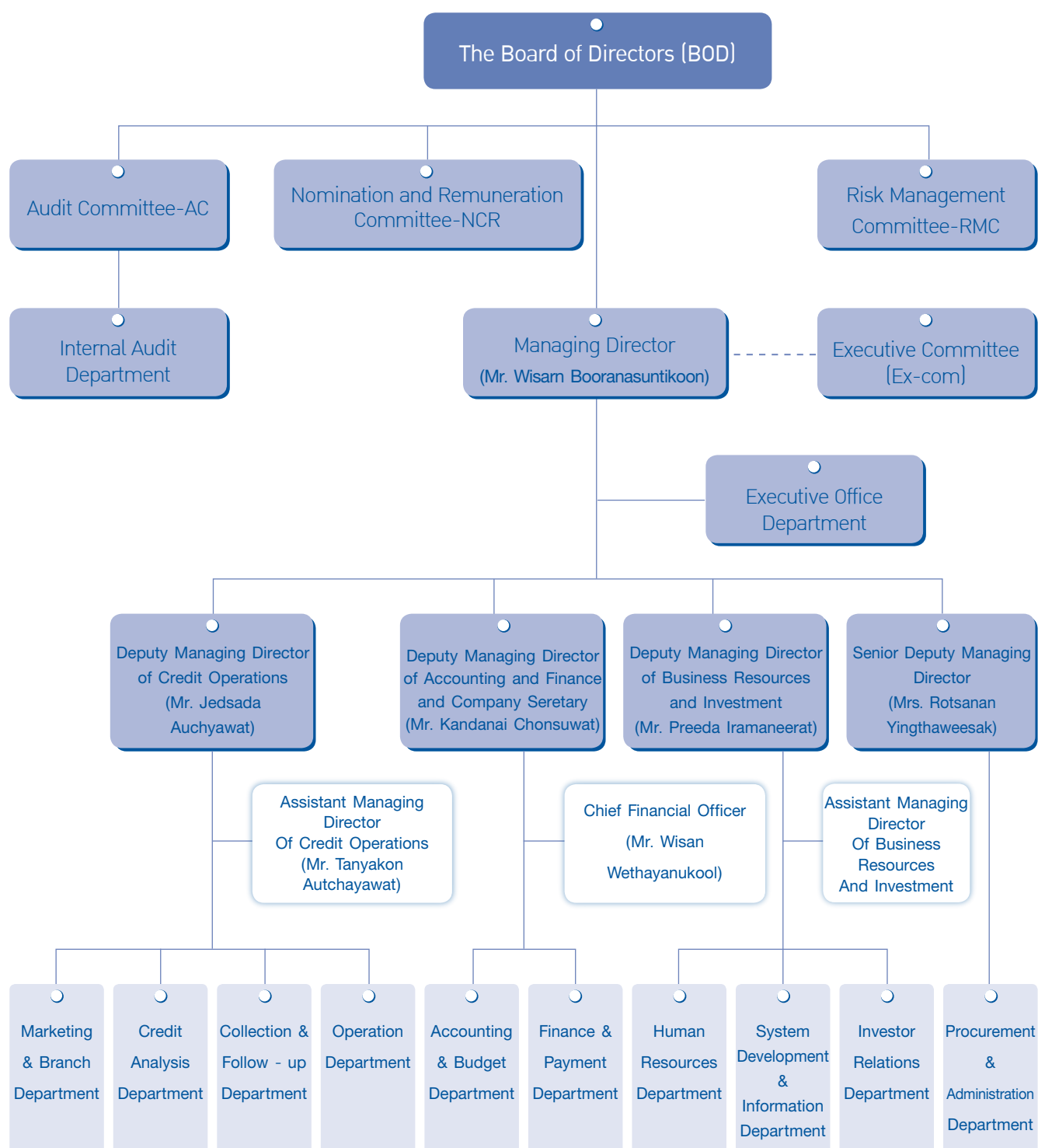
1) Shareholder Structure

Shareholding structure as of 31 December 2020 as follows:

Major Shareholders	Amount	%
1. Mr. Thammasak Auchyawat	214,140,000	22.90
2. Mr. Kitsada Auchyawat	128,750,000	13.77
3. Mr. Jedsada Auchyawat	123,150,000	13.17
4. Mr. Tanyakon Autchayawat	53,150,000	5.68
5. Mr. Sataporn Ngamruengpong	45,993,300	4.92
6. Mr. Keittipong Toemkunanon	30,750,000	3.29
7. Mrs. Thanida Jirothanapas	16,800,000	1.80
8. Mrs. Wanna Auchyawat	16,548,000	1.78
9. Mrs. Rotsanan Yingthaweesak	14,748,000	1.58
10. Mr. Athon Jirothanapas	13,811,700	1.48
11. Other shareholders	277,159,000	29.64
Total	935,000,000	100

3. Dividend Policy

The Company's dividend payment policy is to pay at least 40% of its net profit of the separate financial statements and after deducting corporate income tax and various reserves. However, The subsidiaries will consider paying dividends based on the net profit after the deduction of the corporate income tax each year. However, this will depend on the investment plan and other factors. The annual dividend payment under the above policy must be approved by the Board of Directors and must be presented for approval to the shareholders meeting respectively, except when it is an interim dividend payment, under such policy, it must be approved by the Board of Directors, then the Board of Directors will report to the shareholders at the next shareholders' meeting.



Note : According to the resolution of the Board of Directors Meeting No. 1/2021 held on February 25, 2021 approved the new Management Structure.

1. Board of Directors and Committees

The Company's Management Structure consists of the Board of Directors and 4 Committees, that is, Audit Committee, Executive Committee, Nomination and Remuneration Committee, and Risk Management Committee. The Company's committee structure, including Audit Committee and Independent Directors comply with the requirements of the Notification of the Capital Market Supervisory Board No. Tor Chor. 39/2016 Re: Application for and Permission to Offer for Sale of Newly Issued Shares dated 30th September 2016 (including the amendments) in all respects.

1) Board of Directors

As of 31 December 2020, the Board of Directors consisted of 11 Directors as follows:

Name - Last name	Position
1. Mr. Krit Umpote	Chairman and Independent Director
2. Mr. Wisarn Boornasuntikoon	Director and Managing Director
3. Mr. Thammasak Auchyawat	Director
4. Mrs. Rotsanan Yingthaweesak	Director
5. Mr. Tanyakon Autchayawat	Director
6. Mr. Jedsada Auchyawat	Director
7. Mr. Kitsada Auchyawat	Director
8. Mr. Keittipong Toemkunanon	Director
9. Mr. Chalong Luengprasit	Chairman of Audit Committee and Independent Director
10. Mr. Weidt Nuchjalearn	Audit Director and Independent Director
11. Mr. Pijak Chantaviroj	Audit Director and Independent Director
Mr. Wisan Wethayanukool	Company Secretary

The Board of Directors structure consists of 4 Independent Directors out of all 11 Directors. Mr. Krit Umpote, the Chairman of the Board of Directors, has the Independent Director's qualification which contributes to improve the efficiency and transparency of management. The power of voting of the committees is balanced when considering various agendas in accordance with the corporate governance practices.

Authorized Signatory Directors

The authorized signatory directors of the Company according to the company certificate dated 24 December 2020 are Mr. Wisarn Boornasuntikoon or Mr. Keittipong Toemkunanon in co-signing with Mr. Thammasak Auchyawat or Mrs. Rotsanan Yingthaweesak or Mr. Tanyakon Autchayawat or Mr. Jedsada Auchyawat or Mr. Kitsada Auchyawat, as 2 signatures with the Company seal.

Meeting Attendance of the Board of Directors

The meeting attendance of the Board of Directors in 2019 and 2020 are as follows:

Board of Directors List	No. of attendance / Total meetings	
	2019	2020
1. Mr. Krit Umpote ^{/1}	-	8/8
2. Mr. Sene Daengwang	12/13	1/1
3. Mr. Winit Piyamethang	13/13	11/11
4. Mr. Wisarn Boornasuntikoon ^{/2}	-	-
5. Mr. Thammasak Auchyawat ^{/3}	6/13	11/11
6. Mrs. Rotsanan Yingthaweesak	13/13	11/11
7. Mr. Tanyakon Autchayawat	13/13	11/11
8. Mr. Jedsada Auchyawat	13/13	11/11
9. Mr. Kitsada Auchyawat ^{/4}	6/13	11/11
10. Mr. Keittipong Toemkunanon	13/13	11/11
11. Mr. Chalongs Luengprasit	13/13	11/11
12. Mrs. Nantinee Yurai	11/13	4/4
13. Mr. Weidt Nuchjalearn ^{/5}	-	2/2
14. Mr. Pijak Chantaviroj	13/13	11/11

Note: ^{/1} Mr. Krit Umpote was appointed as the Company Director, replacing Mr. Sene Daengwang, according to the Board of Directors meeting resolution no. 3/2020 on 17th April 2020.

^{/2} Mr. Wisarn Boornasuntikoon was appointed as the Company Director according to the Board of Directors meeting resolution no. 11/2020 on 23rd December 2020, replacing Mr. Winit Piyamethang who submitted his resignation on 23rd December 2020.

^{/3} Mr. Thammasak Auchyawat was appointed as the Company Director according to the Extraordinary General meeting resolution no. 1/2019 on 2nd August 2019.

^{/4} Mr. Kitsada Auchyawat was appointed as the Company Director according to the Extraordinary General meeting resolution no. 1/2019 on 2nd August 2019.

^{/5} Mr. Weidt Nuchjalearn was appointed as the Company Director according to the Board of Directors meeting resolution no. 8/2020 on 16th October 2020, replacing Mrs. Nantinee Yurai who submitted her resignation on 15th October 2020.

2) Audit Committee

As of 31 December 2020, the Audit Committee consisted of 3 Directors as follows:

Name - Last name	Position
1. Mr. Chalongs Luengprasit	Chairman of Audit Committee and Independent Director
2. Mr. Weidt Nuchjalearn	Audit Director and Independent Director
3. Mr. Pijak Chantaviroj	Audit Director and Independent Director
Mr. Thanat Pholwatana	Audit Committee Secretary

The whole Audit Committee has knowledge and experiences in accounting and finance and is qualified to examine the credibility of the Company's financial statement with the following members: Mr. Chalong Luengprasit, holding the position of Chairman of Audit Committee and Independent Director, graduated his Bachelor Degree of Accounting from Siam University and Master Degree of Business Administration from Chulalongkorn University and Mr. Weidt Nuchjalearn graduated Master Degree of Commerce from Faculty of Commerce and Accountancy, Thammasat University.

Meeting Attendance of Audit Committee

Meeting attendance of the Audit Committee is as follows:

Audit Committee list	No. of meeting attendance/Total meetings	
	2019	2020
1. Mr. Chalong Luengprasit	9/9	8/8
2. Mr. Weidt Nuchjalearn ^{/1}	-	3/3
3. Mr. Pijak Chantaviroj	9/9	8/8
4. Mrs. Nantinee Yurai	7/9	4/4

Note : ^{/1} Mr. Weidt Nuchjalearn was appointed as Audit Director according to the Board of Directors meeting resolution no.8/2020 on 16th October 2020, replacing Mrs. Nantinee Yurai who submitted her resignation on 15th October 2020.

3) Executive Committee

As of 31st December 2020, the Executive Committee consisted of 9 Executive Directors as follows:

Name - Last name	Position
1. Mr. Wisarn Booranasuntikoon	Chairman of Executive Committee
2. Mrs. Rotsanan Yingthaweesak	Executive Director
3. Mr. Tanyakon Autchayawat	Executive Director
4. Mr. Jedsada Auchyawat	Executive Director
5. Mr. Kitsada Auchyawat	Executive Director
6. Mr. Preeda Iramaneerat	Executive Director
7. Mr. Kandanai Chonsuwat	Executive Director
8. Mr. Keittipong Toemkunanon	Executive Director
9. Mr. Wisan Wethayanukool	Executive Director

Meeting Attendance of Executive Committee

Meeting Attendance of Executive Committee is as follows:

Executive Committee list	No. of meeting attendance/ Total meetings	
	2019	2020
1. Mr. Wisarn Booranasuntikoon ^{/1}	-	-
2. Mr. Winit Piyamethang	13/13	11/12
3. Mrs. Rotsanan Yingthaweesak	12/13	12/12
4. Mr. Tanyakon Autchayawat	13/13	12/12
5. Mr. Jedsada Auchyawat	13/13	12/12
6. Mr. Kitsada Auchyawat	13/13	12/12
7. Mr. Preeda Airamaneerat	13/13	12/12
8. Mr. Kantdanai Cholsuwat	13/13	12/12
9. Mr. Keittipong Toemkunanon	13/13	12/12
10. Mr. Wisan Wethayanukool	13/13	12/12

Note : ^{/1} Mr. Wisarn Booranasuntikoon was appointed as Chairman of Executive Committee according to the Board of Directors meeting resolution no.11/2020 on 24th December 2020, replacing Mr. Winit Piyamethang who submitted his resignation on 23rd December 2020.

4) Nomination and Remuneration Committee

As of 31 December 2020, the Nomination and Remuneration Committee consisted of 3 Directors as follows:

Name - Last name	Position
1. Mr. Chalong Luengprasit	Chairman of Nomination and Remuneration Committee
2. Mr. Pijak Chantaviroj	Nomination and Remuneration Director
3. Mr. Thammasak Auchyawat	Nomination and Remuneration Director

Meeting attendance of Nomination and Remuneration Committee

Meeting attendance of Nomination and Remuneration Committee is as follows:

Nomination and Remuneration Committee list	No. of meeting attendance/ Total meetings	
	2019	2020
1. Mr. Chalong Luengprasit ^{/1}	2/2	4/4
2. Mr. Pijak Chantaviroj	2/2	4/4
3. Mr. Thammasak Auchyawat ^{/2}	-	4/4
4. Mrs. Nantinee Yurai ^{/3}	2/2	3/3

Note : ^{/1} Mr. Chalong Luengprasit was appointed as Chairman of Nomination and Remuneration Committee according to the Board of Directors meeting resolution no.11/2020 on 23rd December 2020.

^{/2} Mr. Thammasak Auchyawat was appointed as Nomination and Remuneration Director according to the Board of Directors meeting resolution no.11/2020 on 23rd December 2020.

^{/3} Mrs. Nantinee Yurai submitted her resignation of all positions in the Company on 15th October 2020.

5) Risk Management Committee

As of 31st December 2020, the Risk Management Committee consisted of 7 Directors as follows:

Name - Last name	Position
1. Mr. Pijak Chantaviroj	Chairman of Risk Management Committee
2. Mr. Keittipong Toemkunanon	Risk Management Director
3. Mrs. Rotsanan Yingthaweesak	Risk Management Director
4. Mr. Tanyakon Autchayawat	Risk Management Director
5. Mr. Jedsada Auchyawat	Risk Management Director
6. Mr. Kitsada Auchyawat	Risk Management Director
7. Mr. Preeda Iramaneerat	Risk Management Director

Meeting Attendance of Risk Management Committee

Meeting Attendance of Risk Management Committee is as follows:

Risk Management Committee list	No. of meeting attendance/ Total meetings	
	2019	2020
1. Mr. Pijak Chantaviroj ^{/1}	1/2	3/3
2. Mr. Keittipong Toemkunanon	2/2	3/3
3. Mrs. Rotsanan Yingthaweesak	2/2	3/3
4. Mr. Tanyakon Autchayawat	2/2	3/3
5. Mr. Jedsada Auchyawat	2/2	3/3
6. Mr. Kitsada Auchyawat	2/2	3/3
7. Mr. Preeda Iramaneerat	2/2	3/3
8. Mr. Kandanai Chonsuwat	-	-

Note : ^{/1} Mr. Kandanai Chonsuwat was appointed as the Risk Management Committee according to the Board of Directors meeting resolution no. 5/2020 on 17 July 2020.

2. Executives

As of 31st December 2020, the Company had 9 Executives as follows:

Name - Last name	Position
Mr. Wisarn Booranasuntikoon	Managing Director
Mrs. Rotsanan Yingthaweesak	Deputy Managing Director
Mr. Tanyakon Autchayawat	Assistant Managing Director of Marketing and Branches
Mr. Jedsada Auchyawat	Assistant Managing Director of Credit and Human Resources
Mr. Keittipong Toemkunanon	Assistant Managing Director of Investor Relations
Mr. Kitsada Auchyawat	Assistant Managing Director of Debt Collection and Law
Mr. Preeda Iramaneerat	Assistant Managing Director of Information Technology
Mr. Kandanai Chonsuwat	Chief Financial Officer
Mr. Wisan Wethayanukool	Assistant Managing Director and Company Secretary

3. Company Secretary

The Board of Directors meeting no. 5/2019 held on 14th May 2019 had a meeting resolution to appoint Mr. Wisan Wethayanukool as the Company Secretary in compliance with the Requirements in Section 89/15 of the Public Companies Act B.E. 2535 (including the amendments) which stated the roles and responsibilities of the Company Secretary as follows:

- 1) Prepare and keep the following Company documents:
 - 1.1) Director's registration
 - 1.2) Invitation letter for director meetings, minutes of meetings, annual reports
 - 1.3) Invitation letters for shareholders' meetings and minutes of shareholders' meetings
- 2) Keep the reports of conflict of interest reported by directors or executives.
- 3) Conduct Board of Directors meetings and shareholders' meetings.
- 4) Give advice on requirements and regulations to committees or executives as needed.
- 5) Supervise and coordinate to make the Company comply with the law, regulations, requirements, Board of Directors meeting resolutions, shareholders' meeting resolutions, Corporate Governance policy and business ethics.
- 6) Perform other duties as required by the Securities and Exchange Act and the Capital Market Supervisory Board.

The Company Secretary appointed by the Board of Directors was approved by the Board of Directors to have qualification, knowledge and ability to perform this duty. The profile, role and responsibility of the Company Secretary are shown in attached document 1.

4. Remuneration for Directors and Executives

1) Remuneration for Directors

a) Monetary compensation

The 2020 Annual General Meeting of Shareholders held on 20th March 2023 set the policy of remuneration payment to the Board of Directors, Audit Committee, and other Committees in the form of monthly monetary compensation as follows:

Position	Monthly compensation	Allowance per meeting	
		Board of Directors	Committees
Chairman of Board of Directors	60,000	20,000	-
Director (not Independent Director/ not Executive Director)	20,000	10,000	-
Director (Independent Director except Chairman of Board of Directors)	40,000	10,000	-
Chairman of Audit Committee	None	-	30,000
Audit Director	None	-	15,000
Chairman of Nomination and Remuneration Committee	None	-	20,000
Nomination and Remuneration Director	None	-	10,000
Chairman of Risk Management Committee	None	-	20,000
Risk Management Director (except Executive Director)	None	-	10,000

Note : Directors who are the Company's Executive Directors shall not receive compensation as the Directors.

The 2020 compensation paid to Directors as of 31st December 2020 is as follows:

Directors	Monthly compensation	Meeting allowance				Total expenses of 2020
		Executive Director	Audit Director	Nomination and Remuneration Director	Risk Management Director	
Mr. Senee Daengwang	240,000	-	-	-	-	240,000
Mr. Krit Umpote	540,000	160,000	-	-	-	700,000
Mr. Winit Piyamethang	-	-	-	-	-	-
Mr. Wisarn Booranasuntikoon	-	-	-	-	-	-
Mr. Thammasak Auchyawat	240,000	90,000	-	30,000	-	360,000
Mrs. Rotsanan Yingthaweesak	-	-	-	-	-	-
Mr. Tanyakon Autchayawat	-	-	-	-	-	-
Mr. Jedsada Auchyawat	-	-	-	-	-	-
Mr. Kitsada Auchyawat	-	-	-	-	-	-
Mr. Keittipong Toemkunanon	-	-	-	-	-	-
Mr. Chalong Luengprasit	570,000	90,000	150,000	20,000	-	830,000
Mrs. Nantinee Yurai	490,000	50,000	30,000	20,000	-	590,000
Mr. Pijak Chantaviroj	510,000	90,000	75,000	20,000	20,000	715,000
Mr. Weidt Nuchjalearn	80,000	20,000	30,000	-	-	130,000
Total	2,670,000	500,000	285,000	90,000	20,000	3,565,000

Note : Changes during 2020

1. Mr. Krit Umpote was appointed as the Company Director replacing Mr. Senee Daengwang according to the Board of Directors meeting no. 3/2020 held on 17th April 2020.
2. Mr. Wisarn Booranasuntikoon was appointed as the Company Director according to the Board of Directors meeting no.11/2020 held on 23rd December 2020, replacing Mr. Winit Piyamethang who resigned on 23rd December 2020.
3. Mr. Weidt Nuchjalearn was appointed as the Company Director according to the Board of Directors meeting no.8/2020 held on 16th October 2020, replacing Mrs. Nantinee Yurai who resigned on 15th October 2020.
4. Mr. Chalong Luengprasit was appointed as the Chairman of Nomination and Remuneration Committee according to the Board of Directors meeting no.11/2020 held on 23rd December 2020.
5. Mr. Thammasak Auchyawat was appointed as the Nomination and Remuneration Director according to the Board of Directors meeting resolution no.11/2020 held on 23rd December 2020.

The Company paid monetary compensation to Directors in 2019 as following details:

Directors	2019 (Baht)				Total
	Director	Audit Director	Nomination & Remuneration Director	Risk Management Director ^{/1}	
1. Mr. Senee Daengwang	960,000	-	-	-	960,000
2. Mr. Winit Piyamethang	-	-	-	-	-
3. Mr. Thammasak Auchyawat	100,000	-	-	-	100,000
4. Mrs. Rotsanan Yingthaweesak	-	-	-	-	-
5. Mr. Tanyakon Autchayawat	-	-	-	-	-
6. Mr. Jedsada Auchyawat	-	-	-	-	-
7. Mr. Kitsada Auchyawat	-	-	-	-	-
8. Mr. Keittipong Toemkunanon	-	-	-	-	-
9. Mr. Chalong Luengprasit	240,000	480,000	120,000	-	840,000
10. Mrs. Nantinee Yurai	200,000	200,000	300,000	-	700,000
11. Mr. Pijak Chantaviroj	240,000	240,000	120,000	-	600,000
Total	1,740,000	920,000	540,000	-	3,200,000

Note : ^{/1} No compensation was paid for the Risk Management Committee meetings in 2019 since the Risk Management Committee was established according to the Board of Directors meeting resolution no.5/2019 on 13th December 2019, which was after the Extraordinary General Meeting no. 2/2019 on 9th September 2019 of which resolution approved the compensation for Company Directors and other Committees.

b) Other compensation

- None -

2) Compensation for Executives

a) Monetary compensation

The monetary compensation paid to executives was as follows:

Compensation for Executives	2019		2020	
	Number (person)	Compensation (million Baht)	Number (person)	Compensation (million Baht)
Salary and Bonus	9	17.0	10	18.3
Others ^{/1}	9	0.5	10	0.3
Total	9	17.5	10	18.6

Note : ^{/1} Others include travel expenses, provident fund and social security fund contribution.

b) Other compensation

- None -

5. Personnel

1) Number of all employees

As of 31st December 2018 - 2020, the Company's number of employees was as follows:

Department/ Division	Number of employees (person)		
	31 st Dec. 2018	31 st Dec. 2019	31 st Dec. 2020
1. Office of Director	4	4	7
2. Marketing Department	4	9	5
3. Branch Management Department	-	-	8
4. Credit Analysis Department	6	8	8
5. Human Resources Department	4	5	7
6. Accounting and Finance Department	11	19	17
7. Debt Collection Department	15	32	16
8. Credit Operation Department	-	-	14
9. Information Technology Department	5	10	13
10. Investor Relations Department	-	1	1
11. Internal Audit Department	1	2	2
12. Branches	77	83	82
Total	127	173	180

2) Compensation for employees

The Company paid compensations to employees in various forms, including salary, bonus, and other employee benefits, such as cost of living allowance, position allowance, professional allowance, area management allowance, travel allowance, phone allowance, provident fund and social security fund contribution, etc. in accordance with the Company's employment policy. In 2020, the Company paid monetary compensations to employees (excluding executives) as follows:

Compensations for employees (million Baht)	2019	2020
Salary and bonus	43.6	70.6
Others ^{/1}	14.3	5.8
Total	57.9	76.4

Note : ^{/1} Other compensations include cost of living allowance, position allowance, professional allowance, area management allowance, travel allowance, phone allowance, provident fund and social security fund contribution.

3) Provident Fund

Micro Leasing (Public) Company Limited set up a provident fund and appointed Thanachart Fund Management Company Limited to manage the and register the Company in the Thanachart Taweekar Provident Fund. It was registered and effective from 1st January 2019 onwards. The objective was to provide employee welfare and morale to engage employees to the organization and to motivate them for long-term services to the Company. This was in accordance with the requirements of the Stock Exchange of Thailand in giving the rights to executives and employees to contribute to the provident fund. The Company set the rate of contribution payment to the provident fund as follows:

- Provident fund contributed by members can be higher than the company contribution but must not be higher than 14% of wages.
- Provident fund contributed by the Company is 2% of wages.

4) Labor dispute in the previous 3 years

- None -

5) Human Resources Management and Development Policy

The 3-year human resources management plan of Micro Leasing (Public) Company Limited aimed for employees to work professionally, to provide excellent services and to work as a team under the corporate value of Morality, Candidness, Industriousness, Robustness, and Objectivity, and to adjust themselves to the listed company in the Stock Exchange of Thailand in order to support the corporate to achieve its mission.

Micro Leasing (Public) Company Limited set the policy to enhance personnel potential in order to be ready for the changes and challenges in the future with efficiency. The objective was to develop personnel to have skills and competency about truck loans and to commit to the corporate value. The human resources management policy and practices were set as follows:

1. Manpower planning and recruitment

Define the corporate structure, manpower planning, employment pattern, recruitment, selection, appointment, transparent transfer to open opportunities for good, competent, knowledgeable and qualified persons to perform in various positions and improve the corporate potential and enable the organization to work in the New Normal way in accordance with the changing environment, society, economy and technology.

2. Development

Prepare executives and employees of all levels to be equipped with knowledge and necessary skills from basic knowledge to in-depth knowledge of each profession or position, management knowledge, including attitude and behavior complying with key competency, management competency and position competency, by applying various tools and development methods. The development was also encouraged to occur through the knowledge management process and many knowledge exchanging platforms.

3. Training

Emphasize in transforming the attitude and operating methods to support the corporate to go to the international level by combining the Classroom Training, Coaching and Giving Feedback and On-The-Job training together.

4. Sustainability

Work on succession planning, career management, career advancement, management of performance, compensation, welfare and benefits, development of quality of life and working environment to encourage employees to have good morale and motivate them to perform at their full potential and to have satisfaction and engagement to the organization.

5. Management

Cooperate to manage human resources systematically, fairly and transparently by communicating to employees about the channels for receiving information about human resource management, including controlling and supervising employees thoroughly and fairly.

6. Moral and ethical promotion

Encourage employees to be virtuous, to have moral and to strictly comply with the regulations by promoting ethical, moral, and disciplinary activities and setting measures and mechanisms that promotes valid behavior.

7. Corporate Culture and Engagement Promotion

The corporate value “Morality, Candidness, Industriousness, Robustness, and Objectivity” is the key driver to encourage employees to behave in the expected way of the Company. The Company also gives importance to the well-being, good working environment and satisfaction, and strengthening employee engagement with the corporate.

1. Good Corporate Governance Policy

The Company is aware of the significance of the Good Corporate Governance to supervise the Company's operation to be in accordance with its objectives, strategy, policy, plan and defined budget. The Company's performance will be monitored, evaluated, and supervised under the ethical business conduct which is transparent and auditable. The Company respects the rights of and takes responsibilities for shareholders, investors, and stakeholders, taking into account the impact on environment and also always adjusts itself to changes to be competitive in the market and to deliver good long-term performance.

The Board of Directors set up the Good Corporate Governance Policy for the Board of Directors, executives and employees to use as the practice guidelines for the sustainable effect on the Company and overall society. The Board of Directors updates the practice principles at least once a year and discloses the information in the Annual Report and the Annual Registration Statement (Form 56-1). The Board of Directors defines 8 practices that include the significant principles according to the Good Corporate Governance which can be summarized as follows:

Practice 1 : Realize the roles and responsibilities of the Board of Directors as the corporate leader creating value to the business sustainably.

- The Board of Directors sets objectives and goals of the Company, defines strategic operational policy, and manages significant resources to achieve the Company's objectives and goals and follows up, evaluates and supervises the performance reporting.
- The Board of Directors provides the policy for directors, executives and employees reflecting the operational guidelines that bring competency and good long-term performance, encourages the Company to conduct business with ethics, to bring benefits to society, to reduce impact on environment, to have a follow-up on the result and to review the policy regularly.
- The Board of Directors has duty in supervising directors and executives to perform their duties with responsibilities, discretion and honesty to the corporate. The operations shall be supervised to be in accordance with the legal requirements, regulations, and shareholders' meeting resolutions for the best interest of the Company.
- The Board of Directors understands its role and responsibility scope, defines and assigns the duties and responsibilities to Managing Director and the Management clearly, including monitoring the performance of duties of the Managing Director and the Management.
- The Board of Directors sets up the Board Charter as the practices of duties for every director, regularly reviews the Charter at least once a year and regularly reviews the roles and responsibilities of directors and executives to be in accordance with the corporate direction.

Practice 2 : Define objectives and key goals of business for sustainability.

The Board of Directors clearly defines the Company's vision, mission, corporate values, strategy, goals, short-term and long-term plans of each year in the annual business plan and has them reviewed every year so that the Company's personnels shall practice and aim for the goals within the defined timeframe and support the Company's sustainable growth.

Vision : The Company commits to be leader of used trucks finance services in Thailand.

Mission :

- Mission to customers and trade partners is to build confidence in excellent and fast services that create satisfaction to become the favourite of customers and trade partners.
- Mission to employees is to build the quality and competent team to provide excellent services and to work with integrity and professional ethics, and to share benefits with objectivity, for the quality well-being of colleagues.
- Mission to shareholders is to conduct business for stable and sustainable growth with transparency for the highest return.
- Mission to society is to conduct business transparently with the good governance, to grow the corporate, customers, and trade partners together and to cooperate with the government sector in developing the country economy for the stability, wealth and sustainability.

Corporate Values : Integrity Honesty Diligence Commitment Benefits for all

Moreover, the Board of Directors shall govern to ensure the objectives, goals, strategy and annual plans to be in accordance with the Company's objectives and goals achievement, taking into consideration the environmental factors, opportunities and acceptable risks. The innovation and technology shall be applied appropriately and safely. The Board of Directors shall communicate the Company's objectives and goals through the strategy and business plans for the whole organization's acknowledgement.

Practic 3 : Establish and support the effective committees

The Board of Directors defined and reviewed the structure of committees in terms of size, composition, proportion of independent directors as suitable and necessary to achieve the Company's key objectives and goals, which are summarized as follows:

- The Board of Directors composes of qualified directors who can contribute to the Company's business and has at least 1 independent director out of total 3 directors but must not be less than 3 persons. The number and qualification of independent directors shall comply with the requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand ("SET"). The Board shall supervise to ensure that the independent directors can work with all committees efficiently and are able to provide their opinions independently.
- The Company selected an Independent Director to be the Chairman of the Board of Directors.
- The Company has a policy that does not allow the Chairman of the Board of Directors to be the same person as the Managing Director in order to balance the power in operations and shall clearly define the separating roles and duties of each position.
- The details of the Board of Directors' composition, including the qualification of directors, term of office, authority, duties and responsibilities, and performance evaluation are defined in the charter of each committee. The information about the number of directors, number of years in term of office, and the position holding in other listed companies of directors, is disclosed in the Company's Annual Report and web site.
- The Board of Directors appointed the Nomination and Remuneration Committee mostly consisting of independent directors in order to consider the criteria and methods to recruit the qualified directors who can contribute to the effective committee composition. The roles of the Nomination and Remuneration Committee are defined in such committee charter.
- The Board of Directors supervises all directors in taking responsibility for their duties and time management by stating in the charter and informing every director to acknowledge them. This includes the defined appropriate number of listed companies in which each director can hold position and the number of meetings needed to be attended in order to increase the efficiency of their performance.

- Directors are required to attend Board of Directors meetings for at least 75% of total Board of Directors meetings held in a year.
- Each director can hold a position in at most 5 other listed companies, taking into consideration the appropriate positions and the company business.
- Each director should receive necessary training and development continuously according to the courses held by the Institute of the Board of Directors (IOD) or other academic institutions.
- Independent directors can hold the position continuously for not more than 9 years from the date of the first appointment. In the case that any Independent Director shall be appointed to continue holding his position, the Board should reasonably consider the necessity of the case.
- The information about continuous training and development of the Board shall be revealed in the Annual Reports.
- The policy of investment and corporate governance of subsidiary companies, associate companies and joint ventures shall be established.
- Performance evaluation of the Board of Directors, committees and individual director is conducted at least once a year.
- The Board of Directors supports every director to have knowledge and understanding and to develop skills concerning his role and duty, nature of business operation and relevant law.
- The meeting schedule and agenda shall be set in advance so that directors can manage their time to attend.

The Company appoints the Company Secretary to perform duties regarding Board of Directors meetings and shareholders' meetings, to support the Board of Directors' tasks and to coordinate with others to ensure the implementation of the Board of Directors' resolutions. The Company Secretary must have appropriate and necessary knowledge and experiences that can contribute to the Board's work and should receive continuous training and development contributing to perform the duties.

The criteria of performance evaluation of the Board of Directors as a group, individual and Committees are as follows:

1. The performance evaluation of the Board as a group is divided into 6 topics as follows:
 - 1) Structure and qualification of the Board
 - 2) Role, duty and responsibility of the Board
 - 3) Board meetings
 - 4) Director's performance of duty
 - 5) Relationship with Management and
 - 6) Self-development of directors and executives development
2. Performance evaluation of the Board as an individual (self-evaluation) is divided into 3 topics as follows:
 - 1) Structure and qualification of the Board, 2) Board meetings, 3) Role, duty and responsibility of the Board.
3. Performance evaluation of committee as a group is divided into 6 topics as follows: 1) Structure and qualification of committees in defined issues are appropriate and support the efficiency of the committee's performance, 2) Meetings of the committees take action in various issues so that the committees can perform their duties in the meetings efficiently, 3) Roles, duties, and responsibilities of the committees give importance to and provide time to consider and review various issues sufficiently.

The score level counts from 1 - 5 from Strongly disagree or No action taken in that issue to Strongly agree or Excellent action taken on that issue. The result of each performance evaluation form for committee in 2020 is as follows:

Evaluation Form	Average score (Full 5 points)
Performance evaluation form of the Board as a group	4.87
Performance evaluation form of the Board (as individual: self-evaluation)	4.87
Performance evaluation form of the Committee as a group (Audit Committee)	5.00
Performance evaluation form of the Committee (as individual: self-evaluation)	5.00
Performance evaluation form of the Committee as a group (Nomination and Remuneration Committee)	4.98
Performance evaluation form of the Committee (as individual: self-evaluation)	5.00
Performance evaluation form of the Committee as a group (Risk Management Committee)	4.61
Performance evaluation form of the Committee (as individual: self-evaluation)	4.60

Performance Evaluation of Managing Director

The Company requires the conduct of performance evaluation of Managing Director once a year, from January - December each year according to process. The Nomination and Remuneration Committee defines the criteria, considers and evaluates performance by comparing to the Key Performance Indicator: KPI as defined according to the strategy and goals each year, including the management competency. However, the final performance evaluation of Managing Director is deemed confidential and cannot be disclosed.

Practice 4 : Recruiting and developing senior executives and personnel management

- The Board of Directors assigned the Nomination and Remuneration Committee to consider the criteria and methods to select qualified individuals for the Managing Director position. The Board of Directors defined the qualification of the Managing Director, senior executives and their Succession Plan with details according to the Executive recruitment policy for the key position succession.
- The Board of Directors shall supervise the defining of remuneration structure and performance evaluation of senior executives to be appropriately conducted, taking into consideration the sufficiency of duties and responsibilities, the estimated compensation rate in the same industry, the performance of the Company and the performance and competency of each senior executive.
- The Board of Directors shall supervise to ensure that the structure and relationship of shareholders are not the obstacles of the Board's performance of duty. When there is a change of directors or there are new directors coming, they shall be introduced to the business nature and business direction of the Company.
- The Board of Directors shall monitor the management and personnel development to ensure the appropriate number, knowledge, skills, experiences and motivation. Training and knowledge providing shall also be conducted to relevant people in the corporate governance system of the Company, such as directors, audit directors, executives, and company secretary.

In 2020, the Company provided training and support to executives and employees of all levels in the format of Public Training and In-House training conducted by internal and external lecturers in accordance with the people development plan in 2020. The detail of training development is as follows:

Senior Executive Level

6 courses were attended by 6 executives as follows:

Courses	Format	Hours
1. Director Accreditation Program (DAP) class of 618/2020	public	8
2. IC Complex: Derivative	Public	16
3. GeniusX Future Strategy	public	90
4. Key Performance Indicator: KPI	In House	6
5. The Leadership Grid for Thailand 4.0	public	21
6. Personal Data Protection Act 2019	Public	4
Total 6 courses		145

Manager and Staff Level

The Company set up the development and training courses, both internal and external, to open opportunities for branches staff to attend via Video Conference according to the competency framework and provides training and development according the framework defined by law. The Company also provides Knowledge Management (KM) format to assure that employees have knowledge and skills as per Company's goals. The number of attended managers and staff from head office and branches was 148 persons or 75.13% of total employees.

Courses	Number (course)
In-House Training (internal lecturers/ external lecturers)	10
Public Training	12
Knowledge Management (KM)	13
Total	35

Practice 5 : Promote innovation and business conduct with responsibility

The Board of Directors gives importance and support to the innovation development that creates value to business and sustainable growth to the Company together with mutual benefits to the Company, customers, partners or relating parties. Responsibility to society and environment, including the efficient resources allocation and management, are taken into account. The Board of Directors shall promote the innovation creation, ensure that the Management applies such innovation as a part of operational development strategies, and also define business format, way of thinking, working process improvement, information technology management, and risk supervision to enable the Company to achieve its objectives, business strategy and main goals of the Company sustainably. The practice guideline to each stakeholder group is defined as follows:

Shareholders : The Company commits to conduct business to grow sustainably in order to add value to the Company which results in the good return for shareholders.

Employees : The Company shall oversee all employees to get support and competency development for their highest potential in operation. The Company conducts fair employment and reasonable compensation, opens opportunities to hear employees' opinions, and provides welfare and good working environment. Any employment, appointment, transfer and penalty process shall be determined on the fairness basis.

Customers : The Company commits to provide quality, standard, ontime and variety of services, and strictly follow the agreement in responding to the short-term and long-term demand of customers and to create customer confidence and satisfaction with our services.

Trade Partners: The Company shall respect the rights of every trade partner and treat them with equality and fairness. The agreement and agreed conditions shall be followed strictly. The Company also has guidelines for monitoring and evaluating trade partners in order to develop the sustainable business partnership.

Community, society and environment : The Company shall apply knowledge and experiences in business to develop the projects that bring benefits to community physically. The Company shall also manage and supervise to be assured that the Company shall not create or cause any negative impact on the environment.

Competitors : The Company shall conduct business openly and transparently and shall not create any unfair competitive advantage and be corruption free.

Practice 6 : Supervise the risk management system and internal control

- The Board of Directors appoints the Audit Committee to support the Board of Directors in supervising the Company to have the good corporate governance system and to provide honest opinions on financial statement, internal control system, and risk management, in order to effectively achieve the objectives and provide opportunities to Management and auditors to consult for potential risks and to make the financial reporting reliable. The scope of authority, duties and responsibilities of the Audit Committee is stated in the Audit Committee Charter.
- The Board of Directors defines the Risk Management Policy and appointed the Risk Management Committee to supervise risk management of the Company.
- The Board of Directors shall follow up and manage conflict of interest that may occur between the Company and the management, committees or shareholders, including the protection of the improper use of the Company's assets, data and opportunities and transactions with persons connecting with the Company in the improper manner.
- The Company's Anti-Corruption Policy prohibited its directors, committees, executives and employees of the Company from demanding, conducting or accepting the corruptions for the benefits of their own, families, friends, or acquaintances. They must strictly comply with the law, regulations, and requirements relating to the anti-corruption to create reliability to business stakeholders that the Company shall conduct business with integrity, transparency and fairness.
- The Company defined more than one channel for whistleblowers for more convenience. The whistleblowing channels are disclosed in the Company's website or annual reports. The whistleblowing can be made to the Company's Audit Committee. The complaints and whistleblowing information sent to the Company shall be kept confidential. The Audit Committee will order to verify the information and define solutions (if any) and report to the Board of Directors.

Practice 7 : Retain financial credibility and information disclosure

- The Board of Directors gives importance to the financial information disclosure in terms of accuracy, sufficiency, and timeliness. The persons relating to preparing and disclosing the information must have knowledge and competency suitable for the responsibility. There must be enough manpower to conduct the assignment. The Board of Directors shall supervise the information disclosure including Financial Statements, Annual Report Form 56-1 and the Management Discussion and Analysis or MD&A to reflect the financial status and operating result sufficiently.
- The Board of Directors shall monitor the financial liquidity and ability to pay debt of the Company. The management shall report to the Board of Directors regularly. The discussion among the management and the board shall be held to find solutions if there is a sign of liquidity problems.

- If the Company gets financial problems or tend to get them, the Board of Directors shall supervise to ensure that the Company has problem solving solution plans which are reviewed for rationality, taking into account the creditors and all stakeholders' rights.
- The Company assigned Investor Relations officers to communicate with shareholders and other stakeholders with appropriateness, equality and in timeliness. Investor Relations officers shall disclose the Company information, financial information, and general information to shareholders, securities analysts, credit rating companies and relevant government agencies through various channels, such as reporting to the The Securities and Exchange Commission, the Stock Exchange of Thailand and the Company's website, etc.

Investor Relations Activities in 2020

1. One Analyst Meeting, with approximately 20-30 attendants, to inform the quarterly operating performance to analysts, institutional investors, and general investors by senior executives of the Company.
 2. 7 Company Visits of analysts and investors. Most of them were requested by securities companies and domestic and international analysts in order to ask the Company's senior executives for detailed information about the Company to better understand the Company's business operations.
 3. 3 Conference Calls to provide further information to investors and analysts after the information was publicized.
- The Board of Directors shall support the application of Information Technology in information disclosure. The Company sees the importance of the regular information disclosure so that shareholders can get information regularly from the Company's website. Such information shall regularly be updated.

Practice 8 : Support the shareholders' participation and communication

- The Board of Directors shall supervise to ensure that shareholders participate in significant issues by sending the meeting invitation and relevant information to shareholders and publicize them on the Company's website prior to the meeting date for a period as required by law or relevant regulations so that shareholders can have time to study the information in advance of the meeting date. The Company defines the requirement for minor shareholders should they want to propose the additional meeting agenda or the nomination of candidates for director positions.
- The Board of Directors opens opportunities for shareholders to submit questions before the meeting date by setting the requirement for sending questions in advance and publicize the requirement on the Company's website.
- The Board of Directors shall supervise to assure the shareholders' meetings be conducted properly, transparently, efficiently and open for shareholders to exercise their rights and get equal opportunities to independently share their opinions, suggestions or questions relevant to the agendas before voting on any agenda. All relevant directors and executives must attend the meetings to answer the shareholders' questions in the meetings.
- The Board of Directors shall supervise to ensure that the meeting resolutions disclosure and minutes taking of shareholders' meetings are disclosed correctly and completely according to the relevant requirements.

2. Structure of Board of Directors and scope of responsibilities

The Structure of the Company's committees consists of the Board of Directors and 4 committees, that is, (1) Audit Committee, (2) Executive Committee, (3) Nomination and Remuneration Committee, and (4) Risk Management Committee. The scope of authority, duties and responsibilities of each committee is clearly defined as follows:

2.1 The Board of Directors

The Extraordinary General Meeting of Shareholders no. 2/2019 held on 9th September 2019 had a resolution to define the scope of duty and responsibility of the Board of Directors for all company directors to acknowledge their duties and responsibilities and to completely perform their duties as follows:

1. The Board has authority, duties and responsibilities to manage and conduct business of the Company in compliance with the law, objectives and regulations of the Company, and shareholders' meeting resolutions, with integrity and concern for the Company's interests.
2. Manage to set up at least 3 Board of Directors meetings per year.
3. Define objectives, direction, policy, business plan and budget of the Company, including monitoring and supervising the administration and management of the Company and its subsidiaries (if any) to follow the defined policy, operating plan and budget, in accordance with relevant laws, notifications, requirements and regulations of the Capital Market Supervisory Board, the Securities and Exchange Commissions and the Stock Exchange of Thailand, such as the connected transaction, the acquisition or disposition of important assets, as long as not in conflict or inconsistent with other laws.
4. Conduct the Company to have the suitable and efficient accounting system, the credible financial and accounting reporting, and to establish the appropriate and sufficient internal control system and internal audit system.
5. Consider and define the Risk Management Policy for the whole organization and supervise to have the risk management system or process with the supportive measures and controlling methods to properly reduce the impact on the Company's business.
6. Consider and define the management structure, have authority to appoint committees, Managing Director, and other sub committees as deemed appropriate, including defining the scope of their authority and duties.

In this regard, the authorization of such defined duties must not allow committees, Managing Director, and sub-committees to be able to consider and approve any transactions that may have conflicts or gain/loss or conflict of interests with the Company or subsidiaries (if any) unless it is the approval of transaction according to the policy or criteria that were considered and approved by the Board.

7. Prepare the annual report and be responsible for the preparation and disclosure of financial statements to reflect the financial status and operating performance of the previous year and present them to the shareholders' meeting for consideration and approval.
8. The Board may authorize one or many directors or any other person to act on behalf of the Board as long as they are under the Board's control or may authorize such person to have authority as deemed appropriate and within the time frame as deemed appropriate. The Board can cancel, revoke, change or amend such authorization as deemed appropriate.

In this regard, the authorization must not allow such person to be able to consider and approve any transactions that he or any person that may have conflict of interests shall do with the Company or its subsidiaries (if any) as defined in the notifications of the Capital Market Supervisory Board and/ or the Securities Exchange of Thailand and/or any other announcement of related agencies unless it is the approval of transaction according to the policy or criteria that were considered and approved by the Board.

2.2 Audit Committee

Realizing the significance of the Good Corporate Governance, the Board of Directors appointed the Audit Committee to perform as an important tool or mechanism to ensure the Company's business to have the good corporate governance. The Audit Committee can help the Board of Directors in supervising business conduct to be effective and transparent, creating creditability of information disclosure in financial reporting and supervising the internal control system to have the regulatory process that supports the further efficient and effective Company's operations. The Extraordinary General Meeting of Shareholders no. 2/2019 held on 9th September 2019 had a resolution that defined the scope of authority, duties and responsibilities of the Audit Committee as follows:

1. Review the financial reporting of the Company to ensure its accuracy and sufficient information disclosure.
2. Review the Company's internal control system and internal audit system to ensure its appropriateness and effectiveness and review the internal audit's independence, approve the appointment, transfer, and dismissal of the internal audit head or any other agencies responsible for internal audit.
3. Review the management of and compliance with the defined Risk Management Policy.
4. Review the Company's compliance with the Securities and Exchange Law, the Stock Exchange requirements and the laws relating to business of the Company and its subsidiaries (if any.)
5. Consider, select, and nominate an independent individual to perform the duty of the Company's auditor, offer compensation for such individual, and attend the meeting with the auditor without participation of Management at least once a year.
6. Consider connected transactions or transactions with conflict of interests to comply with the law and requirement of the Stock Exchange to be assured that such transactions are reasonable and are in the best interest of the Company.
7. Prepare the Audit Committee report and disclose it in the Company's Annual Report. Such report must be signed by the Chairman of Audit Committee and contains at least the following information:
 - 7.1 Comments on the accuracy, completeness and creditability of the Company's financial report.
 - 7.2 Comments on the sufficiency of the Company's internal control system.
 - 7.3 Comments on the compliance with the Securities and Exchange law, the Stock Exchange requirements and the laws relating to the Company's business.
 - 7.4 Comments on the suitability of auditors.
 - 7.5 Comments on transaction with conflict of interest.
 - 7.6 The number of Audit Committee meetings and meeting attendance of each Audit Director.
 - 7.7 Comments or overall notices that the Audit Committee receives from performing duties stated in the charter.
 - 7.8 Other issues that shareholders and general investors should be aware of within the scope of duties and responsibilities assigned by the Board of Directors.
8. Perform other actions as assigned by the Board of Directors agreed by the Audit Committee.

2.3 Executive Committee

The Executive Committee has authority and duty in managing the Company's business to be in accordance with objectives, regulations, policies, requirements, orders and laws, including the Securities and Exchange law, the notification of the Securities and Exchange Commission, the notification of the Capital Market Supervisory Board, the Announcement of the Board of Governors of the Stock Exchange of Thailand, other announcements, rules, regulations and/or relevant requirements and Board of Directors' meeting resolutions, and/or shareholders' meeting resolutions. Moreover, the Executive

Committee has duty in considering and screening the issues to be presented to the Board of Directors for approval and/or approving the issues as defined by requirements or orders of the Board of Directors, including implementing the Board of Directors' orders from time to time.

The Board of Directors meeting (after becoming the public company) no. 5/2019 held on 13th December 2019 had a resolution to approve the defining of the scope of authority, duties and responsibilities of the Executive Committee as follows:

1. Consider and define policies and important plans in various aspects to be in accordance with the corporate governance, such as Corporate Governance Policy, Anti Corruption Policy, policy on related transactions, Code of Conduct, Risk Management Policy, Human Resource Policy, Information Technology Security Policy, and other policies as deemed necessary and appropriate to further propose for Board of Directors' approval.
2. Prepare annual business plan that reflects short-term and long-term goals and strategic plan that defines goals at the corporate level, unit level, and functional level, and propose for Board of Directors' approval. In this regard, the business plan shall be reviewed regularly to be updated with the changing situation.
3. Define service plan, marketing plan, financial plan, and human resource plan, to be in accordance with the Company's policy, strategy, and annual business plan. Prepare budget and define regulation, requirement, announcement and operational guideline to support the implementation of the above plans to achieve the defined objectives.
4. Perform duty according to the normal process of Company business, such as the investment expenditures approval, material management, procurement, consideration of setting hire purchase interest rate and discount policy, amortization of bad debts, amortization of fixed assets, donation for public charity, rewarding, financial transaction with financial institutions, etc., within the defined financial limit.
5. Control, monitor and supervise the operations to be in accordance with the defined policies, plans, annual business plans, and measures effectively and efficiently.
6. Evaluate performance of the Executive Committee, give suggestion to improve its structure, roles, authority, duties and other suggestions and propose to the Board of Directors for acknowledgement and consideration.
7. Have authority to manage, control and supervise operations relating to the Company's normal business operations to be in accordance with the the Company's business plan and to operate for solid result according to the Company's policy, strategy, annual business plan, direction, and other measures approved by the Board of Directors. The Executive Committee has authority to authorize other person to perform the duty as long as such authorization complies with the regulations, requirements or orders defined by the Board of Directors.

In this regard, the delegation of authority, duty and responsibility of the Executive Committee shall not be the delegation or sub delegation that enables the attorney to approve any transactions that he/she or any person may have conflicts, (according to the definition of the Capital Market Supervisory Board and/ or the Stock Exchange of Thailand and/ or relevant agencies), gain and loss, or other conflict of interest with the Company or its subsidiaries and/or related companies. The Executive Committee does not have authority to approve the action on such issues which need to be presented to the Board of Directors meetings and/or shareholders' meetings (on as the case may be) for further approval, unless it is the approval for transactions of normal business condition and trade terms which comply with the notification of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or related agencies.

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

2.4 Nomination and Remuneration Committee

The Board of Directors meeting (after becoming the public company) no. 5/2019 held on 13 December 2019 had a resolution that defined the scope of authority, duties and responsibilities of the Nomination and Remuneration Committee as follows:

Nomination

1. Consider and propose the structure, size and composition of the Board of Directors to suit the size, type and complication of business and Company's strategy.
2. Consider and define the qualification of persons to hold positions of Directors, Committees, Managing Director, taking into account the variety of knowledge, expertise, skills, experience and time allocation that contribute to Company's business.
3. Review the succession plan of Managing Director and key executives to ensure the continuity of business.
4. In the case that a Director position is vacant:
 - If a Director position is vacant due to retirement of rotation, the Nomination and Remuneration Committee shall recruit and select qualified candidates for Director and nominate for Board of Directors' approval and then propose to the Annual General Meeting of Shareholders' approval.
 - If a Director position is vacant apart from the retirement of rotation, the Nomination and Remuneration Committee shall recruit and select qualified candidates for Director and nominate for Board of Directors' approval and appointment.

Remuneration Consideration

1. Propose the structure and composition of remuneration for Company Directors, Managing Director and Senior Executives regularly every year.
2. Consider and review performance evaluation form of Company Directors and Managing Director and propose for Board of Directors' approval and evaluation processing. The Nomination and Remuneration Committee will use this form to consider and define the remuneration further.
3. Consider and define the policy and criteria of remuneration that are appropriate to the duty, responsibility and performance evaluation including performance of the Company, Directors, Managing Directors and Senior Executives, and propose for Board of Directors' approval and then propose for shareholders' meeting approval (as the case may be); for example, to review the appropriateness of current criteria, to consider the remuneration information of other companies in the same industry, to define appropriate criteria that contributes to the expected performance to be fair and in return to people who help the company achieve success.
4. Consider the appropriateness and approve the offer for sale of new securities or warrants to purchase shares for directors and employees at more than 5% of total number of securities to be allocated, taking into account the conditions to motivate directors and employees to perform to create long-term value added for shareholders and to retain qualified personnel. Such securities or warrants must not be too high and be fair to shareholders. No director in the Nomination and Remuneration Committee shall get more than 5% of the offered allocated securities in order to be entitled to make approval.

2.5 Risk Management Committee

The Board of Directors meeting (after becoming the public company) no. 5/2019 held on 13th December 2019 had a resolution that defined the the scope of authority, duties and responsibilities of the Risk Management Committee as follows:

1. Define the policy and framework for risk management and propose the Risk Management Policy for Board of Directors' approval. Such policy must cover various kinds of risks that are impactful, which can be extertal and internal risks, such as Strategic Risk, Operational Risk, Financial Risk and Compliance Risk.
2. Prepare the risk management plan in accordance with the Risk Management Policy by assessing risks and proposing the prevention measures and solution guidelines for each type of risks.
3. Contol, monitor, and supervise risk management in compliance with the defined measures to ensure the systematical risk management process that can be applied for the whole organization in order to prevent impact from various internal and external risk factors which can affect company business.
4. Review the risk management guideline framework to be assured that the corporate has appropriate and sufficient risk management. Propose the risk management guideline framework to Board of Directors for acknowledgement and consideration when defining the policies and guidelines for continuous organization development.
5. Evaluate performance of the Risk Management Committee and provide suggestions to develop and improve structure, roles, duties, and other suggestions to propose for Board of Directors' acknowledgement and approval.
6. The Risk Management Committee has authority to appoint the Risk Management working team and define their duties and responsibilities.
7. Perform other duties as assigned by the Board of Directors.

2.6 Managing Director

The Board of Directors meeting (after becoming the public company) no. 5/2019 held on 13th December 2019 had a resolution that defined the scope of of authority, duties and responsibilities of Managing Director as follows:

1. Supervise the company business operation to comply with the law, objectives, regulations, code of conduct of the Company, and other resolutions approved by the Board of Directors and/or shareholders' meeting with integrity and concern for Company's interests.
2. Prepare and propose business plan, investment plan and annual budgeting plan to the Board of Directors and implement the plans to achieve the objectives with strategy and business plans approved by the Board of Directors.
3. Responsible for the overall management and consider management policies for various functions of the Company to ensure the operation to achieve defined target within the framework of policy, business plan and budgeting plan as approved by the Board of Directors and /or shareholders' meeting.
4. Define, change, revise and cancel regulations, orders, announcements, requirements, penalty code and internal control system so as to be the guideline of practices for every employee and to ensure that the internal management of the corporate complies with the Company's policy.

5. Have authority to sign in any documents related to the operations or the normal commercial transactions of the Company within the scope and authority of Managing Director.
6. Approve and/or delegate the authority to perform juristic acts binding the company in normal transactions including transactions that the Managing Director is authorized by the Board of Directors to perform on their behalf. This includes any transaction which is not directly binding on the assets of the company.
7. Consider and approve the implementation or approve the operational spending according to the Company's approval authority regulation or annual expenditure budget as approved by the Board of Directors.
8. Consider and appoint consultants necessary for the Company's business conduct within the approved budget and have authority to appoint attorneys to prosecute or enter a lawsuit related to the company.
9. Consider and approve the recruitment, employment, appointment, exchange, transfer and dismissal of executives and employees in any positions lower than Managing Director. The defined scope of authority and appropriate compensation of the Assistant Managing Director position and up must be directly reported to the Board of Directors for acknowledgement. The position level of internal audit head shall be processed under the Audit Committee's approval.
10. Supervise employees to work in accordance with the policy, regulations, and corporate governance, and support the development of knowledge, skills, and competency of employees to increase the overall organizational potential.
11. Conduct business and mission as assigned by the Board and according to the Board of Directors' policy. Managing Director does not have authority to approve any issues or connected transactions that are not in normal commercial terms, transactions of acquisition and disposition of significant assets of the Company and/or transactions that Managing Director or any persons who may have conflict, gain/loss or conflict of interest in other forms shall do with the Company, unless it is an approval of transactions that comply with the policy and criteria that the Board considered and approved.
12. Have authority to sub delegate and/or assign other persons to perform a specific task for him/her. Such sub delegation and/or delegation shall be within the scope of delegation as stated in the given power of attorney and/or be in accordance with regulations, requirements or orders defined by the Board of Directors. In this regard, the delegation of authority, duty and responsibility of such Managing Director shall not be the delegation or sub delegation that enables such person to consider and approve any transactions that he/she or any person who may have conflicts, gain and loss, or other conflicts of interest shall do with the Company or its subsidiaries (if any) according to the definition stated in the notification of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/ or other announcements of related agencies, unless it is an approval of transactions that comply with the policy and criteria that the shareholders' meetings or the Board of Directors considered and approved.

3. Approval Authority for Significant Transaction

The Board of Directors Meeting no. 7/2019 on 19th July 2019 had a resolution to approve the Authority Table to provide flexibility to authorized persons in regular general operations of the Company as follows:

Approval authority	Board of Directors	Executive Committee	Managing Director	Credit Committee	Assistant Managing Director	Area resolution	Note
1. Business plan and annual budget	Approve	-	-	-	-	-	-
2. Changes in annual business plan for more than 20% of approved budget	Approve	-	-	-	-	-	-
3. Changes in annual business plan for not more than 20% of approved budget	-	Approve	-	-	-	-	-
4. Investment within annual budget approved by the Board	-	-	Approve	-	-	-	-
5. Credit consideration							
• Over 50 million Baht budget	Approve	-	-	-	-	-	-
• Not over 50 million Baht budget	-	Approve	-	-	-	-	-
• Not over 30 million Baht budget	-	-	-	Approve	-	-	-
• Not over 10 million Baht budget	-	-	-	-	Approve	-	-
• Not over 2.5 million Baht budget	-	-	-	-	-	Approve	-
6. Approval of the selling price of foreclosed property	-	-	-	-	Approve	-	-
7. Review of reference prices to set hire purchase prices	-	Approve	-	-	-	-	-
8. Fund sourcing							
• Loan application from financial institution, issuance of bill	Approve	-	-	-	-	-	-
• Account opening - closing with financial institution	Approve	-	-	-	-	-	-
• Deposit with bank/ investment financial institution	Approve	-	-	-	-	-	-
• Loan agreement approval	Approve	-	-	-	-	-	-
• Loan disbursement approval	-	Approve	-	-	-	-	-
9. Real estate purchasing	Approve	-	-	-	-	-	-
10. Lease of land or building (extend agreement value)							
• More than 1,000,000 Baht	Approve	-	-	-	-	-	-
• Not more than 1,000,000 Baht	-	Approve	-	-	-	-	-
• Not more than 500,000 Baht	-	-	Approve	-	-	-	-
• Not more than 100,000 Baht	-	-	-	-	Approve	-	-

4. Audit Committee with knowledge and experiences in financial statement review

- Mr. Chalong Luengprasit, Chairman of Audit Committee, graduated Bachelor Degree of Accounting, Siam University and Master Degree of Business Administration, Chulalongkorn University.
- Mrs. Nantinee Yurai graduated Bachelor Degree of Business Administration - Accounting, Ramkhamhaeng University.
- Mr. Weidt Nuchjalearn graduated Bachelor Degree of Agricultural Economy, Kasetsart University and Master Degree of Accounting, Thammasart University.

5. Recruitment and Appointment of Board of Directors and Top Management

5.1 Board of Directors

Composition of Board of Directors

1. The Board of Directors consist of not less than 5 directors. Not less than half of total directors must have residence in Thailand.
2. In the Structure of The Board of Directors, at least 1 out of 3 of total number of directors, but not less than 3 or as required by relevant law, must be independent directors.
3. The Board of Directors will select one independent director to be the Chairman of the Board of Directors. If the Board of Directors considers appropriate, they may select one or many company directors to be Vice Chairman and may appoint a Secretary of the Board of Directors to help the Board about meeting arrangement, meeting agenda preparation and sending meeting documents, and taking minutes of meeting.
4. The Company has policy not to allow the Chairman of the Board of Directors to be the same person as Managing Director in order to balance power of operation and to have clearly separated roles and duties.

Qualification of Company Director

1. A Director must be an individual who has knowledge and experiences that can contribute to business operation and has integrity, honesty, ethics and sufficiently time to fully dedicate his knowledge and competency to perform duty for the Company.
2. A Director must have qualification and does not have any prohibited characteristics according to the Public Limited Companies Law, the Securities and Exchange Law, or criteria defined by the Securities and Exchange Commission, and shall not have any characteristics that reflects the inappropriateness to gain reliability to manage business of which shareholders are the public as defined by the Securities and Exchange Commission.
3. The Board of Directors shall perform their duties and use their judgment independently to consider and make decision on any issues. Each director has duty and independence to raise questions, express opinion, vision, or objection in the case of conflicts, in order to manage the Company to be sustainable and become the business leader for the best interest of the Company and stakeholders.
4. A Director cannot conduct business, hold shares or take partnership or hold a Director position in other juristic persons that have the same condition and are competitors of the Company's business, whether it is for that Director's or others' interests, unless the shareholders' meeting was informed before the resolution to appoint the position.
5. A Director must inform the Company without delay if he/she has any gain and loss in the contracts issued by the Company either directly or indirectly, such as the share holding in a counterparty of the contract, the investment in debentures, etc.
6. Holding an Independent Director position, a Director must have qualification as required in the relevant notification of the Capital Market Supervisory Board and any amendment in the future.

7. Each Director can hold a position in not more than 5 other listed companies in consideration of the appropriate position and business nature.

Qualification of Independent Director

An Independent Director must have qualification of independence as defined by law and must be a person who can manage benefits of all shareholders equally to prevent conflict of interest. Moreover, he/she must attend the Board of Directors' meetings and express opinion independently.

In addition to general qualifications of director, an independent director must have following qualifications:

1. Hold not more than 1% of total number of shares with voting rights of the Company, parent company, subsidiary companies, associate companies, major shareholders, or controller of the Company. The shares holding of the related persons to that independent director are included.
2. Is not or was not a director taking part in business management, employee, staff, consultant receiving regular salary or controller of the company, parent company, subsidiary companies, associate companies, subsidiary companies of same level, major shareholder, or controller of the company unless having been discharged from such positions for at least 2 years.
3. Is not a person having blood relations or legal relations by registration of other directors, executives, major shareholders, controllers of the Company, or any person who shall be proposed to be director, executive or controllers of the Company or subsidiary companies.
4. Does not have or never had business relationship with the Company, parent company, subsidiary companies, associate companies, major shareholder, or controller of the Company in a manner that may impede his/her independent exercise of judgment and is not or was not a shareholder who is significant or has controlling power over a person who is in business relationship with the Company, parent company, subsidiary companies, associate companies, major shareholders or controllers of the company unless having been discharged from such positions for at least 2 years.
5. Is not or was not an auditor of the Company, parent company, subsidiary companies, associate companies, major shareholder, or controller of the Company, and is not a significant shareholder, controller, or partner of the audit office to which the auditor of the Company, parent company, subsidiary companies, associate companies, major shareholder, or controller of the Company belong unless having been discharged from such positions for at least 2 years.
6. Is not or was not any professional service provider or legal consultant or financial consultant receiving service fees of more than 2 million Baht per year from the company, parent company, subsidiaries, associates, major shareholders or controllers of the company, and is not the significant shareholder or controller or partner of such professional service provider unless having been discharged from such position for at least 2 years.
7. Is not a director appointed as a representative of Managing Director, major shareholder or a shareholder related to major shareholders.
8. Does not conduct business of the same nature and in significant competition with the Company or subsidiaries or is a significant partner in partnership or a director taking role in business management, employee, staff, consultant receiving regular salary or holding shares of more than 1% of total number of shares with voting rights of other companies that conduct the same business and are significant competitors of the Company or its subsidiaries.
9. Does not have any other characteristics that prevent the independent opinion expression about the Company's management.

In this regard, after being appointed as Independent Director with the mentioned qualification, an Independent Director may be assigned by the Board of Directors to make decision on business management of the Company, parent company, subsidiary companies, associate companies, and subsidiary companies of the same level. The decision making can be made in the form of collective decision.

Appointment and Term of Office

1. The appointment of directors shall be in accordance with relevant laws. The director recruitment shall be transparent by considering knowledge, competency and experiences of such person with sufficient details for decision making of the Board of Directors and shareholders.
2. In every Annual General Meeting of Shareholders, 1/3 of directors shall retire from the position. If 1/3 does not result in a full number, the number closest to 1/3 shall be applied. After the Company became a public company, retiring directors leaving in the first year and second year shall be selected by drawing. After that, directors who hold in position for the longest shall leave.
3. Directors retiring by rotation may be re-elected to the position.
4. In the case that a director position is vacant due to other reasons than retiring by rotation, the Nominatin and Remuneration Committee shall select an individual whose qualification meets requirements of the Public Limited Companies Law to take the director place in the following Board meeting. If the term of such director left is less than 2 months, the replacing director shall be in that position until the end of that term.
5. The term of office of Independent Director should be no longer than continual 9 years from the date of the first appointment. For an Independent Director to stay longer in the position, the Board should reasonably consider the need for such case.

Vacation of Office

1. The office of director can become vacant when:
 - (1) The term of office is ended.
 - (2) A director dies.
 - (3) A director resigns.
 - (4) A director is disqualified or has a prohibited characteristics defined by law.
 - (5) The shareholders' meeting has a resolution for a director to leave.
 - (6) The court issues an order for a director to leave.
2. Any director who wants to resign can submit resignation to the Company. The resignation is effective from the date it arrives the Company.

5.2 Audit Committee

Composition of Audit Committee

1. The Audit Committee consists of not less than 3 independent directors, of which at least 1 is an Audit Director who has knowledge, understanding and experiences in accounting or finance and continuously acknowledges the causes that have effect on the changes in financial reporting.
2. The Board of Directors or Audit Committee review and select one Audit Director to be the Chairman of Audit Committee and may appoint an Audit Committee Secretary to help their work in meeting appointment, preparing meeting agenda, sending meeting documents and taking minutes of meeting.

Qualification of Audit Director

1. Audit Director is independent director who has qualifications required by the Public Limited Companies Law, the Securities and Exchange Law, and announcements, requirements, and/or regulations of the Securites and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET.)

2. Audit Director has knowledge and experiences much enough to perform duties of an audit director for the assignment and to be able to exercise his discretion independently.

Appointment and Term of Office

1. Audit Committee is appointed by the Board of Directors or the shareholders' meeting. In the case that the Audit Director's name is nominated for the shareholders' meeting approval, the Company should reveal the name and profile, including a message stating that the appointed person has the qualification and independence as required in the meeting invitation letter.
2. Audit Committee's term of office is 3 years. When any Audit Director's term of office is complete, such person can be re-elected to hold the position as deemed appropriate by the Board of Directors or the shareholders' meeting.
3. When an Audit Director completes his term of office or has any reasons that make him leave before the end of the term, resulting in the less number of members than the requirement of Audit Committee's composition, the Board of Directors or shareholders will appoint a new Audit Director to fill in the body at once or at least within 3 months from the date when the number of members is incomplete in order to keep continuity of Audit Committee's performance. In this regard, the new Audit Director who takes the position by other reasons than retiring by rotation shall stay in position for the remaining term of the Audit Director he replaces.

Vacation of Office

1. The office of Audit Director can become vacant when:
 - (1) A director retires from the Company Director position.
 - (2) The term of office is ended.
 - (3) A director dies.
 - (4) A director resigns.
 - (5) A director is disqualified or has a prohibited characteristics defined by law.
 - (6) The shareholders' meeting or Board of Directors has a resolution for a director to leave.
 - (7) The court issues an order for a director to leave.
2. Any director who wants to resign can submit resignation to the Company. The resignation is effective from the date it arrives the Company.

5.3 Executive Committee

Composition of Executive Committee

1. The Executive Committee consists of not less than 3 persons of directors, executives and/or employees. Members of the Executive Committee do not have to hold the Company Director position.
2. The Board of Directors or the Executive Committee selects one Executive Director to be the Chairman of Executive Committee. When the Board of Directors or Executive Committee deems appropriate, they may select one or many Executive Directors to be the Vice Chairman of Executive Committee and may appoint an Executive Committee Secretary to help their work in meeting appointment, preparing meeting agenda, sending meeting documents and taking minutes of meeting.

Qualification of Executive Committee

1. The Executive Committee must have qualification and does not have any prohibited characteristics according to the Public Limited Companies Law, the Securities and Exchange Law, and regulations set by the Securities and Exchange Commission and the Stock Exchange, and other relevant laws.
2. The Executive Committee must be individuals who have knowledge and experiences that can contribute to business operation and has integrity, honesty, ethics and sufficient time to fully dedicate his knowledge and competency to perform duty for the Company.

Appointment and Term of Office

1. The Executive Committee is appointed by the Board of Directors and must have full qualifications as stated in the executive director's qualification.
2. If an Executive Director position is vacant, the Board of Directors shall select a qualified individual to take the position.

Vacation of Office

1. The office of Executive Director can become vacant when:
 - (1) The term of office is ended.
 - (2) A director dies.
 - (3) A director resigns.
 - (4) A director is disqualified or has a prohibited characteristics defined by law.
 - (5) The Board of Directors meeting has a resolution for a director to leave.
 - (6) A director becomes bankrupt, quasi-incompetent or incompetent person.
 - (7) A director gets imprisoned or gets a final sentence of imprisonment, except for petty offence or offence committed by negligence.
2. Any Executive Director who wants to resign can submit resignation to the Chairman of the Executive Committee.

5.4 Nomination and Remuneration Committee

Composition of Nomination and Remuneration Committee

1. The Nomination and Remuneration Committee consists of not less than 3 executive directors. At least half of total Nomination and Remuneration Directors must be independent directors. The Nomination and Remuneration Committee must not be the Chairman of the Board or Managing Director.
2. The Nomination and Remuneration Committee selects one Nomination and Remuneration Director, who is independent director, to be the Chairman of the Nomination and Remuneration Committee and appoints a Secretary of Nomination and Remuneration Committee to help their work in meeting appointment, preparing meeting agenda, sending meeting documents and taking minutes of meeting.

Qualification of Nomination and Remuneration Committee

1. The Nomination and Remuneration Committee must have qualification as required by Limited Company Law, Public Limited Companies Law, Securities and Exchange Law, and announcement, regulations and/or regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET.)
2. The Nomination and Remuneration Committee must have knowledge and experiences that contribute to the performance of Nomination and Remuneration Director, understanding in duties and responsibilities of the Nomination and Remuneration Committee and can dedicate sufficient time to perform their duties.
3. The Nomination and Remuneration Committee has neutrality and independence, according to the Company's good corporate governance, in recruiting and selecting individuals qualified to be nominated for the position of company Directors and Managing Director.

Appointment and Term of Office

1. The Nomination and Remuneration Committee is appointed by the Board of Directors.
2. Nomination and Remuneration Director's term of office is 3 years, in line with the term of office of company Director.

Vacation of Office

1. The office of Nomination and Remuneration Director can become vacant when:
 - (1) The term of office is ended.
 - (2) A director dies.
 - (3) A director resigns

- (4) A director is disqualified or has a prohibited characteristics defined by law.
 - (5) The Board of Directors meeting has a resolution for a director to leave.
2. Any Nomination and Remuneration Director who wants to resign can submit resignation to the Chairman of the Board of Directors.

5.5 Risk Management Committee

Composition of the Risk Management Committee

1. The Risk Management Committee consists of not less than 5 directors and/or executives.
2. The Risk Management Committee selects one independent director to be the Chairman of the Risk Management Committee.
3. The Risk Management Committee appoints a Secretary of Risk Management Committee to help their work in meeting appointment, preparing meeting agenda, sending meeting documents and taking minutes of meeting.

Qualification of Risk Management Committee

1. The Risk Management Committee must have qualification and no prohibited characteristics according to the Limited Companies and Public Limited Companies Laws, the Securities and Exchange Law, and regulations set by the Securities and Exchange Commission and the Stock Exchange of Thailand, and other relevant laws.
2. The Risk management Committee must be individuals who have knowledge and experiences that can contribute to business operation and have integrity, honesty, ethics and sufficient time to fully dedicate their knowledge and competency to perform duties for the Company.

Appointment and Term of Office

1. The Nomination and Remuneration Committee recruit and nominate qualified individuals as identified in the Risk Management Directors' qualifications to hold a Risk Management Director position and nominate such individual to the Board of Directors meeting considering his educational profile and professional experiences.
2. The Risk Management Committee's term of office is 3 years. The Risk Management Committee who retires by rotation may be re-elected to the position for another term by the Board of Directors.
3. In the case that the Risk Management Director position is vacant, the Nomination and Remuneration Committee shall select and nominate an individual with complete qualification to the Board of Directors for consideration in taking the vacant position in order for the committee to have the full members of directors as defined in the charter by the Board of Directors. The individual taking the position shall be in the position for the remaining term of office only.

Vacation of Office

1. The office of Risk Management Director can become vacant when:
 - (1) The term of office is ended.
 - (2) A director dies
 - (3) A director resigns
 - (4) A director is disqualified or has a prohibited characteristics defined by relevant laws.
 - (5) The Board of Directors meeting has a resolution for a director to leave.
2. Any director who wants to resign can submit resignation to the Company. The resignation is effective from the date it arrives the Company.

5.6 Managing Director

In selecting personnel to be appointed as the Managing Director, the Nomination and Remuneration Committee shall consider the qualification and competency of such person based on the criteria and recruiting methods of the Company. The person who can be nominated for the Managing Director position can be an external or internal person of the company and must hold the position in the level of assistant managing director up. Such person can apply for the selection.

6. Corporate Governance for subsidiary and/or associate companies

The Board of Directors meeting (after becoming the public company) no. 5/2019 on 13th December 2019 had a resolution to approve the defining of the Corporate Governance Policy for subsidiary and associate companies as follows:

- (1) The Company shall send its representative to be a director in subsidiary companies and/or associate companies according to the shareholding proportion in each company to govern the subsidiary companies and/or associate companies to comply with the Company's policy and the law. Nevertheless, sending a representative to be a director in each subsidiary and/or associate company shall receive consideration and approval from the Board of Directors' meeting, taking into account the appropriateness of each company.
- (2) Any transactions or operations of subsidiary companies, that is within the scope of or is an acquisition and disposition of assets according to the announcement of the acquisition and disposal of assets or the connected transactions according to the announcement of connected transactions, which result in the Company's duty to ask for approval from Board of Directors meeting and/or shareholders' meeting or relevant legal agencies before entering the transactions, the subsidiary companies can enter such transactions or process the transactions only when they have already received the approval from the Board of Directors meeting, shareholders' meeting and/or relevant agencies (as the case may be.)

Moreover, in doing any transactions or in some cases when a situation occurs resulting in the subsidiary company's duty to reveal information to the Securities and Exchange of Thailand as defined requirements, the representative director of such subsidiary company has duty to report to the Company's management as soon as he is aware of such transaction or situation.

- (3) The Board and executives of each subsidiary company and/or associate company have a scope of authority, duties and responsibilities according to the relevant law, such as the information disclosure of financial status and operation performance to the Company, being reinforced by the related announcement of the Capital Market Supervisory Board and the announcement of the Board of Governor of the Stock Exchange of Thailand relatively. They have to also disclose and submit their personal and their related persons' interest information to the Board of Directors to be aware of their relationship or transactions with subsidiary company and/or associate company in the manner that could create conflict of interest and avoid any transactions that could create conflicts of interest.
- (4) The Company shall define necessary plan and operations to ensure that subsidiary company and/or associate company shall reveal their performance and financial status information. The Company shall also take necessary action and follow up with subsidiary company and/or associate company to ensure that they have the information disclosure process and internal control process that are sufficient and appropriate for business conduct.

7. Supervision of the Use of Inside Information

The Company realizes the importance of the use of Company's inside information. In order to prevent the exploitation of the use of inside information which has not yet been disclosed to the public and could affect the changes in trading prices of securities of the Company to be traded in the Stock Exchange of Thailand, the Company has a policy and methods to supervise the use of inside information of directors,

executives, and staff of the Company. The Board of Directors meeting (after becoming the public company) no. 5/2019 on 13th December 2019 had a resolution to approve the defining of the use of inside information policy in order for the Company to have good corporate governance as follows:

- (1) Directors, executives and employees of the Company must keep the Company's confidentiality and inside information of their responsibilities from other persons, including the Company's personnel who are not involved.
- (2) The Company has to have the inside information use protection by limiting the access to information that is not yet revealed to public and is allowed to know for only involved persons as necessary. The persons responsible for such inside information must reinforce involved persons to comply strictly.
- (3) Directors, executives and employees of the Company must not disclose or exploit the Company's confidentiality and/or inside information for their own or others' benefits either directly or indirectly and regardless of whether they shall get return or not.
- (4) The Company defines an individual or unit to be responsible for disclosing information to the public to ensure that the accurate and complete information is disclosed in compliance with the legal requirement.
- (5) The Company must regulate the persons who are involved with inside information, such as financial consultant, legal consultant and auditor, including colleagues who are involved in managing information that are not yet disclosed to the public and are in the process which is considering to be within the scope of inside information retention and can have effect on the changes in price of securities value or can cause the Company's business disadvantages. Those persons have to sign contract of confidentiality retention until the information is disclosed to the Stock Exchange of Thailand and the Securities and Exchange Commission.
- (6) Directors, executives and employees of the Company have duties to protect the Company's inside information and not to exploit the inside information although they have already been dismissed or have terminated their duties at the Company.
- (7) Directors and executives have duties to report their securities holding and changes in securities holding, under Section 59 of the Securities and Exchange Act B.E. 2535, to the Securities and Exchange Commission within 3 working days after the date of selling, transferring or accepting transfer of securities or derivatives by reporting via the electronics system on www.sec.or.th. The Company's securities are prohibited to be traded during 1 month period before the financial statement is disclosed to the public. This requirement includes spouses or cohabitants and their underage child and juristic persons of which directors and executives, spouses or cohabitants and their underage child hold shares together for more than 30% of total number of voting rights of the Company.
- (8) Directors, executives and employees of the Company must not trade or accept transfer of Company's securities by exploiting confidentiality and/or inside information of the Company and/or enter any juristic act by exploiting confidentiality and/or inside information of the Company in a way that is likely to take advantage of outsiders. This requirement includes spouses and underage child of directors, executives and employees of the Company. Any violation against such requirement shall be considered a serious offense and shall be taken into legal process by the Company.
- (9) The Company requires directors and executives being informed of significant inside information that has effect on the changes in price or securities value to suspend trading of the Company's securities for 1 month period prior to the disclosure of financial statement or such inside information to the public. They are also prohibited to reveal the significant information to other persons. During the period of 30 days before the performance announcement, the Company Secretary will send the document to inform directors, executives and acknowledged agencies. Any action should wait for at least 24 hours after such information is disclosed to public. In this regard, in the case that the information disclosure is not

generally aware of or is very complicated, the waiting period should last 48 hours after such information is disclosed to public before trading Company's shares. Such persons and persons involved with inside information are also prohibited to disclose such information to other people.

- (10) The Company must provide knowledge to directors, executives about the duties of preparing and disclosing report of Company's securities holding of their own, spouses, and underage child to the Securities and Exchange Commission under Section 59 and Penalty provisions under the Securities and Exchange Act B.E. 2535 (including amendments.)

In this regard, the Company shall deem any action violating the use of inside information policy and unauthorized disclosure of information resulting in damages to the Company as the offenses subject to disciplinary penalty and/or legal liability. The penalty will be considered from the intent of action and the serious level of the offense.

8. Auditing Fee

The Company paid auditing fee for the review of financial statement of 2020 to EY Offices Company Limited as follows:

Fees (Baht)	2020
Auditing fee for financial statement review	3,600,000
Other service fees	200,000
Total	3,800,000

9. Compliance with good corporate governance in other areas

- None -

Overall Policy

The Company commits to develop business for sustainable growth together with responsibility for society and environment. Thus, the Board of Directors defined the Corporate Social Responsibility (CSR) Policy to be in accordance with the Corporate Governance Policy in order to cultivate consciousness of corporate responsibility for society and environment in the organization. The Company also provides support to community and society by promoting the development that is in accordance with the community's needs to raise the quality of life and the well-being of community in the long term. The principles and guidelines are as follows:

1. Business conduct with fairness

The Company conducts business in consideration of equality, fairness, integrity and transparency. The Company shall not take advantage of its trade partners and never request for, accept or pay any dishonest commercial interests to trade partners. The rules of the games relies on the equal competition when both parties receive fair return while giving importance to the rights of every group of stakeholders, whether they are such internal stakeholders as employees and Company's executives or such external stakeholders as customers, creditors, government sector and other relevant agencies, including communities and environment. This includes not only the practices in compliance with the law but also the actions that do not violate or deprive the rights of those stakeholders.

2. Anti Corruption

The Company conducts business with transparency, commits to the righteousness and supports employees to work with integrity and does not support any success coming from corruptions. The good controlling system and the check and balance on the use of power are used to prevent corruptions. The Company has operational regulations to prevent the involvement with corruptions and communicates them to all levels of directors, executives and employees and also requires every operational process to strictly stay within the legal framework. The Company provides channels for reporting should there be any violation or corruption founded and provides the measures to protect the reporters or persons cooperating in reporting corruptions. In 2020, the Company set up the training courses to involved employees according to the policy of the Anti - Money Laundering and Counter Terrorism Financing Act (AML / CTF.)

3. Human Rights Respect

The Company gives importance to the human rights respect. Executives and employees shall treat one another with respect to the dignity and equal human values in order to support the participatory working atmosphere and to provide the equality in professional career growth. The compensation and welfare are provided according to performances. Employees shall receive development and support to gain knowledge and competency thoroughly and continuously to create value and maintain business excellence.

4. Fair treatment to labours

The Company realizes the importance of equality and thus provides the fair treatement to all employees without any discrimination on anyone. The Company introduces the code of conduct in business to all employees for their acknowledgement on their first working day in the Company. The details are also emphasized in the employees training courses. The Company has the system supervising employees thoroughly and fairly according to the working regulations of the Company. The Company provides appropriate welfare which is in line with the situation, such as the COVID-19 health insurance for every employee, etc.

5. Responsibility for consumers

In addition to the compliance with the law, the Company also has a policy for every employee to perform duty complying with the business code of conduct relating to customers or trade partners by following business condition that is fair and credible under the appropriate contractual forms. The monitoring and management system is applied to ensure that the conditions in the contract are fully complied to prevent all steps of corruptions and misconduct. The use of and access to personal information of customers is also important according to the Personal Data Protection Act BE 2019 and other relevant laws.

6. Caring for Environment and the Community or Social Development

The Company realizes the importance of community, society and surrounding environment and is aware that the Company is a part of society which is stepping forward to the development of community, society and environment for sustainability. The Company, thus, has a guideline of conducting activities for community, society and environment continuously along with business conduct by. There is a policy to organize committee to regularly contribute to society, community and environment development activities, which are conducted by the Company itself and in cooperation with government sector, private sector and community. Moreover, the Company shall respond fast and efficiently to situations having impact on environment that come from the Company's operations by cooperating with government sector and relevant agencies in taking action. The Company's employees of all levels are also encouraged to be aware of such significance, to have consciousness and to support the activities reflecting social and environmental responsibility.

7. Owning and diffusion of innovation resulted from operations of social, environmental and stakeholder's responsibilities.

The Company supports the innovation both in the level of operational process within the organization and in the level of cooperation between organizations in order to create positive changes for better effectiveness, for the best interests of society. The diffusion of innovation is held as social responsibility and shall be communicated and diffused to stakeholders directly and indirectly via various communication channels to ensure that the Company's news and messages reach its stakeholders thoroughly.

Operation and Report Preparation

The Company aims to cultivate its employees to understand the corporate's goals and to work with the awareness of social responsibility. The Company communicates the corporate social and environmental responsibility policy to every employee via the corporate governance policy of the Company which is thoroughly announced to ensure that every employee complies with the policy in the same direction. The Company also encourages employees to regularly join activities creating benefits to society and environment. In this regards, to promote the awareness of participation in activities and to create social and environmental responsibility to internal staff of the Company, the Board of Directors considers the operational guidelines of the social and environmental responsibility suitable for the Company's business operations, financial status, and business performance to define budget and forms of activities in such year.

The Company takes into consideration the operational guideline framework of social and environmental responsibility according to the defined policy. The Company also prepares the report of the results of compliance with the social and environmental responsibility policy annually to present to executives, committees and shareholders, which shall be disclosed in the annual registration statement, or shall be in the form of the sustainability report to be publicized every year after being listed in the Securities Exchange of Thailand.

1. Activities for social benefits in 2020

On 16th June 2020, the Company joined the launch of a social contribution project to help people who were affected by Covid-19 pandemic by providing “Too Pan Suk” (Happy Sharing Cabinet) at the head office in Nakorn Pathom for people in needs, employees and people in neighborhood community to take and to share consumer goods as necessary.



On 23rd April 2020, the Company jointly contributed 300,000 Baht donation to Covid-19 Foundation for Nakorn Pathom Hospital to build a fighting with COVID-19 sterile room and to give encouragement to medical personnel for their sacrifice and dedication in the fighting with COVID-19 virus crisis. The donation was received by Dr. Dararat Rattanakraks, Director of Nakorn Pathom Hospital.



On 30th June 2020, the Company donated 4 wheelchairs, consumer goods and unused office supplies to the Mirror Foundation for their further donation to schools, charities and communities in need.



On 14th October 2020, Mr. Thammasak Auchyawat, the President & Founder and the company executives gave wheelchairs to the elderly at a nursing home in Nakorn Pathom.



On 19th October 2020, Mr. Thammasak Auchyawat, the President & Founder and the company executives gave 5 wheelchairs to Nakorn Pathom Hospital for public use and people with mobility disabilities.



On 16th November 2020, the Company donated 10 wheelchairs to the President of the Red Cross in return to society and to improve the quality of life of the disabled.



Prevention of Corruption Involvement

The Company emphasizes the importance of conducting business in caution of corruptions by complying with the good corporate governance principles for the best interest of shareholders, stakeholders and involved parties. To build the corporate culture emphasizing on integrity and fairness, the Company defines the Anti Corruption Policy for operational guidelines as follows:

1. No bribery and corruptions

- 1.1 Do not get involved with bribery or corruption whether it is for own or other's interest when working with government sector or private sector.
- 1.2 Do not offer or provide any thing or other interests to government officials in return of their facilitation or faster services.
- 1.3 Avoid and do not support doing business with any individuals or agencies involved with corruptions or having behaviors falling in the scope of corruptions.

2. To give or receive any thing or other interests.

- 2.1 Do not demand or request for any thing or other interests from individuals whose business relates to the Company whether it is for own or involving persons' interests.
- 2.2 Do not receive or give any thing or other interests resulted from performing duty for the Company whether it is for own or involving persons' interests, considering the following issues:
 - To receive or to give any thing or interests shall be made only on special opportunities or occasions as in general tradition, taking into consideration the appropriate value of the opportunities, individuals and positions of the giver and the receiver. In this regard, such action shall not cause any influence on the business decision making or cause the unfair interests.
 - In the case of giving or receiving cash or something equivalent to cash especially to and from government officials, high caution should be in concern since there is a risk of misunderstanding for bribery.

3. To maintain political neutrality

- 3.1 Maintain neutral in politics by not using the Company's name in providing political support to any political party, any one power group. Do not participate in any activity that could cause the misunderstanding that it is the Company which is involved or which gives support to any political party or any one power group.
- 3.2 Do not get involved in political activities of own interest by using the Company's assets, resources or time during duty performing.
- 3.3 The Company supports the exercise of personal political rights as a good citizen according to the Constitutional Law and other relevant laws.

4. Donation for charity and funding

- 4.1 Any donation for charity or funding shall be considered by the transparent consideration process without any conflict of interests. There shall be a monitoring process to verify that they are properly used as per defined objectives without being implied for the bribery or corruptions and do not connect to any political party or politician.
- 4.2 The organizations or agencies receiving donation from the Company must be the ones established in accordance with the law and their objectives must truly be for the public interest.

In this regard, the Company communicates the Anti Corruption Policy to every involved party, such as the executive committee and employees of all levels. All involved parties have duties to report to the Company on the actions that seem to be within the scope of corruptions relating to the Company by reporting to their supervisors or responsible persons. They are required to provide cooperation in the investigation of facts. The Company shall provide fairness and protection to complainants reporting corruption and persons cooperating in reporting and in the corruption investigation process. Persons committing corruptions must get disciplinary penalty as defined in the Company's regulations and may get legal penalty should it be considered as an offense.

1. Comments from the Company's Board of Directors about the Company's internal control

The Company's Board of Directors gives importance to and is aware of the implementation of good internal control system to ensure that the Company will achieve the internal control appropriate to and sufficient for supervising and overseeing the operations of the Company to meet its goal with effectiveness at work, resources utilization, overseeing and maintain assets, prevention or reduction of errors, controlling damage that may arise including preparation of accounting reports and financial statements in a correct and reliable manner in conjunction with following laws, rules, and regulations associated with the company's operations. The Company's Board of Directors assigned the Audit Committee to audit and verify the Company's internal control system to ensure that the Company's internal control system is appropriate and sufficient and pursuant to COSO internal control framework (The Committee of Sponsoring Organization of the Treadway Commission), covering management control, operational control, accounting and finance control and compliance control.

In this regard, the assessment of sufficiency of the Company's internal control system was presented to the Company's Board of Directors while the Company's Independent Directors and Audit Committee participated in the meeting by questioning information from the management and relevant agencies and the Company's Internal Audit Office assessed and considered sufficiency of the Company internal control system with reference to the Internal Control Sufficiency Evaluation Form of the Securities and Exchange Commission, having 5 components as follow:

1. Control Environment
2. Risk Assessment
3. Control Activities
4. Information and Communication
5. Monitoring Activities

The Company's Board of Directors viewed that the Company's internal control system is sufficient and appropriate to the operations of the Company. The Company has sufficient number of personnel to implement the system in an efficient manner for being able to prevent asset exploitation by a group of companies. In this regard, the assessment details of the sufficiency of the Company's internal control system are disclosed in the sufficiency assessment of the Company's internal control system.

2. Observation from internal auditor

The Company hired PricewaterhouseCoopers ABAS Ltd. (PwC) to assess and verify sufficiency of the Company's internal control system at organizational and procedural levels covering significant business aspects of the Company, including giving suggestion for improvement and monitoring progress of the correction and improvement of the Company's internal control system for reporting to the Audit Committee. The scopes of the auditing and monitoring that cover the organizational and procedural levels are as follow:

1. Organizational level internal control assessment.
2. Procedural level internal control assessment:
 - 2.1 revenue cycle, debtor, loan giving and receiving payment ;
 - 2.2 purchasing process, creditor, and making payment;
 - 2.3 asset management process;

- 2.4 payroll calculation and salary payment;
- 2.5 accounting closing process and preparation of financial statements; and
- 2.6 generation control of information technology

During the 4th quarter 2019 - the 4th quarter 2020, PwC conducted an audit in accordance with the annual audit plan in the process of revenue cycle, debtor, loan giving and receiving payment, covering minor processes from consideration and approval of loan, making contract of hire-purchase, paying loan to loan applicants, control and storage of hire-purchase contracts and car registration books, asking for installment payment and receiving payment through bill payment and banks, debt collection, vehicle seizure management and auction, debtor database management (hire-purchasers), opening brokerage accounts, paying commission including preparation of executive reports, process of closing accounts and preparation of financial reports that cover the approval of accounting documents, adjusting entries, preparation of supplementary statements and approval of lists seeking executives' opinions, general control of information technology that covers safety of information system, management in system development and system change, computer operating system and information system recovery plans by having the Company's internal control department implement the auditing/verification for monitoring improvement and correction for the next time.

3. Observation from auditor

Auditor from EY Company Limited conducted an audit in accordance with the generally accepted auditing standards by studying and assessing efficiency of the Company's internal control system for the accounting year ended 31 December 2020. The efficiency assessment of the Company's internal control system covered specifically the parts related to the correct preparation and presentation of financial statements considered proper by the Company which may not cover the auditing of errors in the whole system of the internal control. Audit observation and recommendation reports (Management letter) including monitoring results of the improvement did not detect any errors of the internal control in the preparation and presenting the financial statements that have an impact on materiality. Nonetheless, the Company implemented the improvement and correction according to the observation given by the auditor completely.

1. Details of connected transactions in 2019 and 2020

Persons who may have conflict / Relationship	Type of transaction	Transaction value (million Baht)		Necessity and justification of transaction
		2019	2020	
<p>1. Mr. Kitsada Auchyawat ("Mr. Kitsada") <u>Relationship with Company</u></p> <ul style="list-style-type: none"> - Major shareholder of Company holding 13.8% of total paid-up shares. - Hold the positions of Director and Assistant Managing Director - Credit Collection and Legal. - Child of Mr. Thammasak who is the major shareholder and director of the Company. - Brother of Mr. Tanyakon and Mr. Jedsada who are shareholders, directors, and executives of the Company. 	<p><u>Long-term loans</u> The Company borrowed money from Mr. Kitsada to enhance financial liquidity.</p> <p>Long-term loans Long-term loans at beginning period Add additional loans in between period. Deduct repayment in between period. Long-term loans at ending period.</p> <p>Interest paid</p>	<p>50.0</p> <p>-</p> <p>-</p> <p>50.0</p>	<p>50.0</p> <p>-</p> <p>(6.0)</p> <p>44.0</p>	<p>The Company borrowed long-term loans from Mr. Kitsada to grant loans to customers and to use as cash flow for the continuous business operation. The interest rate paid was closed to the loan interest rate from commercial banks.</p> <p>Such transaction was for normal business operations and was charged at the price and condition comparable to a transaction with third parties.</p>
		2.5	2.5	<p><u>Audit Committee's comment</u> Long-term loan transaction was to support the Company's normal business operation. The interest paid rate was closed to the loans from commercial banks. Such transaction, thus, was necessary, justifiable, and beneficial to the Company.</p>
	<p><u>Credit guarantee</u> Mr. Kitsada is the credit guarantor of the company. Short-term loans Long-term loans</p>	<p>250.0</p> <p>100.0</p>	<p>-</p> <p>200.0</p>	<p>The Company received credit from commercial banks as cash flow for business operation. Such credit was guaranteed by Mr. Kitsada under the conditions of the banks. The Company did not pay any expenses for such guarantee. After being listed, the Company shall proceed to withdraw the whole amount of such guarantee.</p>
				<p><u>Audit Committee's comment</u> Such transaction was for the interest of the Company and the Company did not have any expenses on the guarantee.</p>

Persons who may have conflict / Relationship	Type of transaction	Transaction value (million Baht)		Necessity and justification of transaction
		2019	2020	
2. Mrs. Rotsanan Yinghaweesak ("Mrs. Rotsanan") <u>Relationship with Company</u> - Hold the positions of Director and Deputy Managing Director - The Company's shareholders holding 1.6% of total paid-up shares.	<u>Long-term loans</u> The Company borrowed money from Mrs. Rotsanan to enhance financial liquidity. Long-term loans Long-term loans at beginning period Add additional loans in between period. Deduct repayment in between period. Long-term loans at ending period. Interest paid	370.0 - (170.0) 200.0 14.0	200.0 - (58.4) 141.6 9.6	The Company borrowed long-term loans from Mrs. Rotsanan to grant loans to customers and to use as cash flow for continuous business operation. The interest rate paid was closed to the interest rate of the loans from commercial banks. Such transaction was for normal business operation of the Company and was charged at the price and condition comparable to a transaction with third parties. <u>Audit Committee's comment</u> The long-term loan transaction was to support the Company's normal business operation. The interest rate paid was closed to the interest rate of the loans from commercial banks. Such transaction, thus, was necessary, justifiable, and beneficial to the Company.
	<u>Credit guarantee</u> Mrs. Rotsanan is the credit guarantor of the Company. Short-term loans Long-term loans	355.0 -	- 200.0	
				<u>Audit Committee's comment</u> Such transaction was for the interest of the Company and the Company did not have any expenses on the guarantee.

Persons who may have conflict / Relationship	Type of transaction	Transaction value (million Baht)		Necessity and justification of transaction
		2019	2020	
3. Mr. Keittipong Toemkunanon ("Mr. Keittipong") <u>Relationship with Company</u> - Hold the positions of Director, Assistant Managing Director - Investor Relations. - The Company's shareholders holding 3.3% of total paid-up shares.	<u>Short-term loans</u> The Company borrowed money from Mr. Keittipong to enhance financial liquidity. Short-term loans Short-term loans at beginning period. <u>Add</u> additional loans in between period. <u>Deduct</u> repayment in between period. Short-term loans at ending period. Interest paid	- 20.0 - 20.0 0.7	20.0 - - 20.0 1.0	The Company borrowed short-term loans from Mr. Keittipong to grant loans for customers and to use as cash flow for continuous business operation. The interest rate was paid at the same rate as the interest rate of the loans from commercial banks. Such transaction was for normal business operation of the Company and was charged at the price and condition comparable to a transaction with third parties. <u>Audit Committee's comment</u> The short-term loan transaction was to support the Company's normal business operation. The interest rate paid was closed to the interest rate of the loans from commercial banks. Such transaction, thus, was necessary, justifiable, and beneficial to the Company.
	<u>Lease of land and buildings</u> The Company has leased the land and buildings on Pholdamri Street, Don Koi sub-district, Kampangsarn district, Nakorn Pathom, for 3 years from June 2019 - May 2022. The total area of the land was 5 Rais and the area of buildings was 42 square metres. Lease rental	0.21	0.36	
				<u>Audit Committee's comment</u> The transaction supported the Company's business operation with the lease where the rental lease was appropriate, and the terms of payment matched the business. Such transaction, thus, was necessary and justifiable.

Persons who may have conflict / Relationship	Type of transaction	Transaction value (million Baht)		Necessity and justification of transaction
		2019	2020	
	Credit guarantee Mr. Keittipong is the co-guarantor of the Company's credit.	355.0	-	The Company received credit from commercial banks as cash flow for business operation. Such credit was guaranteed by Mr. Keittipong under the conditions of the banks. The Company did not pay any expenses for such guarantee. After being listed, the Company shall proceed to withdraw the whole amount of such guarantee.
	Short-term loans Long-term loans	-	200.0	
				<u>Audit Committee's comment</u> Such transaction was for the interest of the Company and the Company did not have any expenses on the guarantee.
4. Miss Korawan Anusasane " (Miss Korawan)" <u>Relationship with Company</u> - Spouse of Mr. Keittipong who holds the positions of Director, Assistant Managing Director - Investor Relations.	<u>Short-term loans</u> The Company borrowed money from Miss Korawan to enhance financial liquidity.			The Company borrowed short-term loans from Miss Korawan to grant loans for customers and to use as cash flow for continuous business operation. The interest rate was paid at the same rate as the interest rate of the loans from commercial banks. Such transaction was for normal business operations and was charged at the price and condition comparable to a transaction with third parties. The short-term loan transaction was to support the Company's normal business operation. The interest paid rate was closed to the interest rate of the loans from commercial banks. Such transaction, thus, was necessary, justifiable, and beneficial to the Company.
	Short-term loans			
	Short-term loans at beginning period	10.0	15.0	
	Add additional loans in between period.	15.0	-	
	Deduct repayment in between period.	(10.0)	-	
	Short-term loans at ending period.	15.0	15.0	
	Interest paid	1.1	0.8	

Persons who may have conflict / Relationship	Type of transaction	Transaction value (million Baht)		Necessity and justification of transaction
		2019	2020	
5. Miss Jintana Phadungphol (“Miss Jintana”) Relationship with the Company - Spouse of the father of Mr. Keittipong who holds the positions of Director, Assistant Managing Director - Investor Relations.	Short-term loans The Company borrowed money from Miss Jintana to enhance financial liquidity. Short-term loans Short-term loans at beginning period Add additional loans in between period. Deduct repayment in between period. Short-term loans at ending period. Interest paid	- 70.0 - 70.0 3.4	70.0 - - 70.0 3.6	The Company borrowed short-term loans from Miss Jintana to grant loans for customers and to use as cash flow for continuous business operation. The interest rate was paid at the same rate as the interest rate of the loans from commercial banks. Such transaction was for normal business operations and was charged at the price and condition comparable to a transaction with third parties. <u>Audit Committee's comment</u> The short-term loan transaction was to support the Company's normal business operation. The interest paid rate was closed to the interest rate of the loans from commercial banks. Such transaction, thus, was necessary, justifiable, and beneficial to the Company.
	Service charge In 2018 - May 2019, the Company paid service charge for parking confiscated trucks on the land of Miss Jintana for 10,000 Baht/ truck. Service charge	0.84	-	
				<u>Audit Committee's comment</u> Audit Committee reviewed and found that such transaction was necessary and was to support business operation at that period. However, from 1st June 2019, the management has revised the policy to lease the land for 3 years at the lease rental rate of the market to increase the efficiency of management. The Board has already considered the transaction.

Persons who may have conflict / Relationship	Type of transaction	Transaction value (million Baht)		Necessity and justification of transaction
		2019	2020	
<p>6. Mrs. Raksina Raksakulchon ("Mrs. Raksina") <u>Relationship with Company</u></p> <ul style="list-style-type: none"> - Sister of Mr. Thammasak who is major shareholder holding 22.9% of total paid-up shares. - The Company's shareholder holding 0.3% of total paid-up shares. 	<p><u>Short-term loans</u></p> <p>The Company borrowed money from Mrs. Raksina to enhance financial liquidity. Short-term loans</p> <p>Short-term loans at beginning period</p> <p><u>Add</u> additional loans in between period.</p> <p><u>Deduct</u> repayment in between period.</p> <p>Short-term loans at ending period.</p> <p>Interest paid</p>	<p>-</p> <p>15.0</p> <p>-</p> <p>15.0</p> <p>0.8</p>	<p>15.0</p> <p>-</p> <p>-</p> <p>15.0</p> <p>0.8</p>	<p>The Company borrowed short-term loans from Mrs. Raksina to grant loans for customers and to use as cash flow for continuous business operation. The interest rate was paid at the same rate as the interest rate of the loans from commercial banks.</p> <p>Such transaction was for normal business operations and was charged at the price and condition comparable to a transaction with third parties.</p> <p><u>Audit Committee's comment</u></p> <p>The short-term loan transaction was to support the Company's normal business operation. The interest paid rate was closed to the interest rate of the loans from commercial banks. Such transaction, thus, was necessary, justifiable, and beneficial to the Company.</p>
<p>7. Mr. Thammasak Auchyawat ("Mr. Thammasak") <u>Relationship with Company</u></p> <ul style="list-style-type: none"> - Major shareholder holding 22.9% of total paid-up shares. - Hold the Director position. - Father of Mr. Tanyakorn, Mr. Jedsada, and Mr. Kidsada who are shareholders, directors, and executives of the Company. 	<p><u>Credit guarantee</u></p> <p>Mr. Thammasak was the co-guarantor and took his fixed deposit with value of 100 million Baht as a collateral for the Company's credit.</p> <p>Short-term loans</p> <p>Long-term loans</p>	<p>355.0</p> <p>-</p>	<p>-</p> <p>200.0</p>	<p>The Company received credit from commercial banks as cash flow for business operation, with the fixed deposit of Mr. Thammasak as collaterals and Mr. Thammasak as co-guarantor, under the conditions of the banks. The Company did not pay any expenses for such guarantee. After being listed, the Company shall proceed to withdraw the whole amount of such guarantee.</p> <p><u>Audit Committee's comment</u></p> <p>Such transaction was for the interest of the Company and the Company did not have any expenses on the guarantee.</p>

Persons who may have conflict / Relationship	Type of transaction	Transaction value (million Baht)		Necessity and justification of transaction
		2019	2020	
7. Mr. Thammasak Auchyawat ("Mr. Thammasak") (Continued)	<p>Sales of assets The Company sold 2 cars with registration. The Company defined the reference price from the trading price announced to the public. It was opened for tent operators and end uses to offer the price.</p> <p>Income</p>	4.6	-	<p>The sales of such cars and registrations complied with the Company's criteria, which opened for any interested persons to join the offering of the prices and to compare the offered prices from 3 third parties including the terms of payment comparison before the transaction approval.</p> <p><u>Audit Committee's comment</u> Such transaction was necessary and justifiable, to support the Company's normal business operation and did not make the Company lose any interest.</p>
8. Mr. Surachai Toemkunanon ("Mr. Surachai") <u>Relationship with Company</u>	<p>Credit guarantee Mr. Surachai took his fixed deposit of 50 million Baht value as a collateral for the Company's credit.</p> <p>Long-term loans</p>	100.0	50.0	<p>The Company received credit from commercial banks with the fixed deposit of Mr. Surachai as a collateral. The Company did not pay any expenses for using the deposit as credit collateral. After being listed, the Company shall proceed to withdraw the whole amount of such collateral.</p> <p><u>Audit Committee's comment</u> Such transaction was for the interest of the Company and the Company did not pay any expenses for such guarantee.</p>
9. Mr. Tanyakorn Auchyawat ("Mr. Tanyakorn") <u>Relationship with Company</u>	<p>Credit guarantee Mr. Tanyakorn was the co-guarantor of the Company's credit.</p> <p>Short-term loans Long-term loans</p>	605.0 100.0	- 200.0	<p>The Company received credit from commercial banks as cash flow for business operation. Such credit was guaranteed by Mr. Tanyakorn under the conditions of the banks. The Company did not pay any expenses for such guarantee. After being listed, the Company shall proceed to withdraw the whole amount of such guarantee.</p> <p><u>Audit Committee's comment</u> Such transaction was for the interest of the Company and the Company did not pay any expenses for such guarantee.</p>

Persons who may have conflict / Relationship	Type of transaction	Transaction value (million Baht)		Necessity and justification of transaction
		2019	2020	
10. Mr. Jedsada Auchyawat (Mr.Jedsada") <u>Relationship with Company</u> <ul style="list-style-type: none"> - The Company's major shareholder holding 13.2% of total paid-up shares. - Hold the positions of Director and Assistant Managing Director - Credit and Human Resources - Child of Mr. Thammasak who is major shareholder and director. - Brother of Mr. Tanyakorn and Mr. Kidsada who are shareholders, directors, and executives of the Company. 	<u>Credit guarantee</u> Mr. Jedsada was the co-guarantor of the Company's credit. Short-term loans Long-term loans	605.0 -	- 200.00	<p>The Company received credit from commercial banks as cash flow for business operation. Such credit was guaranteed by Mr. Jedsada under the conditions of the banks. The Company did not pay any expenses for such guarantee. After being listed, the Company shall proceed to withdraw the whole amount of such guarantee.</p> <p><u>Audit Committee's comment</u> Such transaction was for the interest of the Company and the Company did not pay any expenses for such guarantee.</p>
11. Mr. Weidt Nuchjalearn ("Mr. Weidt") <u>Relationship with Company</u> <ul style="list-style-type: none"> - Hold the positions of Independent Director and Audit Committee. 	<u>Advisor to the Executive Committee</u> Mr. Weidt Nuchjalearn of Advisor to the Executive Committee the Board of Directors meeting no.8 held on 16 th October 2020.	-	0.10	<p>The company appointment Mr. Weidt Nuchjalearn of Independent Director and Audit Committee together with Advisor to the Executive Committee by monthly remuneration of THB 50,000 to provide advice and advice to the company Because he is a knowledgeable person Financial expertise and leasing business.</p> <p><u>Audit Committee's comment</u> Such transaction was necessary and justifiable, to support the Company's normal business operation and did not make the Company lose any interest.</p>
12. Mr. Chackarin Umpote ("Mr. Chackarin") <u>Relationship with Company</u> <ul style="list-style-type: none"> - Son of Mr. Krit Umpote Hold the positions of Chairman and Independent Director. 	<u>Legal Counsellor</u> Mr. Chackarin Umpote of Legal Counsellor company the Board of Directors meeting no.9 held on 13 th November 2020	-	0.08	<p>The company appointed Mr. Chackarin Umpote as a Legal Counsellor with monthly remuneration of THB 80,000 to support legal matters including various contracts works which the company may have in the future.</p> <p><u>Audit Committee's comment</u> Such transaction was necessary and justifiable, to support the Company's normal business operation and did not make the Company lose any interest.</p>

2. Necessity and justification of connected transactions

The Audit Committee has considered the above connected transactions and has opinion that such transactions were necessary, justifiable, and beneficial to the Company. (Detail of each transaction was in section 14.1.)

3. Measure or process of approval for connected transactions

The Company gives importance to the consideration of transactions with transparency and for the interests of the Company based on the principles that any decision making for business activities must be for the best interests of the Company only. Any action that leads to conflict of interest should be avoided. Thus, the Company has set the measure of connected transaction with the following key principles:

- (1) The Board of Directors and executives must inform the Company for the relationship or connected transaction in business that could lead to conflict of interest and must not participate in consideration, decision making and authority to approve such transaction.
- (2) Avoid any transaction relating to connected persons or juristic persons or the persons or juristic persons that may have conflict of interest or have a stake. If the case is necessary, such connected transaction must be presented to the Audit Committee for consideration and comments before proposing to the Board of Directors or shareholders' meeting for approval (as the case may be) according to the regulations of making connected transaction required by the Stock Exchange of Thailand and the Securities and Exchange Commission and the good corporate governance principles. In this regard, directors or executives who are stakeholders cannot participate in the transaction approval.
- (3) Executives and employees must comply with the Company's regulations and business ethics which shall be held important and strictly abided by to contribute to the Company's creditability and reliability for all stakeholders. The information and understanding of compliance have been publicized for employees throughout the Company.

4. Process of making connected transaction

In making any connected transaction, the Company shall comply with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission in all respects. The Company set the process of making connected transactions as follows:

- (1) The Company shall use the same pricing criteria and trade terms and conditions as the ones used with general customers. Any giving or receiving of financial support must be necessary and justifiable and must have fair agreement and condition for the best interests of the Company.
- (2) In the case there is no pricing criteria for reference, the Company shall consider comparing the price of product or service to the price from external source under the same or similar conditions. The Company may utilize the report of independent appraiser to compare the prices for significant connected transactions.
- (3) The Audit Committee shall be the commentator for the entering to transaction, its necessity, justification, and suitability of the price of such transaction and shall present to the Board of Directors and/or shareholders' meeting, depending on the case. Such comments shall be used as information for consideration on such transaction approval. In the case that the Audit Committee does not have expertise in considering any potential connected transactions, the Company shall assign any persons who have knowledge and specialization and are independent from the Company and persons with

conflict of interest, such as auditor, independent appraiser, or legal offices, etc., to be the commentator on such transactions. Comments of experts shall be used in the consideration of the Audit Committee and/or Board of Directors or shareholders, depending on the case, to ensure that such transaction entering shall not be the manipulation or transfer of interests between companies or subsidiary or persons with conflict of interest of the Company or subsidiary but shall be the transaction that the Company has considered for the best interest of shareholders.

- (4) Directors, executives or connected persons can do any transaction with the Company or subsidiary only when such transaction is approved by the Board of Directors or the shareholders' meeting in accordance with the requirement of the Stock Exchange of Thailand or the Securities and Exchange Commission depending on the case.
- (5) The Company must disclose the information of any transactions with potential conflict of interest or connected transactions according to the requirement of the Stock Exchange of Thailand and the Securities and Exchange Commission and disclose related transactions with the Company in accordance with the accounting standards.
- (6) Connected transactions shall be reviewed by the internal audit and reported to the Audit Committee. The measure was implemented to control, check, and review the random transactions every quarter to assure that they occur really, correctly, and truly according to the contract or policy or condition.

In addition, the Board of Directors' resolution (after becoming a public company) no. 1/2019 on 19th September 2019 approved the principles of trade terms and conditions in general for the transaction between the Company or subsidiary and its director, executive, or related person. The management can approve the connected transactions between the Company and/or subsidiary and director, executive, or related person (whether it be the ongoing transactions at present or the potential transactions in the future) without any approval from the Board of Directors' meeting and shareholders' meeting should such transaction be a trade agreement in the same manner as a person would do with a general counterpart in the same situation with trade bargaining power without influence in their presence as a director, executive or related person. The management shall prepare the report summarizing the connected transaction between director, executive, or related person to present in the Audit Committee meeting and the Board of Directors meeting every quarter or as demanded by the Audit Committee.

5. Policy and trend of connected transaction in the future

The Board of Directors' resolution (after becoming a public company) no. 1/2019 on 19th September 2019 defined the policy of connected transaction in the future that connected transaction must be in accordance with the nature of the Company's general business operations, have prices and payment terms comparable to the terms made with third parties. The Company's interests shall not be transferred unfairly to persons who may have a conflict of interest, have a stake, or have potential conflict of interest in the future with the Company. The Audit Committee and the Board of Directors shall supervise any potential connected transactions to be as deemed necessary and justifiable, to provide fair return, and to be approved according to the correct process and relevant regulations in compliance with the Securities and Exchange Law, the regulations, announcements, orders or requirements of the Capital Market Supervisory Board and the Stock Exchange of Thailand, including Compliance with the Regulations on Disclosure of Connected Transactions according to the accounting standards set by the Federation of Accounting Professions under the royal patronage.

Auditor's report summary

The auditor has provided opinions in the auditor's report on the Company's consolidated financial statements for the year 2017 - 2020 as follows:

Financial Statement	Auditor's report summary
Financial statements for the year ended 31 December 2017	<ul style="list-style-type: none"> The auditors are Ms. Somjai Khunapasut, certified public accountant (Thailand) No. 4499 from EY Office Limited, an auditor approved by the Office of the SEC. The auditor unqualified in the auditor's report that The financial statements show the Company's financial position as of December 31, 2017 and their operating results for the year ended the same day are fairly accurate, in essence, in accordance with the Financial Reporting Standards for Non-Public Entities.
Financial statements for the year ended 31 December 2018	<ul style="list-style-type: none"> The auditors are Ms. Somjai Khunapasut, certified public accountant (Thailand) No. 4499 from EY Office Limited, an auditor approved by the Office of the SEC. The auditor unqualified in the auditor's report that The financial statements show the Company's financial position as of December 31, 2018 and their operating results for the year ended the same day are fairly accurate, in essence, in accordance with the Financial Reporting Standards for Non-Public Entities.
Financial statements for the year ended 31 December 2019	<ul style="list-style-type: none"> The auditors are Ms. Somjai Khunapasut, certified public accountant (Thailand) No. 4499 from EY Office Limited, an auditor approved by the Office of the SEC. The auditor unqualified in the auditor's report that The financial statements show the Company's financial position as of December 31, 2019 and their operating results for the year ended the same day are fairly accurate, in essence, in accordance with the Financial Reporting Standards for Non-Public Entities.
Financial statements for the year ended 31 December 2020	<ul style="list-style-type: none"> The auditors are Ms. Somjai Khunapasut, certified public accountant (Thailand) No. 4499 from EY Office Limited, an auditor approved by the Office of the SEC. The auditor unqualified in the auditor's report that The financial statements show the Company's financial position as of December 31, 2020 and their operating results for the year ended the same day are fairly accurate, in essence, in accordance with the Financial Reporting Standards for Non-Public Entities.

Summary of the Company's financial statements

Statement of financial position as at 31 December 2017 - 2020

Statement of financial position as at 31 December 2017 - 2020 In the following table Prepared in accordance with Thai Financial Reporting Standards (TFRS), based on the financial information appeared in the audited financial statements for the year ended December 31, 2018, the first financial statement prepared under the Accounting Standards. Such The statements of financial position at the end of 2016 and 2017 have been revised retrospectively to be the same standard.

For the statement of financial position as of December 31, 2020, prepared in accordance with the Thai Financial Reporting Standards (TFRS), have been audited by EY Office Company Limited.

Balance Sheet	2017		2018		2019		2020	
	MB	%	MB	%	MB	%	MB	%
Assets								
<u>Current assets</u>								
Cash and cash equivalents	22.7	1.7	52.1	3.4	46.5	2.2	128.4	4.7
Current portion of hire purchase receivables - net	445.2	34.1	450.3	29.3	563.8	26.6	795.4	28.9
Assets foreclosed net	61.7	4.7	34.0	2.2	3.9	0.2	6.7	0.3
Other receivables	0.6	-	0.9	0.1	6.7	0.3	12.6	0.5
Other current assets	0.7	0.1	1.4	0.1	2.4	0.1	4.7	0.2
Total current assets	530.9	40.6	538.7	35.1	623.3	29.4	947.8	34.4
<u>Non - current assets</u>								
Hire purchase receivables - net of current portion	719.2	55.0	940.6	61.2	1,360.8	64.2	1,648.7	59.9
Restricted bank deposits	-	-	-	-	38.0	1.8	38.0	1.4
Land, buildings and equipment - net	33.0	2.5	32.6	2.1	68.8	3.2	70.9	2.6
Right-of-use assets - net	-	-	-	-	-	-	20.3	0.7
Intangible assets - net	1.9	0.1	3.1	0.2	5.4	0.3	5.2	0.2
Deferred tax asset	22.1	1.7	19.8	1.3	20.9	1.0	23.2	0.8
Other non-current assets	1.8	0.1	2.0	0.1	1.10	0.1	1.1	0.04
Total non-current assets	778.0	59.4	998.1	64.9	1,495.0	70.6	1,807.4	65.6
Total assets	1,308.9	100.0	1,536.8	100.0	2,118.3	100.0	2,755.1	100.0
Liabilities								
<u>Current liabilities</u>								
Short-term loans from a financial institution	-	-	90.0	5.9	503.3	23.8	255.2	9.3
Short-term loans from related persons	-	-	-	-	120.0	5.7	120.0	4.4
Short-term loans from others	-	-	-	-	29.2	1.4	9.2	0.3
Trade and other payables	10.1	0.8	17.7	1.2	11.8	0.5	59.5	2.2
Current portion of long-term loans from financial institutions	-	-	-	-	33.2	1.6	144.6	5.2
Current portion of long-term loans from related persons	-	-	10.0	0.7	-	-	141.6	5.1
Current portion of lease liabilities due within 1 year, net	-	-	-	-	-	-	7.5	0.3
Current portion of liabilities under hire purchase agreements due within 1 year, net	1.7	0.1	1.8	0.1	0.7	-	-	-
Income tax payable	18.3	1.4	9.6	0.6	16.6	0.8	24.7	0.9
Other current liabilities	8.2	0.6	14.4	0.9	17.6	0.8	18.6	0.7
Total current liabilities	38.3	2.9	143.5	9.4	732.4	34.6	781.0	28.3
<u>Non - current liabilities</u>								
Long-term loans from financial institutions - net of current portion	-	-	-	-	50.6	2.4	88.3	3.2
Long-term loans from related persons - net of current portion	585.0	44.7	420.0	27.3	250.0	11.8	44.0	1.6

Balance Sheet	2017		2018		2019		2020	
	MB	%	MB	%	MB	%	MB	%
Lease liabilities - net of current portion	-	-	-	-	-	-	12.4	0.5
Liabilities under hire purchase agreements - net of current portion	1.1	0.1	1.5	0.1	0.8	-	-	-
Provision for long-term employee benefits	6.7	0.5	2.9	0.2	4.8	0.2	6.4	0.2
Total non-current liabilities	592.8	45.3	424.4	27.6	306.2	14.4	151.1	5.5
Total liabilities	631.1	48.2	567.9	37.0	1,038.6	49.0	932.1	33.8
Shareholders' equity								
Issued and fully paid up	500.0	38.2	700.0	45.5	700.0	33.0	935.0	33.9
Share premium							372.8	13.5
Appropriated - statutory reserve	-	-	-	-	5.6	0.3	12.4	0.5
Unappropriated	177.8	13.6	268.9	17.5	374.1	17.7	502.8	18.3
Total shareholders' equity	677.8	51.8	968.9	63.0	1,079.7	51.0	1,823.0	66.2
Total liabilities and shareholders' equity	1,308.9	100.0	1,536.8	100.0	2,118.3	100.0	2,755.1	100.0

Statement of comprehensive income for the years ended 31 December 2017 - 2020

The statements of comprehensive income for the years ended 31 December 2017 - 2020 have been prepared in accordance with the Thai Financial Reporting Standards (TFRS), which are based on financial information as appeared in the audited financial statements for the year ended 31 December 2018. This is the first financial statement prepared under the said accounting standard. And the comprehensive income statement for the year 2017 has been retroactively adjusted to be the same standard.

For the statement of comprehensive income ending 31 December 2019 - 2020 prepared in accordance with Thai Financial Reporting Standards (TFRS), have been audited by EY Office Company Limited.

Statements of comprehensive income	2017		2018		2019		2020	
	MB	%	MB	%	MB	%	MB	%
Revenues								
Interest income from hire purchase	198.6	87.5	225.3	87.1	282.2	85.5	355.6	78.3
Fee and service income	26.5	11.7	29.4	11.4	40.6	12.3	77.9	17.2
Other income	1.9	0.8	3.9	1.5	7.4	2.2	20.5	4.5
Total revenues	227.0	100.0	258.6	100.0	330.2	100.0	454.1	100.0
Expenses								
Selling and administrative expenses	58.9	25.9	94.6	36.6	129.4	39.2	152.7	33.6
Expected credit loss	-	-	-	-	-	-	36.3	8.0
Bad debts and doubtful accounts and losses on confiscation assets	44.9	19.8	8.7	3.3	29.6	9.0	58.5	12.9
Gain on disposals of assets foreclosed	14.9	6.6	11.4	4.4	(6.6)	(2.0)	(17.6)	(3.9)
Total expenses	118.7	52.3	114.7	44.3	152.4	46.2	229.9	50.6
Profit from operating activities	108.3	47.7	143.9	55.7	177.8	53.8	224.1	49.4
Finance cost	(29.9)	(13.1)	(27.7)	(10.7)	(39.0)	(11.8)	(47.9)	(10.5)
Profit before income tax expenses	78.4	34.6	116.2	45.0	138.8	42.0	176.2	38.8
Income tax expenses	(17.6)	(7.8)	(26.3)	(10.2)	(28.0)	(8.5)	(41.1)	(9.1)
Profit for the year	60.8	26.8	89.9	34.8	110.8	33.5	135.1	29.8

Statements of comprehensive income	2017		2018		2019		2020	
	MB	%	MB	%	MB	%	MB	%
Other comprehensive income:								
Items not to be recognised in profit or loss in subsequent periods								
Actuarial gain	(2.4)	(1.0)	1.2	0.4	0.0	0.0	0.4	0.1
Total comprehensive income for the year	58.4	25.8	91.1	35.2	110.8	33.5	135.5	29.8
Earning per share								
Earning per share (Baht/Shares)	0.12		0.15		0.16		0.18	
Weighted average number of ordinary shares (Shares)	500,000,000		599,452,055		700,000,000		763,565,574	

Note : The shareholders' meeting of the Company on September 9, 2019 passed a resolution to change the par value from 100.00 baht to 1.00 baht, which resulted in the weighted average number of ordinary shares used in calculating earnings per share. So change for proper comparison The Company therefore presented the above weighted average earnings per share and number of ordinary shares as if the change in the par value of such shares occurred from the beginning.

Cash flow statement for the year ended 31 December 2017 - 2020

Cash flow statement	2017	2018	2019	2020
	MB	MB	MB	MB
Cash flows from operating activities				
Profit before income tax	78.4	116.3	138.8	176.2
<i>Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities</i>				
Depreciation and amortisation	7.5	8.0	8.6	16.9
Expected credit loss	-	-	-	36.3
Bad debts and doubtful accounts and losses on confiscation assets	44.9	8.7	29.6	58.5
Gain (loss) on disposals and write off of equipment and intangible assets	(0.3)	(2.0)	(3.9)	(0.1)
Reversal of impairment losses on assets foreclosed	11.4	(10.3)	(6.5)	-
Gain on disposals of assets foreclosed	-	21.6	-	(17.6)
Provision for long-term employee benefits	0.5	1.8	2.3	2.0
Interest income from hire purchase	(198.6)	(225.3)	(282.2)	(355.6)
Finance cost - interest expenses on borrowing	29.9	27.7	39.0	47.1
Finance cost - interest expenses on lease liabilities	-	-	-	0.8
Loss from operating activities before changes in operating assets and liabilities	(26.3)	(53.5)	(74.3)	(35.2)
<i>Decrease (increase) in operating assets</i>				
Hire purchase receivables	(148.3)	(227.8)	(542.5)	(595.3)
Assets foreclosed	(54.9)	16.3	36.7	14.7
Other receivable	0.8	(0.3)	(5.9)	(5.4)
Other current assets	(0.7)	(0.7)	(1.0)	(2.4)
Other non-current assets	(0.2)	(0.2)	(1.0)	(0.1)

Cash flow statement	2017	2018	2019	2020
	MB	MB	MB	MB
<i>Increase (decrease) in operating liabilities</i>				
Trade and other payables	(1.8)	7.6	(6.3)	45.9
Other current liabilities	1.0	6.3	3.1	1.1
Long-term employee benefits	-	(4.1)	(0.3)	-
Cash flows used in operating activities	(230.4)	(256.4)	(589.5)	(576.6)
Cash received from interest income from hire purchase	196.9	217.9	261.4	326.6
Cash paid for income tax	(20.8)	(33.0)	(22.1)	(31.7)
Net cash flows used in operating activities	(54.3)	(71.5)	(350.2)	(271.6)
Cash flows from investing activities				
Increase in restricted bank deposits	-	-	(38.0)	-
Cash paid for acquisitions of land, buildings and equipment	(6.1)	(4.4)	(43.3)	(11.0)
Cash paid for acquisitions of intangible assets	(0.2)	(1.9)	(3.7)	(1.2)
Cash received from disposals of land, buildings and equipment	0.3	2.2	4.0	-
Net cash flows used in investing activities	(6.0)	(4.1)	(81.0)	(12.2)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	-	90.0	413.3	(248.1)
Increase in short-term loans from related persons	-	-	120.0	-
Increase (decrease) in short-term loans from others	-	-	29.2	(20.0)
Cash received from long-term loans from financial institutions	-	-	100.0	200.0
Cash received from long-term loans from related persons	110.0	25.0	-	-
Repayment of long-term loans from financial institutions	-	-	(16.3)	(50.7)
Repayment of long-term loans from related persons	(50.0)	(180.0)	(180.0)	(64.4)
Repayment of liabilities under lease and hire purchase agreements	(3.1)	(2.5)	(1.8)	(7.5)
Interest expense	(30.3)	(27.5)	(38.8)	(47.6)
Cash received from capital increase	-	200.0	-	604.1
Net cash flows from financing activities	26.6	105.0	425.6	365.7
Net increase (decrease) in cash and cash equivalents	(33.7)	29.4	(5.6)	81.9
Cash and cash equivalents at beginning of year	56.4	22.7	52.1	46.5
Cash and cash equivalents at the end of year	22.7	52.1	46.5	128.4

Note : The cash flow statement for 2017 has been prepared by the company's management.

Financial Highlights

Ratio	Unit	2017	2018	2019	2020
Profitability Ratio					
Interest rate received	(%)	16.65	16.28	15.95	15.53
Interest rate paid	(%)	5.35	4.98	5.16	5.35
Interest Rate Spread	(%)	11.30	11.30	10.79	10.18
Net Interest Margin	(%)	14.14	14.28	13.75	13.44
Net Profit Margin	(%)	26.80	34.78	33.55	29.75
Return on equity	(%)	9.38	10.92	10.82	9.31
Efficiency Ratio					
Return on assets	(%)	4.88	6.32	6.06	5.54
Total assets turnover	Time	0.18	0.18	0.18	0.19
Financial Ratio					
Debt to equity ratio	Time	0.93	0.59	0.96	0.51
Lend to Borrowing ratio	Time	2.16	2.89	2.06	3.17
Lending to loan ratio	Time	1.00	1.01	0.99	0.97
Dividend payout ratio	(%)	-	-	-	-
Loan Asset Quality Ratio					
Non Accrued Receivables over Total Receivables	(%)	12.25	5.73	4.47	3.82
NPL ratio and assets foreclosed to total assets	(%)	17.85	8.23	4.48	4.08
Coverage Ratio	(%)	65.53	127.92	123.02	100.89
Provision for Doubtful Debt over total Receivables	(%)	8.03	7.33	5.50	3.85

Overall operating results

Micro Leasing (Public) Company Limited was established on 7th November 1994 to operate the business of providing hire purchase loan service for used trucks, such as 6-wheel, 10-wheel, and 12-wheel trucks, etc. The main target group was individual or juristic person who wanted to purchase used trucks for business operation, such as transporting goods hiring services or transporting products within business. The Company aims to provide hire purchase loan service for used trucks because the demand for trucks in transportation business has been increasing continuously according to the economic expansion of the country. Most hire purchase trucks are used for operation in commercial businesses which can generate incomes to pay for principles and interests consistently.

The Company's main incomes come from income interests and fees from hire purchase loan services. The interest rate in hire purchase loan contracts depends mainly on the age of trucks. The Company gives importance to the objectives of the hire purchase and the ability to pay debt of customer. Customer's profile and record shall be reviewed in various aspects carefully and concisely before the loan approval. Moreover, the Company provides other kinds of loans such as liquidity enhancing loan which has the registration book transfer as collateral and refinancing loan to existing customers who have good installment payment records. Other services relevant to hire purchase business include coordination service for arrangement and renewal of insurance policy, etc. The Company recruits new customers mainly via the network of used truck tent operators. In addition, customer can apply for credits at the 12 branches of the Company in all regions.

Operating results in 2017 - 2020

Income Statement (million Baht)	2017	2018	2019	2020
Income interest from hire purchase contract ^{/1}	198.6	225.3	282.2	355.6
Fee and service incomes ^{/2}	26.5	29.4	40.6	77.9
Other incomes ^{/3}	1.9	3.9	7.4	20.5
Total incomes	227.0	258.6	330.2	454.1
Sales and administrative expenses	58.9	94.6	129.4	152.7
Expected credit loss	-	-	-	36.3
Bad debts and doubtful accounts	44.9	8.7	29.6	58.5
Loss (profit) from impairment and disposal of foreclosed assets	14.9	11.4	(6.6)	(17.6)
Profits before financial costs and income taxes	108.3	143.9	177.8	224.1
Financial costs	(29.9)	(27.7)	(39.0)	(47.9)
Income tax expenses	(17.6)	(26.3)	(28.0)	(41.1)
Net profits	60.8	89.9	110.8	135.1
<i>Income interest rates (%)</i>	<i>16.6</i>	<i>16.3</i>	<i>16.0</i>	<i>15.5</i>
<i>Expense interest rates (%)</i>	<i>5.3</i>	<i>5.0</i>	<i>5.2</i>	<i>5.4</i>
<i>Interest spread (%)</i>	<i>11.3</i>	<i>11.3</i>	<i>10.8</i>	<i>10.2</i>
<i>Net interest margin (%)</i>	<i>14.1</i>	<i>14.3</i>	<i>13.7</i>	<i>13.4</i>
<i>Interest income rates including fees (%)</i>	<i>18.9</i>	<i>18.4</i>	<i>18.2</i>	<i>18.9</i>
<i>Net profit margin (%)</i>	<i>26.8</i>	<i>34.8</i>	<i>33.5</i>	<i>29.8</i>

^{/1} Interest income under hire purchase contracts included fee income from contract review and arrangement and was presented as net of direct expenses incurred initially from the hire purchase.

^{/2} Fee and service incomes included late interest fines, debt collection fees, and income from insurance commission, etc.

^{/3} Other incomes included profits from disposal of assets and income interests, etc.

Changes in Financial Reporting Standards

Financial status and operating results of the Company from 1st January 2020 onwards were prepared under the Thai Financial Reporting Standards no. 9 (TFRS 9) and TFRS 16 Re: Leasing Contracts effective on 1st January 2020. In this regard, the Company's financial status and operating results of 2017 - 2019 comparison in the above table were prepared according to the old financial reporting standards and were not updated back but were considered acceptable according to such financial reporting standards requirement.

To apply both financial reporting standards for the first time resulted in the changes in accounting principles with the following key issues:

- TFRS9 - The impairment of financial assets calculation, including hire purchase receivables, was changed to the principle of the Expected Credit Loss or "ECL". The new hire purchase receivables were classified in 3 levels: 1) Receivables without significant increase of credit risk of which impairment was measured against the 12-month expected credit loss, 2) Receivables with significant increase in credit risk, and 3) Receivables with credit impairment. The impairment of Level 2 and 3 was measured by the Lifetime Expected Credit Loss.
- TFRS16 - Regarding the leasing contracts, the rights of use assets and the leases liabilities shall be recognized for leasing contracts of which leasing period was longer than 12 months, including leasing contract of land, buildings, and vehicles.

Revenue

The Company's income structure in 2017 - 2020 is as follows:

Revenue	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Interest income hire purchase	198.6	87.5	225.3	87.1	282.2	85.5	355.6	87.7
Fee and service incomes	26.5	11.7	29.4	11.4	40.6	12.3	77.9	11.4
Other incomes ^{/1}	1.9	0.8	3.9	1.5	7.4	2.2	20.5	0.9
Total revenues	227.0	100.0	258.6	100.0	330.2	100.0	454.1	100.0

^{/1} Other incomes included profits from sales of assets and income interests, etc.

The Company's total revenues in 2017 - 2020 were 227.0 million Baht, 258.6 million Baht, and 330.2 million Baht, respectively, and the 2020 amount was 454.1 million Baht. The Company's main incomes were interest income under hire purchase contracts. In addition, the Company had fee and service incomes from hire purchase loan providing services. The Company's incomes are categorized as following summary:

Hire purchase interest income

Hire purchase interest income was the interest income from hire purchase loan services for various kinds of used trucks. Hire purchase interest income was recognized as income in financial statement according to the installment payment with the Effective Interest Method over the term of the contract. The hire purchase interest income presented in the financial statement included the fee income from contract review and arrangement, net of direct expenses incurred initially from the hire purchase, such as the commission paid to a person introducing hire purchase loan customer to the Company. Such expenses shall gradually be recognized in accounting by the Effective Interest Method over the term of the contract, the same as the recognition of hire purchase interest income as mentioned above. In this regard, as for the accounting period before 1st January 2020, the Company had a policy to stop recognizing the interest income when receivables made defaulted payment for over 4 installments.

Since 1st January 2020, the Company has applied the Financial Reporting Standards no. 9 (TFRS9) regarding Financial Tools into practices. As a result, the Company recognized the interest income from the expected recovery from hire purchase receivables with credit impairment (or receivables with more than 90 days installment overdue) which was calculated by using the accounting net balance (after deducting the allowance for expected credit loss) whereas when using the old criteria, the Company would stop recognizing interest income when receivables had over 4 installments outstanding.

The Company's hire purchase interest incomes are categorized by type of collaterals as follows:

Hire purchase interest incomes	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
10-wheel and 12-wheel trucks	112.3	56.6	122.0	54.1	140.4	49.7	168.7	47.4
6-wheel truck	63.9	32.2	73.1	32.5	91.1	32.3	110.6	31.1
Tractor	11.9	6.0	18.0	8.0	34.3	12.2	51.8	14.6
Trailers/ semi-trailer	8.6	4.3	9.3	4.1	11.9	4.2	17.5	4.9
4-wheel truck	0.3	0.1	0.4	0.2	0.8	0.3	0.7	0.2
Others	1.6	0.8	2.5	1.1	3.7	1.3	6.4	1.8
Total interest income	198.6	100.0	225.3	100.0	282.2	100.0	355.6	100.0
<i>Income interest rates</i>	<i>16.6</i>		<i>16.3</i>		<i>16.0</i>		<i>15.5</i>	

Most of Company's hire purchase interest incomes came from hire purchase loans for used 10-wheel 12-wheel trucks, accounted for 47% of total interest incomes. Second to it was interest income from 6-wheel trucks, accounted for 31%, and the rest were interest incomes from hire purchase loans for other types of trucks, such as tractors and trailers.

In 2017 - 2020, the Company's hire purchase interest incomes were 198.6 million Baht, 225.3 million Baht, and 282.2 million Baht, and 355.6 million Bath, accounted for 87.5%, 87.1%, 85.4% and 78.3% of total incomes. The hire purchase interest income increased each year with the growing hire purchase portfolio in consistent with the expansion of transportation industry supported by the government investment to develop infrastructure and the Company's competency to increase market shares.

In 2017 - 2020, the Company's income interest rates were 16.6%, 16.3%, 16.0% and 15.5%, respectively. the Company's income interest rates tended to decrease due to the proportion of the loans for used trucks which had less years of use was higher. Usually, used trucks with less years of use gave lower income interest rate than older trucks.

In 2020, the interest income was slightly lower than in 2019 due to the expansion of the loan portfolio in the last quarter. Of the year after receiving money from the IPO in late September. And providing assistance to settle debt repayment with customers with out anditional interest in accordance with the Bank of Thailand assistance measures.

Stop recognizing interest income

As for the accounting period from 1st January 2020 onwards, when the Company applied Thai Financial Reporting Standards (TFRS9) into practices, the Company still recognized the interest income from all hire purchase receivables (including receivables with over 4 installments outstanding of which the Company stopped recognizing incomes under the previous accounting policy.) With the calculation of the expected recovery of such receivables, the Company would recognize incomes, according to the Effective Interest Rates method, from the accounting value - net of receivables after deducting the allowance for expected credit loss which can be high or low depending on each hire purchase receivable's credit status.

As for the accounting period before 1st January 2020, the Company had a policy to stop recognizing hire purchase interest income when receivables had defaulted payment of more than 4 installments which was following the debt collection practice of the Company. That is, when the receivables had defaulted payment of 3 consecutive installments, the Company would send the letter of notice to cancel the contract which would be effective within 30 days which was the due date of the 4 installment. If the receivable did not pay within the due date, the Company would follow to collect debt and confiscate the collateral truck.

The policy to stop recognizing the interest income of the Company for the accounting period before 1st January 2020 was different from the direction of the announcement of Certified Accountants and Auditors Association of Thailand with the agreement of the Securities and Exchange Commission which requires the credit business for Consumer Finance to stop recognizing income when debtors had defaulted payment for over 3 installments from the due date. However, such practice has provided options for the Company in case that the company found this direction inappropriate. The Company was also required to disclose the reason why it used other directions as deemed more appropriate.

Fee and service incomes

Fee and service incomes of the Company generally came from 2 parts: 1) Fees and service charges before hire purchase contracts including contract review fee and contract arrangement fee which would be presented in hire purchase interest incomes, and 2) Fees and service charges after contracts including late penalty income, income from introducing insurance to customer, fees from debt tracking and collection, and litigation fees, etc. All were presented as Fee and service incomes.

Fee and service incomes	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Late interest penalty income	18.5	69.8	12.9	43.9	13.3	32.7	17.5	22.4
Insurance introduction								
commission income	4.2	15.9	6.5	22.1	14.8	36.6	39.4	50.6
Tracking operating income	3.8	14.3	9.5	32.3	10.7	26.4	17.3	22.3
Others	0.0	0.0	0.5	1.7	1.8	4.3	3.7	4.7
Total fee and service incomes	26.5	100.0	29.4	100.0	40.6	100.0	77.9	100.0
<i>% to average hire purchase loans</i>	<i>2.2</i>		<i>2.1</i>		<i>2.3</i>		<i>3.4</i>	

In 2017, the Company's fee and service incomes were 26.5 million Baht. Most of them were late payment penalty fee incomes, followed by incomes from introducing insurance to customers, and incomes from debt tracking operation, representing 69.8%, 15.9%, and 14.3% of total fee and service incomes, respectively. The fee incomes to average hire purchase loans ratio was 2.2%.

In 2018, the Company's fee and service incomes were 29.4 million Baht, increased for 2.9 million Baht or by 10.9% from the previous year. The increase mainly came from the commission incomes from introducing insurance to customer which increased in proportion with the approved new loan amount. Moreover, the Company's incomes from debt tracking increased from the shift to focus more on debt collection to control risk of debtor's quality. Thus, the Company was able to collect more fees from debt collection whereas the late penalty income decreased as a result of such debt tracking. In 2018, the Company's fee income to average hire purchase loans ratio was 2.1%, which was closed to the previous year.

In 2019, the Company's fee and service incomes were 40.6 million Baht, increased for 11.2 million Baht or by 38.1% from the previous year, which was the result of the increase in incomes from insurance introduction to customer in consistent of increasing new loans. Moreover, the Company had more allied insurance partners which contributed more insurance products to introduce to customers. In 2019, the Company's fee incomes to average hire purchase loans ratio was 2.3%, slightly increased from the year 2018.

In 2020, the Company's fee and service incomes were 77.9% million Baht, increased for 37.4% million Baht or by 92.1% from the same period of previous year. The increase mainly came from the increasing incomes from insurance introduction which was consistent with the increasing new loans compared to the same period of the previous year. In addition, since Quarter 4/ 2019, the Company had a policy to promote the 1st class insurance and credit limit protection insurance to customer to reduce risks for the Company. Customer could include insurance values with the hire purchase truck value to apply for hire purchase loan at LTV of not over 90%. Thus, more customers applied for the 1 class insurance with higher values and the Company also received higher commissions from insurance introduction. In 2020, the Company's income from insurance introduction was 50.6% of total fee and service incomes, increased from 36.6% in 2019. The fee and service incomes to average hire purchase loans ratio was 3.4%, increased from 2.3% in 2019.

Other incomes

The Company's other incomes included profits from sales of assets, interest income, and bad debt recovery, etc. Other incomes of the Company in 2017 - 2020 were 1.9 million Baht, 3.9 million Baht, 7.4 million Baht, and 20.5 million Baht. In the accounted for 0.8%, 1.5%, 2.2% and 4.5% of total incomes of the Company.

Expenses

Total expenses	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Sales and administrative expenses	58.9	49.6	94.6	82.5	129.4	84.9	152.7	66.4
Expected credit loss	-	-	-	-	-	-	36.3	15.8
Bad debt and doubtful accounts and loss on vehicle confiscation	44.9	37.9	8.7	7.6	29.6	19.4	58.5	25.4
Loss on impairment and sales of foreclosed assets (reversal)	14.9	12.5	11.4	9.9	(6.6)	(4.3)	(17.6)	7.7
Total expenses	118.7	100.0	114.7	100.0	152.5	100.0	229.9	100

Total expenses of the Company in 2017 -2020 were 118.7 million Baht, 114.7 million Baht, 152.5 million Baht, and 229.9 million Baht, respectively. The Company's expenses included sales and administrative expenses, expected credit loss, bad debt and doubtful accounts, loss on vehicle confiscation, and loss on impairment and sales of foreclosed assets, with the following details:

Sales and administrative expenses

Sales and administrative expenses included salary and employee expenses, expenses on debt collection, consultant fee, space rental fee, depreciation, and amortization, etc.

Sales and administrative expenses of the Company in 2017 - 2020 were 58.9 million Baht, 94.6 million Baht, 129.4 million Baht, and 152.7 million Baht, respectively. The details were as follows:

Sales and administrative expenses	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Salary and employee expenses	32.1	54.5	51.2	75.2	58.0	54.1	87.6	57.4
Depreciation and amortization	7.5	12.8	8.0	8.6	6.7	8.5	17.0	11.1
Consultant fee	6.4	10.8	10.2	8.5	6.6	10.8	14.6	9.6
Rental fee	2.4	4.0	3.1	5.6	4.3	3.3	0.2	0.1
Travel and communication expenses	3.8	6.4	5.8	8.6	6.7	6.1	7.7	5.1
Debt collection expense	0.7	1.2	3.9	9.3	7.2	4.1	5.3	3.5
Others ^{/1}	6.0	10.3	12.4	13.6	10.5	13.1	20.3	13.3
Total sales and administrative expenses	58.9	100.0	94.6	100.0	129.4	100.0	152.7	100.0
<i>Expenses to total incomes ratio</i>	<i>29.9</i>		<i>41.0</i>		<i>44.4</i>		<i>37.6</i>	

^{/1} Other administrative expenses included sales promotion expenses, maintenance expenses, and insurance premiums, etc.

In 2017, the Company's sales and administrative expenses were 58.9 million Baht. The sales and administrative expenses to total incomes ratio was 29.9%. The Company's sales and administrative expenses in 2017 mainly consisted of salary and employee expenses, representing more than 50% of total sales and administrative expenses.

Sales and administrative expenses in 2018 were 94.6 million Baht, increased for 35.7 million Baht or by 60.6%. The main cause came from the increase in personnel to support the credit business expansion during the end of 2018, resulting in the increasing number of employees from 109 persons at the end of 2017 to 135 persons at the end of 2018. Moreover, during 2018, the Company had expenses on preparation to enter the Stock Exchange of Thailand, such as the internal audit fee, and the information technology development expenses. The Company also hired outsourcing team for debt collection. As a result, the sales and administrative expenses to total incomes ratio in 2018 increased from 29.9% to 41.0%.

Sales and administrative expenses in 2019 were 129.4 million Baht, increased for 34.8 million Baht or by 36.8% from the previous year. The main cause came from the adjustment of employee's salary base and the increasing number of personnel in various departments, such as Marketing Department, Credit Department, Debt Collection Department, and Information Technology Department, since the end of 2018 to support business growth. As of 31st December 2019, the Company had total employees of 183 persons. In addition, the Company had other expenses, such as the increasing compensation for directors, that contributed to the increase in the sales and administrative expenses to total incomes ratio from 41.0% in 2018 to 44.4% in 2019.

Sales and administrative expenses in 2020 were 152.7 million Baht, increase for 23.3 million Baht or by 18.0% from the same period of the previous year. The main cause came from the increasing number of employees. Moreover, in 2020, the Company had the increasing depreciation and amortization expenses after the purchase of the buildings of Khon Kaen and Saraburi branches in 2019. In addition, the Thai Financial Reporting Standards no. 16 (TFRS 16) regarding Leasing Contracts was applied in 2020. As a result, the operating leases with a term of more than 12 months was recognized as the Right of Use assets and gradual depreciation instead of rental fees. In 2020, the Company's sales and administrative expenses to total incomes ratio was 37.6%, decreased from 44.4% in 2019. The Company predicted that the sales and administrative expenses to total incomes ratio would continue to drop in the future because most of sales and administrative expenses were fixed expenses, such as salary and employee expenses, depreciation, and consultant fees, etc. Thus, such ratio shall go down when the Company is able to utilize the fixed expenses to generate incomes from more hire purchase loans.

Credit Cost

Credit Cost included the sum of Expected Credit Loss, doubtful accounts, bad debts, loss on vehicle confiscation, loss on impairment of foreclosed assets, and loss on disposal of foreclosed assets. The details were as follows:

Credit Cost	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Expected credit loss	-	-	-	-	-	-	36.3	47.1
Bad debts and doubtful accounts and loss on vehicle confiscation	44.9	75.2	8.7	43.3	29.6	128.7	58.5	75.8
Loss on impairment and disposal of foreclosed assets	14.8	24.8	11.4	56.7	(6.6)	(28.7)	(17.6)	(22.91)
Total	59.7	100.0	20.1	100.0	23.0	100.0	77.2	100
% average hire purchase receivables (full year)	5.0		1.5		1.3		3.4	

Note : The number of negative values indicated the reversal of such item.

The significant accounting changes in 2019 and 2020 which had impact on the credit cost statement:

- 1) Since 1st January 2020, the Company has applied the Thai Financial Reporting Standards no. 9 regarding Financial Tools (TFRS 9) into practices. From Quarter 1/ 2020 onwards, the Company has changed the consideration method of the credit impairment of hire purchase receivables and the accounting record from “Doubtful accounts” to “Expected Credit Loss”. The application of such new financial reporting standards did not update the comparison data of the 2017 - 2019 periods which was acceptable according to the requirement of such financial reporting standards.

Summary of changes in reserve setting to support the expected credit loss

Previous standards	New standards (Effective 1 st January 2020 onwards)
The Company set the allowance for doubtful accounts according to the estimated loss on uncollectible debts by considering the current rating status of receivables, their ability to pay debts, and the data of actual damage experience, less the collateral value of receivables with no more than 6-months overdue, using different reserve setting rates (1-100%) depending on the overdue period of receivables. The changes in the allowance for doubtful accounts would be recognized as bad debt and doubtful accounts in the income statement.	The Company estimated the expected credit loss from hire purchase receivables by referring to TFRS 9 which classified receivables into 3 stages according to Three-Stage Model. Stage 1 was the reserve setting for the 12-month expected credit loss while Stage 2 and 3 were the reserve setting for the lifetime expected credit loss. Moreover, the Company shall consider the trend of future economy and adjust the credit loss in consistent with the expected impact. In this regard, the changes in the credit impairment of receivables will be recorded as “Expected Credit Loss” in income statement instead of bad debt and doubtful accounts.
The Company can set additional General Reserve to cover the expected future damages which can be caused by uncontrollable external factors to comply with the caution principles.	In addition to the allowance setting for impairment of hire purchase receivables according to the above principles, the Company can also set the additional reserve as Management Overlay which does not fit in the model output with the clear reason.

- 2) Since Quarter 2/ 2019, the Company has changed the accounting policy about the record of the costs of foreclosed assets from recording the outstanding hire purchase debt value of receivables on the confiscation date to the fair value referring to the vehicle assessment price on the confiscation date. If the fair value on the date was lower than the outstanding hire purchase debt value, the Company will record the difference as bad debts or “Loss on vehicle confiscation” in income statements immediately. Thus, the Company’s expenses on bad debts and doubtful accounts have increased since Quarter 2/ 2019. On the contrary, the loss on the

impairment and disposal of foreclosed assets were decreased. The changes in accounting of foreclosed assets were the changes in reclassification of loss between the doubtful accounts and the loss on impairment of foreclosed assets only. Such changes did not have any effect on the Company's net profits.

Summary of accounting changes in recording foreclosed assets:

Previous policy	New policy (Effective 1 st April 2019 onwards)
On the confiscation date, the Company shall record the foreclosed assets with the outstanding debt value of receivables on the confiscation date.	On the confiscation date, the Company shall record the foreclosed assets with the fair value on the confiscation date. If the fair value is lower than the outstanding debt value, it will be recorded as the bad debts or "Loss on vehicle confiscation" immediately.
At the end of every quarter, the Company will test the impairment of foreclosed assets and record the loss on impairment of foreclosed assets (if any.)	

In addition, according to the accounting practices of the Company in 2017 until before Quarter 2/2019, when there were any assets foreclosed, the Company would reverse the impairment of such confiscated vehicles first. Then, the loss on disposal of foreclosed assets was recorded in the whole amount, compared against the outstanding debt value. Consequently, the loss on impairment of foreclosed assets (as presented in the note of financial statement) may be presented in the negative values (meaning the reversal of the impairment allowance) if the number of confiscated vehicles sold was higher than the number of vehicles confiscated during the year and the allowance for impairment of remaining confiscated vehicles at the end of the year had lower value than the previous year.

However, for the purpose of financial information analysis and for the appropriate comparison of information, the Company presented the information of 2019 in the way that was consistent with the previous accounting policy as if the Company has not changed the accounting policy about foreclosed assets until present. The items in 2017 - 2019 and the first 6 months of 2019 - 2020 were rearranged so that the amount of additional loss on the disposal of foreclosed assets was presented only after the allowance for impairment. Such presentation did not have any effect on the overall credit costs and the Company's net profits.

Credit costs (new way of presentation)	2017		2018		2019		2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Bad debts and doubtful accounts	44.9	75.2	8.7	43.3	3.7	16.1	26.2 ^{/2}	33.9
Loss from changing new conditions	-	-	-	-	-	-	10.1 ^{/2}	13.1
Loss on impairment of foreclosed assets at the end of period	16.7	28.0	6.5	32.3	1.5 ^{/1}	6.5	5.2 ^{/1}	6.7
Loss (profit) on disposal of foreclosed assets	(1.9)	(3.2)	4.9	24.4	17.8	77.4	35.7	46.3
Total	59.7	100.0	20.1	100.0	23.0	100.0	77.2	100.0
% of average hire purchase receivables (full year)	5.0		1.5		1.3		3.4	

^{/1} In the financial statement, this item was presented in "Loss on vehicle confiscation" which was a part of the expenses on bad debts and doubtful accounts and the loss on vehicle confiscation.

^{/2} In the income statement, this item was presented in "Expected Credit Loss."

Bad debts and doubtful accounts

In 2017 - 2020, the Company's expenses on bad debts and doubtful accounts were 44.9 million Baht, 8.7 million Baht, 3.7 million Baht, and 36.3 million Baht respectively. In 2017, the Company's bad debts and doubtful accounts were as high as 44.9 million Baht which was the result of the first General Reserve of 34.0 million Baht, in addition to the reserve under normal policy, to support the effectiveness of the Thai Financial Reporting Standards no. 9 (TFRS9). Consequently, the expenses on bad debts and doubtful accounts in 2017 were higher than the other years.

In 2018, the Company's bad debts and doubtful accounts were 8.7 million Baht, decreased for 36.2 million Baht or by 80.6%. This was the result of the quality of hire purchase receivables which significantly improved from the previous year. It was shown that the proportion of the receivables that were not overdue and receivables that were overdue for not more than 90 days (Performing Loans) were 94.3% at the end of 2018, compared to 87.7% at the end of 2017. In 2018, the Company's reversal of allowance for doubtful accounts as per the policy were 2.3 million Baht. At the same time the Company set the additional general reserve of 11.0 million Baht, resulting in the expenses on bad debts and doubtful accounts in 2018 were in total of 8.7 million Baht.

In 2019, the Company's bad debts and doubtful accounts were 3.7 million Baht, decreased for 5.0 million Baht or by 57.5% from the previous year. This was the result of the improving quality of hire purchase receivables which were continued from the previous year. The proportion of the receivables that were not overdue and receivables that were overdue for not more than 90 days at the end of 2019 were 95.5 %, compared to 94.3 % at the end of 2018.

In 2020, the Company's bad debts and doubtful accounts 26.2 million Baht, increase 22.5 million Baht which The company has applied the Thai Financial Reporting Standard No.9 regarding Financial Tools (TFRS9) into practices. it has change the method of setting the allowance for doubtful accounts. However, the quality of the hire purchase receivables of the company has continued to improve. The proportion of the receivables that were not overdue and receivables that were overdue for not more than 90 days as of December 31, 2020 equal to 96.2%, compared to 95.5% at the end of 2019.

As a result, the Company set lower amount of the additional allowance for doubtful accounts.

The Company has a policy of bad debt amortization in accordance with the ministerial regulations, no. 186 (2534 BE), issued under the revenue code on the disposal of bad debts from account receivables. The Company can write off bad debts from account after having done the appropriate debt collection or having filed a civil action and the court has accepted the lawsuit in such case, depending on the outstanding debt of each debtor. In most cases, the outstanding debts were during 100,000 - 500,000 Baht per contract. And from Quarter 2/ 2020 onwards, the Company has implemented the policy of additional bad debt disposal for debtors whose vehicles could not be confiscated and were under legal proceedings, with the overdue payment of over 30 installments.

Loss from changes in new condition

In 2020, the Company's loss from changes in new condition was 10.1 million Baht. Participating in the project to help support customers affected by COVID-19, the Company provided the moratorium for principles and interests for 3-4 months. As a result, the difference in the present value from the expected future cash flows has changed and was recorded as a loss from changes in new condition. This difference was occurred only once at the transaction moment.

Loss on impairment of foreclosed assets

The loss on impairment of foreclosed assets was the expected loss on disposal of confiscated trucks which have not yet been sold at the end of that year. The balance of foreclosed assets stated in the financial statement at the end of the year reflected the appropriate value that the Company expected to receive.

In 2017, the Company's loss on the impairment of foreclosed assets were 16.7 million Baht, consistent with the allowance for impairment of confiscated trucks which was increasing according to the higher number of confiscated trucks. The Company's number of confiscated trucks at the end of 2017 were 124 trucks, as a result of the Company's debtor management policy by strictly following up on debts from debtors who have defaulted payment of installments.

In 2018 - 2020, the Company's loss on the impairment of foreclosed assets were 6.5 million Baht, 1.5 million Baht, and 5.2 million Baht, respectively, which were decreased from the previous year in consistent with the decreasing number of confiscated trucks. The balance of confiscated trucks at the end of 2018 - 2020 were 59, 10, and 13, respectively. This was the result of the change in policy that accelerated the sales of confiscated trucks since the end of 2018.

Loss (profit) on disposal of foreclosed assets

The loss (profit) on the disposal of foreclosed assets was the loss (profit) really incurred from the disposal of confiscated trucks during the period. The loss on the disposal of confiscated trucks was related to the speed of the disposal and the number of trucks confiscated during the period, that is, if in any period, the number of trucks confiscated and sold was high, the loss on the disposal of foreclosed assets would be high as well. The loss on disposal of confiscated trucks was calculated by directly comparing with the outstanding debt value recorded in the same accounting period. As for the sales of trucks confiscated during the other period, the Company would record the loss on the disposal of confiscated trucks with the amount incurred after setting the allowance for the impairment of confiscated trucks only. Moreover, in the case that the Company had a policy to sell confiscated trucks more slowly by waiting for the good selling prices, the Company's loss would be decreased. On the contrary, if the Company sold the confiscated trucks faster, the loss might be increased but the Company would receive cash to be used in further loan approval to generate incomes faster.

Number of confiscated trucks within the period	2017	2018	2019	2020
• Confiscated during previous period	35	124	59	10
• Confiscated within the same period	7	85	139	209
Total confiscated trucks sold within the period	42	209	198	219
<i>Number of trucks confiscated and sold within the same period (%)</i>	<i>17%</i>	<i>41%</i>	<i>70%</i>	<i>95%</i>

In 2017 - 2020, the Company's loss (profit) on the disposal of foreclosed assets were (1.9) million Baht, 4.9 million Baht, 17.8 million Baht, and 35.7 million Baht, respectively.

In 2017, the Company's profit from the disposal of foreclosed assets was 1.9 million Baht which was the result of the disposal of 42 confiscated trucks during the year. Most were the trucks that the Company confiscated during the previous period and did set the allowance for impairment for some amount. In such year, the Company also had a policy to wait for the good selling prices before selling confiscated trucks. When the sales did occur, the Company gained profits when compared against the net costs after impairment allowance.

In 2018, the Company's loss on the disposal of foreclosed assets was 4.9 million Baht, increased from the previous year and consistent with the increase in confiscated trucks sold during the year. The number of confiscated trucks sold during the year 2018 was 209 trucks, compared to 42 trucks in 2017. This was the result of the Company's changing policy of foreclosed assets management at the end of 2018 to accelerate the disposal of confiscated trucks to avoid the depreciated condition and to increase the cash flow for further credit approval.

In 2019, the Company's loss on the disposal of foreclosed assets was 17.8 million Baht, increased from the previous year for 13.1 million Baht or by 267.3%. During the year 2019, the Company sold 198 confiscated trucks which were closed to the previous year. However, the Company had higher loss on confiscated trucks because the proportion of trucks confiscated and trucks sold within the same period was higher. The number of confiscated trucks sold was 198 trucks, of which 59 trucks were confiscated during the previous period, and 139 trucks were confiscated during the period, representing 70% of total confiscated trucks sold. This was the result of the policy to accelerate the disposal of confiscated trucks continued from the previous year. The Company emphasized on selling confiscated trucks through the used truck tent operators to whom the Company provided higher sales discount than to general consumers or end users. By this way, the Company could turn foreclosed assets into cash faster and used it as funding for further credit approval.

In 2020, the Company's loss on the disposal of foreclosed assets was 35.7 million Baht, increased for 17.9 million Baht or by 100% compared to the same period of the previous year. The main cause was the increase in the number of confiscated trucks sold within the period. In 2020, the Company sold 219 confiscated trucks compared to 198 trucks in 2019, as a result of the increasing number of confiscated trucks from debtors. In 2020 when the

economy slowed down due to the COVID-19 pandemic situation, some hire purchase receivables began to make defaulted payments, but the Company could track and confiscate their collaterals quickly. Such confiscated collaterals were sold for cash flow to be used in further credit approval. Moreover, in 2020, the Company sold confiscated trucks that were confiscated and sold in the same period at 95% of total confiscated trucks sold, compared to 70% of the same period of 2019. Consequently, the Company's loss on confiscated truck disposal was higher.

Credit Cost

Considering the Credit Cost including the sum of expected credit loss, doubtful accounts, bad debts, loss on vehicle confiscation, loss on impairment of foreclosed assets, and loss on disposal of foreclosed assets, it was found that in 2017 - 2019, the Company had credit costs of 59.7 million Baht, 20.1 million Baht, and 23.0 million Baht, respectively. When considering the credit cost to average hire purchase receivables ratio, it was found that the Company's credit costs were decreasing respectively from 5.0% in 2017 to 1.5% in 2018, and 1.3% in 2019. The decrease in the credit cost ratio went on the opposite direction of the growth of hire purchase credit portfolio which was the result of the Company's policy of careful credit approval and the efficient debt tracking and collection, implemented through the setting of policy and regulations to endorse the strict debt tracking and collection. Moreover, the Company hired outsourcing debt collection teams who were local people to increase the efficiency of tracking and collecting debt. Consequently, the quality of hire purchase debtors of the Company continuously improved and the overall credit cost, compared to the number of hire purchase receivables, decreased, respectively.

In 2020, the Company's credit cost was 3.4% of the average hire purchase receivables, increased from 1.3% in 2019, which was the result of the economic slowdown during the COVID-19 pandemic situation that caused some hire purchase receivables to make defaulted debt payment. The Company, thus, began to track for collateral confiscation. Consequently, the loss on disposal of collaterals or foreclosed assets increased.

Financial Expenses

Financial expenses were one of main costs of the Company's business which consisted of cost of interest expense of various types of borrowings. In 2017 - 2020, the Company's financial expenses were 29.9 million Baht, 27.7 million Baht, 39.0 million Baht, and 47.9 million Baht, respectively. The increase in financial cost was consistent with the increase in the interest-bearing debt of the Company which mainly consisted of loans from financial institutions and loans from relating persons.

In 2017 - 2020, the Company's interest rate paid were 5.3%, 4.9%, 5.2%, and 5.4%, respectively. The interest rate paid of the Company tended to decrease continuously due to the decrease in the reference interest rates of the lending banks in the past year.

Table of comparison of interest rates of loans from financial institutions and interest rates of loans from related persons as of 31st December 2020.

Source of fund	Interest rate range (% per year)		
	Short term	Long term	Weighted average ^{/1}
Loans from financial institutions	4.250 - 5.845	1.375 - 2.000	3.112 ^{/2}
Loans from related persons	4.475 - 5.000	5.000	4.948

Note : Interest rates of loans from financial institutions were all floating rates, referring to MLR and MOR interest rates of relevant banks. The interest rates range shown in the above table were referred from the interest rates in the announcement of the bank in July 2020.

^{/1} The weighted average was calculated by using the borrowing balance as of 30th June 2020 in weighting.

^{/2} If the calculation did not include the interest rates of long-term loans from the financial institutions at 1.375% per year which was lower than the average of loans from general financial institutions, the average interest rates would be equal to 4.250% per year.

At present, the average interest rate of loans from financial institutions was 3.112% per year which was lower than the average interest rates of loans from related persons which was 4.948% per year, as a result of the decrease in interest rates of financial institutions in the past period. However, the above table showed that the long-term loans from a financial institution where the Company received in July 2019 with the balance on 30 December 2020 of 50.0 million Baht had the interest rate reference from the fixed deposit interest rate plus 0.75% or about 1.375% per year which was lower than the loan interest rates from general financial institutions which were floating interest rates, referred to the Loan Rate of lending bank plus Credit Spread of borrowing company, which were in the range of 4.250 - 5.845% per year since such loans had the fixed deposits of 1 shareholders as full amount collaterals. Those 2 shareholders held the Company's shares, as of 31 December 2020, of 0.02% of total issued and sold shares, respectively.

In this regard, the financial leasing contract with such bank stated that in the case that the deposits ceased to be collaterals for whatever reason, the interest rate would be increased to the highest interest rate as in normal case that the bank generally announced which was equal to MLR plus 7.00% or about 12.25% per year.

However, in practice, the 2 shareholders would not be able to redeem such collaterals since the fixed deposits were the collaterals of loan repayment under the loan agreement and the consent of the bank must be obtained prior to the full or partial redemption of the collateral. Furthermore, the 2 shareholders gave the testimonial to the Company that they would provide funding support to the Company by using fixed deposits as collaterals for the period of 3 years according to the remaining period of the loans. The Company would use the cash received from receivables' installment payment to repay such loans further.

In the case that the Company needed to cancel such credit limit and find other funding replacement, the Company has assessed the expected effect on financial statements under the assumption that the interest rates of such loans were adjusted to be in accordance with the interest rates of loans from general financial institutions of which average was 4.250% per year. Then, the Company's financial cost for 2019 would increase for 0.9 million Baht and net profit would be decreased for 0.7 million Baht. In 2020, the financial cost of the Company would be increased for 2.0 million Baht and net profit would slightly be decreased for 1.6 million Baht from 135.1 million Baht to 133.5 million Baht as follows:

Income statement for the period (unit: million Baht)	2019		2020	
	Before adjustment	After adjustment	Before adjustment	After adjustment
Total incomes	330.2	330.2	454.1	454.1
Profits before financial costs and income taxes	177.8	177.8	224.1	224.1
Financial costs	(39.0)	(40.9)	(47.9)	(49.9)
Income taxes	(28.0)	(27.6)	(41.1)	(40.7)
Net profits	110.8	109.3	135.1	133.5

Income tax expenses

In 2017 - 2020, the Company's tax expenses were 17.6 million baht, 26.3 million Baht, 27.9 million Baht, and 241.18.0 million Baht, representing 7.8%, 10.2%, 8.5% and 9.1% of total incomes.

Net Profits

The Company's net profits in 2017 - 2020 were 60.8 million Baht, 89.9 million Baht, 110.8 million Baht, and 135.1 million Baht, accounted for 26.8%, 34.8%, 33.5%, and 29.8%, respectively. The increasing net profits were consistent with the increasing hire purchase interest incomes.

In 2017, the Company's net profit was 60.8 million Baht, accounted for the net profit margin of 26.8%. In 2017, the Company started setting the additional reserve for doubtful accounts, preparing to support the effectiveness of the Thai Financial Reporting Standards (TFRS 9). Moreover, the Company recorded the loss on the impairment and disposal of foreclosed assets for 14.8 million Baht from the increasing foreclosed assets or confiscated trucks. This was the result of the policy of strict debt collection on defaulted payment debtors. The Company also borrowed more

from related persons for the credit business expansion, resulting in the higher financial costs. However, the Company was still able to control other operating expenses efficiently.

In 2018, the Company's net profit was 89.9 million Baht, increased for 29.1 million Baht or by 47.9% from the previous year. The net profit margin was 34.8% which was increased from the previous year due to the Company's ability to grow credit portfolio and debtor quality control in a good level. At the end of 2018, the Company's Gross NPL decreased from 12.3% to 5.7%, resulting in the significant decrease in Company's expenses for doubtful accounts. However, during the year 2018, the Company had loss on the impairment and disposal of foreclosed assets in total of 11.4 million Baht, decreased from the previous year. With the new policy to accelerate the sales of confiscated trucks, the Company accelerated to dispose the confiscated trucks in stock in that period, resulting in the decrease in foreclosed assets at the end of the year. Moreover, the Company had higher sales and administrative expenses from the increasing expenses on debt collection and the expenses for preparation to enter the Stock Exchange of Thailand. Nevertheless, the Company's net profit margin in overall was better than the previous year as a result of the significant improvement of debtor quality.

In 2019, the Company's net profit was 110.8 million Baht, increased for 20.9 million Baht or by 23.2% from the previous year. The net profit margin was 33.5%, slightly decreased from 2018. The Company's income interest rate decreased from 16.3% in 2018 to 16.0% in 2019 as a result of the increase in hire purchase loans for used trucks with less years of use. The Net Interest Margin of the Company decreased. However, the improving quality of collaterals in overall resulted in the decreasing credit cost (consisting of the sum of bad debts and doubtful accounts, the loss on impairment and disposal of foreclosed assets) compared against the total debtor values. However, in 2019 the Company's expenses for sales promotion were increased to stimulate the loan amount. The employee expenses were also increased due to the employee salary base adjustments and the increasing number of employees in various departments since the end of 2018 to support the business growth. Consequently, the Company's net profit margin in overall was slightly decreased from the previous year.

In 2020, the Company's net profit was 135.1 million Baht, increased for 24.3 million Baht or by 21.9% from the same period of the previous year. The net profit margin was 29.8%, decreased from 33.5% in 2019. The main cause came from the increase in the loss on disposal of foreclosed assets which was the result of the increasing number of confiscated trucks during the economic slowdown from COVID-19 pandemic situation. Some hire purchase loan receivables began to make defaulted debt payment; however, the Company could track them and confiscated their collaterals fast. The collaterals were sold for cash flow to be used in further credit business. In addition, the Company had higher financial costs due to the increasing loans from financial institutions.

Financial Status Analysis

Assets

Total assets of the Company at the end of 2017 - 2020 were 1,308.9 million Baht, 1,536.8 million Baht, 2,118.3 million Baht, and 2,755.1 million Baht, respectively. The continuously increasing total assets were resulted from the growth of the hire purchase account receivable portfolio, which was the significant asset of the Company.

Main Assets	31 Dec. 2017		31 Dec. 2018		31 Dec. 2019		31 Dec. 2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Cash and cash equivalents	22.7	1.7	52.1	3.4	46.5	2.2	128.4	4.7
Hire purchase receivables - net	1,164.4	89.0	1,390.9	90.5	1,924.6	90.9	2,444.0	88.7
Land, building and equipment - net	33.0	2.5	32.6	2.1	68.8	3.2	70.9	2.6
Rights of use assets - net	-	-	-	-	-	-	20.3	0.7
Foreclosed assets - net	61.7	4.7	34.0	2.2	3.9	0.2	6.7	0.2
Other assets ^{/1}	27.1	2.1	27.2	1.8	74.5	3.5	84.8	3.1
Total assets	1,308.9	100.0	1,536.8	100.0	2,118.3	100.0	2,755.1	100.0

^{/1} Other assets included deferred income tax assets and bank deposits with collateral obligations, etc.

Hire purchase receivables

Net hire purchase receivables (less allowance for doubtful accounts or allowance for expected credit loss) at the end of 2017 - 2020 were 1,164.4 million Baht, 1,390.9 million Baht, 1,924.6 million Baht, and 2,444.0 million Baht, accounted for 89.0%, 90.5%, 90.9%, and 88.7% of total assets, respectively. The details were as follows:

Hire purchase receivables - net (million Baht)	31 Dec. 2017	31 Dec. 2018	31 Dec. 2019	31 Dec. 2020
Hire purchase receivables	1,266.0	1,500.9	2,036.6	2,542.0
<u>Less</u> Allowance for doubtful accounts or allowance for expected credit loss	(101.7)	(110.0)	(112.0)	(98.0)
Hire purchase receivables - net	1,164.4	1,390.9	1,924.6	2,444.0

At the end of 2017, the Company's hire purchase receivables were 1,266.0 million Baht and the allowance for doubtful accounts were 101.7 million Baht. Consequently, the Company's net hire purchase receivables were 1,164.4 million Baht.

At the end of 2018, the Company's net hire purchase receivables were 1,390.0 million Baht, increased for 226.5 million Baht or by 19.5% from the end of previous year. This was the result of the increase in new loans during the year. In 2018, the Company's new loan amount was 788.1 million Baht, increased from 2017 loan amount of 580.0 million Baht, which was consistent with the growth of hire purchase loans for used trucks and the Company's ability to provide new loans.

At the end of 2019, the Company's net hire purchase receivables were 1,924.6 million Baht, increased for 533.7 million Baht or by 38.4% from the end of previous year. In 2019, the Company's loan amount was 1,160.2 million Baht which was higher than the loan amount in 2018 by 47.2%. This was a result of the transportation industry expansion which increased the demand for trucks and the ability to increase market shares of the Company. In the past year, the Company did a lot of marketing activities, public relations, and sales promotions to stimulate the loan amount. The network of agents and used truck tent operators also continuously expanded. The Company also received more funding support for loans from financial institutions. Thus, the Company could grow its hire purchase portfolio to meet the target and gained higher market shares. In 2019, the Company's approved more hire purchase loans for tractors which had high values and most of them had less years of services, resulting in the better quality of collaterals in overall.

At the end of 2020, the Company's net hire purchase receivables were 2,444.0 million Baht, increased for 519.4 million Baht or by 27.0% from the previous year. In 2020, the Company's new loan amount was 1,304.5 million Baht, increased for 144.3 million Baht or 12.4% from the same period of previous year. However, the new loan amount was still lower than the Company's target because the loan amount since March 2020 was affected by COVID-19 pandemic situation. During such period, the Company increased the strictness of loan approval consideration according to the higher risk condition of debtors. Consequently, the loan amount during March - May 2020 did not achieve the target but still grew in overall compared to the same period of previous year.

Receivable quality

At the end of period, the Company classified the rating of receivables based on their defaulted payment status to assess receivable quality. The receivables were classified based on their overdue payment in the same manner as other companies in the same industry did. The Company's receivables as of 31 December 2017 - 2020 were classified by receivable quality as follows:

Classification	31st Dec. 2017		31st Dec. 2018		31st Dec. 2019		31st Dec. 2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Not due yet	671.1	53.0	896.8	59.7	1,221.0	59.9	1,553.3	61.1
Not more than 30 days overdue	199.1	15.7	276.7	18.4	358.4	17.6	439.3	17.3
31-90 days overdue	240.7	19.0	241.4	16.1	366.2	18.0	452.3	17.8
91-180 days overdue	66.0	5.2	20.9	1.4	24.1	1.2	40.0	1.6
181-365 days overdue	52.7	4.2	12.9	0.9	17.8	0.9	39.0	1.5
More than 365 days overdue	36.4	2.9	52.2	3.5	49.1	2.4	18.0	0.7
Total hire purchase receivables	1,266.0	100.0	1,500.9	100.0	2,036.6	100.0	2,541.9	100.0
<i>Performing Loan ratio</i>		<i>87.7</i>		<i>94.3</i>		<i>95.5</i>		<i>96.2</i>
<i>NPL ratio</i>		<i>12.3</i>		<i>5.7</i>		<i>4.5</i>		<i>3.8</i>
<i>NPL including confiscated trucks ratio</i>		<i>17.4</i>		<i>8.2</i>		<i>4.6</i>		<i>4.1</i>

Most of hire purchase receivables of the Company were no overdue receivables and receivables with not more than 90 days overdue. At the end of 2017, the Company's no overdue receivables and receivables with not more than 90 days overdue (Performing Loan) were 87.7% of total hire purchase receivables. The Company's proportion of Non-Performing Loan or NPL or receivables with more than 90 days overdue was 12.3% or was equal to 17.4% if including confiscated truck values. Thus, it was deemed that the Company, in such year, had rather high non-performing loans. Since the Company saw the opportunity of business growth from the recovering expansion of transportation industry and industries relevant to the use of trucks according to the domestic economy, the Company accelerated to increase market shares by entering to the competition with other truck hire purchase loan providers. This strategy helped the Company gain higher loan customers but had impact on the quality level of hire purchase debtors. Moreover, in such year, the Company had a policy of holding confiscated trucks to wait for the good selling prices. At the end of 2017, the Company had 124 confiscated trucks or foreclosed assets. The remaining value (before deducting the allowance for impairment) was 78.5 million Baht, resulting in the NPL ratio including confiscated trucks as high as 17.4%.

Later in the middle of 2017, the Company turned to focus more on risk management of debtor quality by implementing the policy of concise credit approval and also developed the Credit Scoring Model as a tool to screen debtors with quality and ability to repay debts. Moreover, during 2018, the Company entered the membership of the National Credit Bureau (NCB) to use customer's credit information to support the consideration of credit approval. The Company began to track and collect debts strictly when receivables made defaulted debt payment. As a result, at the end of 2018, the debtor quality of the Company significantly improved from the previous year. The NPL ratio decreased from 12.3% at the end of 2017 to 5.7% at the end of 2018. Moreover, at the end of 2018, the Company adjusted the policy of foreclosed asset management to accelerate the sales of confiscated trucks. Consequently, the foreclosed assets at the end of 2018 decreased to 59 trucks and the NPL including confiscated trucks decreased to 8.2%.

At the end of 2019, the Company's quality of hire purchase receivables continued to improve. The Company's most hire purchase receivables were no overdue receivables and receivables with not more than 90 days overdue, which were in total of 1,945.6 million Baht or 95.5%. The NPL ratio decreased to 4.5% of total hire purchase receivables (or 4.7% if including confiscated truck value.) Over 80% of them were hire purchase receivables of the Company during 2018 - 2019 when the Company implemented the concise and discreet credit policy.

At the end of 2020, the Company's hire purchase debtor quality continuously improved. The amount of receivables with no overdue and receivables with not more than 90 days overdue were 2,444.9 million Baht, accounted for 96.2% whereas the proportion of NPL or receivables with credit impairment was 3.8% of total hire purchase receivables. The significant decrease of NPL proportion at the end 2020 was partly due to the amortization

of legal debtors with overdue from the Company's hire purchase portfolio for the first time. The allowance for doubtful accounts was set at full amount for those receivables in the previous periods. Thus, such amortization did not have any effect on the Company's income statement in the period of amortization.

Rights of use assets

Since 1st January 2020, the Company applied the Thai Financial Reporting Standards no. 16 Re: Leasing Contracts (TFRS16), replacing the Thai Accounting Standards no. 17 Re: Leasing Contracts (TAS17.) The Company had to separate assets under the old financial lease contracts included in "Land, building and equipment" item to "Rights of use assets" and move "Hire purchase liabilities" to "Lease liabilities". In addition, the operating leases which were recorded as expenses in "Rental" but were not recorded as the items in assets or liabilities would be recorded in "Right of use assets" or "Lease liabilities" with the values that were calculated according to the principle of TFRS16.

In this regard, from 1st January 2020 onwards, the Company shall recognize the leasing contracts with the leasing period of more than 12 months as "Rights of use assets" and "Lease liabilities" which included Leasing contracts of land and building of branches, office supplies, and vehicles. They shall be recognized in the financial statements as follows:

- Lease liabilities shall be recognized with the present value of the amount payable under the lease over the term of the lease discounted by the interest rate on the lease. The accounting value of lease liabilities will decrease when the payment under the lease is made.
- The rights of use assets shall be recognized with the amount of lease liabilities by measuring the initial value less Deferred Interest Expense. The right of use assets will be depreciated over the term of the lease on a straight-line method.

When the Company applied TFRS16 for the first time on 1st January 2020, the Company recorded "Rights of use assets - net" for 24.1 million Baht, divided into rights of use assets under previous operating leases (consisting of leasing land, building, equipment, and vehicles) for 21.6 million Baht and vehicles under previous finance lease liabilities for 2.5 million Baht.

As of 31 December 2020, the value of the right of use assets was 20.3 million Baht, net decreased for 3.8 million Baht from 24.1 million Baht on 1st January 2020, which is the result of payment of rent as depreciation.

Land, building, and equipment

Land, building, and equipment of the Company mostly consisted of the land and buildings which were the head office in Nakorn Pathom, vehicles, and computer equipment relating to hire purchase loan business. At the end of 2017 - 2020, the Company had land, buildings, and equipment of 33.6 million Baht, 32.6 million Baht, 68.8 million Baht, and 70.9 million Baht.

Net accounting value (million Baht)	31 Dec. 2017		31 Dec. 2018		31 Dec. 2019		31 Dec. 2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Land	14.3	43.4	14.3	43.9	35.6	51.7	35.6	50.2
Building and renovation	3.5	10.6	3.6	11.0	14.6	21.3	14.3	20.2
Vehicles	10.8	32.7	9.0	27.6	5.7	8.2	1.6	2.3
Office supplies, computer equipment	4.4	1.3	5.7	17.5	12.9	18.8	19.4	27.4
Total land, buildings, and equipment - net	33.0	100.0	32.6	100.0	68.8	100.0	70.9	100.0

In 2017 - 2018, the amount of Company's land, buildings, and equipment did not change much from the previous year. In 2017, the Company opened 1 new branch in Suratthani and thus invested more in vehicles and computer equipment. In addition, during that year, the Company invested more in the purchase of vehicles to service customers in upcountry provinces and in other computer equipment to support the operating efficiency.

In 2018, the Company had land, buildings, and equipment of 68.8 million Baht, increased for 36.2 million Baht or by 111.0% from the end of previous year. The main cause was the increase in the land and buildings during such period. The Company bought more land to expand the area of its head office in Nakorn Pathom and bought the land and buildings which were the office of Khon Kaen and Saraburi provinces instead of long-term rental.

In 2020, the Company had land, buildings, and equipment of 70.9 million Baht, slightly increase for 2.1 million Baht. In 2020, the Company bought computer equipment to improve server system and network system security for 8.1 million Baht. In the meantime, the vehicles under hire purchase contracts were transferred to be recorded as "Right of use assets" as a result of the application of Thai Financial Reporting Standards no. 16.

Foreclosed Assets

Foreclosed assets were the trucks that the Company confiscated from receivables who made defaulted payment for over 4 installments. The foreclosed assets were presented in the financial statements with the costs less the impairment allowance (if any.) At the end of 2017 - 2020, the Company had foreclosed assets - net from impairment allowance for 61.7 million Baht, 34.0 million Baht, 3.9 million Baht, and 6.8 million Baht, respectively. The details were as follows:

Life of assets foreclosed (from the date of confiscation)	31 Dec. 2017		31 Dec. 2018		31 Dec. 2019		31 Dec. 2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Less than 1 month	10.1	12.9	3.1	7.7	3.9	100.0	6.1	89.7
1-3 months	11.3	14.4	14.9	36.8	-	-	0.7	10.3
4-6 months	28.0	35.7	13.1	32.3	-	-	-	-
7-12 months	17.0	21.7	9.4	23.2	-	-	-	-
12 months up	12.0	15.3	-	-	-	-	-	-
Total	78.5	100.0	40.5	100.0	3.9	100.0	6.8	100.0
Less Allowance for impairment	(16.8)		(6.5)		-		-	
Foreclosed assets - net	61.7		34.0		3.9		6.8	

At the end of 2017, the Company's foreclosed assets were 61.7 million Baht which was rather high. During the middle of the year 2017, the Company had a policy to focus more on debt tracking and collection with the objective to reduce the NPL proportion. The Company also strictly implemented the policy to track and confiscate collaterals from receivables with more than 4 installments overdue. Thus, at the end of 2017, the Company could confiscate a lot of trucks from debtors. With the policy to sell confiscated trucks whenever their selling prices were good, at the end of 2017, the Company had a total of 124 confiscated trucks, most of which had been confiscated for more than 4 months.

At the end of 2018, the Company had foreclosed assets for 34.0 million Baht, decreased for 27.7 million Baht or by 44.8% from the end of previous year. The reason was that at the end of 2018, the Company adjusted the policy of foreclosed asset management to accelerate the sales of confiscated trucks to prevent their depreciation and decreasing values which would not be worth the remaining debt values. Moreover, the efficient debt tracking and collection during such year reduced the number of receivables with over 4 installments overdue. Consequently, the number of confiscated trucks during the year was decreasing, respectively.

At the end of 2019, the Company's foreclosed assets were 3.9 million Baht, decreased for 30.1 million Baht or by 88.5% from the end of previous year. The Company's foreclosed assets were continuously decreasing to 0.2% of total assets as a result of the faster sales of confiscated trucks policy and the debtor quality control system and the efficient debt collection. The policy to approve hire purchase loans for only trucks with high market liquidity supported the fast sales of collateral's auction. With all mentioned factors, as of 31 December 2019, the Company had only 10 confiscated trucks or foreclosed assets with the total accounting values of 3.9 million Baht. No allowance for impairment was set because all confiscated trucks were less than 3 months old from the date of confiscation when they had been re-assessed as new collaterals on confiscation date. And the loss on such confiscated trucks (if any) had already been recorded.

At the end of 2020, the Company's remaining foreclosed assets or confiscated trucks were 13 trucks with the accounting values of 6.8 million Baht without any allowance for impairment since all of them were less than 3 months old from the confiscation date. Although in the first of the year 2020, the Company was able to confiscate more vehicle collaterals from the defaulted receivables during COVID-19 pandemic situation, the Company was also able to sell such confiscated trucks within a short time to get cash flow for the funding of further loans. The remaining confiscated trucks increased for 3 truck net from the end of previous year.

Liabilities

The Company's total liabilities at the end of 2017 - 2020 were 631.1 million Baht, 567.9 million Bath, 1,038.5 million Baht, and 932.1 million Baht, respectively. The details were as follows:

Total liabilities	31 Dec. 2017		31 Dec. 2018		31 Dec. 2019		31 Dec. 2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Loans from financial institutions	-	-	90.0	15.9	587.1	56.5	488.2	52.3
Loans from related persons	585.0	92.7	430.0	75.7	370.0	35.6	305.6	32.8
Loans from other persons	-	-	-	-	29.2	2.8	9.2	0.1
Total Loans	585.0	92.7	520.0	91.6	986.3	94.9	803.0	86.2
Other Liabilities ^{/1}	46.1	7.3	47.9	8.4	52.3	5.1	129.0	13.8
Total Liabilities	631.1	100.0	567.9	100.0	1,038.6	100.0	932.0	100.0

^{/1} Other liabilities included trade payables and other payables, hire purchase receivables or leasing liabilities, income tax payables, and employee benefit reserves, etc.

Loans from financial institutions

At present, loans from financial institutions were one of the main funding that the Company used to expand hire purchase loan business. The Company received credit line from financial institutions firstly in 2018. At the end of 2018 - 2020, the Company's balance of short-term and long-term loans from financial institutions were in total of 90.0 million Baht, 587.1 million Baht, and 667.8 million Baht, and 488.2 million Baht respectively. The types of short-term and long-term loans are as follows:

Loans from financial institutions	31 Dec. 2017		31 Dec. 2018		31 Dec. 2019		31 Dec. 2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Short-term loans	-	-	90.0	100.0	503.3	85.7	255.2	52.3
Long-term loans ^{/1}	-	-	-	-	83.8	14.3	233.0	47.7
Total	-	-	90.0	100.0	587.1	100.0	488.2	100.0

^{/1} Total long-term loans from financial institutions due within 1 year.

At the end of 2018, the Company's loans from financial institutions were 90.0 million Baht, all of which were short-term loans. Later in 2019, the Company received additional loans from another financial institution. As a result, at the end of 2019, the Company's balance of loans from financial institutions increased for 497.1 million Baht to 587.1 million Baht or by 552.3% from the end of previous year. The increasing loans from financial institutions was consistent with the growing portfolio of hire purchase loans of the Company. As of 31 December 2020, the Company's loans from financial institutions decreased to 488.2 million Baht, most of which were short-term loans which were accounted for 52.3% of total loans from financial institutions. This is because the company has brought some capital to pay off short-term loan which is a credit line that can be reused. To reduce financial costs temporarily and will revolving back to be used to expand the Company's credit portfolio.

Loans from related persons

Loans from related persons were borrowed from directors, shareholders, and related persons with them. At the end of 2017 - 2020, the Company's balance of loans from related persons were 585.0 million Baht, 430.0 million Baht, 370.0 million Baht, and 305.6 million Baht, respectively. They were divided into short-term loans and long-term loans as follows:

Loans from related persons	31 st Dec. 2017		31 st Dec. 2018		31 st Dec. 2019		31 st Dec. 2020	
	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%	Mil. Baht	%
Short-term loans	-	-	-	-	120.0	32.4	120.0	39.3
Long-term loans	585.0	100.0	430.0	100.0	250.0	67.6	185.6	60.7
Total	585.0	100.0	430.0	100.0	370.0	100.0	305.6	100.0

^{/1} Total long-term loans from related persons due within 1 year.

In the past, the Company used long-term loans from related persons as one of the funding for business expansion. Thus, the loans from related persons increased along with the growth of credit business. At the end of 2017, the amount of Company's loans from related persons was 585.0 million Baht, all of which were long-term loans. Then, in 2018, the Company increased the capital and took some cash from the increasing capital to repay the loans from related persons. At the end of 2018, the amount of Company's loans from related persons was 430.0 million Baht, decreased for 155.0 million Baht or by 26.5% from the end of previous year. The Company changed to source funding from financial institutions to enhance its liquidity instead to manage financial cost efficiently.

At the end of 2019, the amount of Company's loans from related persons was 370.0 million Baht, decreased for 60.0 million Baht or by 13.9% from the previous year. The cash flow gained from operation was used to repay the long-term loans from related persons which were due within such year for the amount of 180.0 million Baht. Meanwhile, the Company borrowed additional short-term loans from 4 related persons for the amount of 120.0 million Baht. Consequently, the loans from related person decreased to the net amount of 60.0 million Baht. The balance at the end of 2019 was 370.0 million Baht or 35.6% of total liabilities.

At the end of 2020, the Company's balance of loans from related persons was 305.6 million Baht, decreased 64.4 million Baht consisting of or 17.4% of the loans due within the year 2021 and 261.6 million Baht for the loans due within the year 2022, 44.0 million Baht respectively. The Company had plan to use such cash flow received from business operation to gradually repay the loans from related persons and use more loans from financial institutions as the main funding for expanding credit portfolio.

The end of 2020, the Company had other liabilities, trade payables and other payables 59.5 million Baht, increased for 47.7 million Baht from the year 2019 due to the company has not completed the transfer of ownership credit at the Department of Land Transport. Therefore, the car has not yet been paid to the owner and must be set up as a creditor under the hire purchase agreement. In addition, the company has an insurance fee and an accrual

protection insurance that has increased from the policy to encourage customers to take up type 1 insurance and increase the coverage insurance this year.

Other Liabilities

Other liabilities mainly consisted of trade payables and other payables, income tax payables, and lease liabilities. At the end of 2017 - 2020, the Company had other liabilities in total of 46.1 million Baht, 47.9 million Baht, 52.3 million Baht, and 129.1 million Baht, respectively. Other liabilities of the Company at the end of 2017 - 2019 did not change significantly from the previous year.

As of the end of 2020, the Company's other liabilities including trade payables and other payables were 59.5 million Baht, increased from 2019 for 47.7 million Baht. The Company had the amount of credit that had not yet been transferred at the Department of Land Transport and, thus, had not yet paid the truck value to the owners and had them recorded as account payables under hire purchase agreement. The Company also had increasing insurance expenses and credit limit protection insurance expenses, resulted from the policy to support customer's first-class insurance and credit protection insurance in this year.

Shareholders' equity

At the end of 2017 - 2020, the Company's shareholders' equity were 677.8 million Baht, 968.9 million Baht, 1,079.7 million Baht, and 1,823.0 million Baht, respectively. The increase in the shareholders' equity in 2018 was 291.1 million Baht as a result of total comprehensive income of the company of 91.1 million Baht and the right offerings of 200.0 million Baht. The increase in shareholders' equity in 2019 was 110.8 million Baht as a result of total comprehensive incomes for the whole amount. And the increase in 2020 was 743.28 million Baht as a result of the capital increase, 235.0 million Baht share premium, 372.8 million Baht and operating profit during the period was 135.1 million Baht.

Cash flow and liquidity analysis

Cash flow

The change in cash flow of the Company during 2017 - 2020 was summarized as follows:

Cash flow (unit: million Baht)	2017	2018	2019	2020
Net cash received from (used in) operating activities	(54.3)	(71.5)	(350.2)	(271.6)
Net cash flow received from (used in) investing activities	(6.0)	(4.1)	(81.0)	(12.22)
Net cash flow received from (used in) financing activities	26.6	105.0	425.6	365.7
Net cash and cash equivalent increase (decrease)	(33.7)	29.4	(5.6)	81.9
Cash and cash equivalents at beginning period	56.4	22.7	52.1	46.5
Cash and cash equivalents at ending period	22.7	52.1	46.5	128.4

In 2017, the Company's net profit was 60.8 million Baht. When including non-cash expenses and changes in other current assets, the Company, thus, had net cash to be used in operating activities, mainly in expanding hire purchase portfolio, for 54.3 million Baht. Consequently, the amount of hire purchase receivables increased from the previous year for 105.1 million Baht. The Company spent a small amount of net cash for 6.0 million Baht in investing activities by purchasing additional vehicles for customer service in upcountry and computer equipment for new branches in Suratthani. However, the Company received net cash from financing activities for 26.6 million Baht from the increasing loans from related persons to be used in loan funding and operating cash flow. As of 31 December 2017, the Company had net cash flow of 33.7 million Baht and the balance of cash and cash equivalents of 22.7 million Baht.

In 2018, the Company's net profit was 89.9 million Baht. When including non-cash expenses and changes in other current assets, the Company, thus, had net cash to be used in operating activities, mainly in expanding hire purchase portfolio, for 71.5 million Baht. Consequently, the amount of hire purchase receivables increased from the previous year for 226.5 million Baht. The Company spent net cash of 4.1 million Baht in investing activities by purchasing additional vehicles, office supplies, and improving computer system to increase the operating efficiency. However, the Company received net cash from financing activities for 105.0 million Baht. During the year 2018, the Company received short-term loans from financial institutions for 90.0 million Baht. In addition, the Company received cash from the capital increase for 200.0 million Baht. The Company used a part of increasing capital to repay long-term loans from related persons, resulting in the decrease of loans from related persons for 155.0 million Baht. Consequently, the Company's net cash flow increased for 29.4 million Baht. The cash and cash equivalents of 31 December 2018 was 52.1 million Baht.

In 2019, the Company's net profit was 110.8 million Baht. When including non-cash expenses and changes in other current assets, the Company, thus, had net cash to be used in operating activities, mainly in expanding hire purchase portfolio, for 350.2 million Baht. Consequently, the amount of hire purchase receivables increased from the previous year for 535.7 million Baht. Moreover, the Company used net cash in investing activities for 81.0 million Baht. The cash of 38.0 million Baht was used as collateral assets for the loan from a financial institution. The Company also invested in the land, buildings, and equipment for 40.5 million Baht by purchasing more land for the head office expansion and purchasing office buildings of 2 branches instead of long-term rental. However, the Company received net cash from financing activities for 425.6 million Baht. Most were the increasing short-term and long-term loans from financial institutions in total of 497.1 million Baht to be used in loan business expansion. In addition, during the year, the Company received short-term loans from 6 outsiders for 29.2 million Baht. At the same time, the Company repaid the loans from related persons for 60 million Baht. As a result, the Company's net cash flow decreased for 5.6 million Baht and the balance of cash and cash equivalents on 31 December 2019 was 46.5 million Baht.

In 2020, the Company still used most of cash in hire purchase portfolio expansion. Although the Company approved loan application carefully to prevent risk from debtor quality due to the COVID-19 pandemic situation, the new hire purchase loan amount of the Company still had higher growth than the same period of previous year by 12.4%. However, due to the COVID-19 situation, some hire purchase receivables began to have low quality performance and the Company could confiscate more collaterals from receivables with defaulted payment and gained cash back from disposal on such collaterals. In the first 6 months of 2020, the Company received net cash from operating activities for 271.6 million Baht. The cash of Result in 12.2 million Baht was used in investing activities to purchase computer equipment to improve the operational efficiency. However, the Company received cash from financing activities for 604.1 million Baht which was the Soft Loan of 200.0 million Baht to assist debtors according to the policy of the Bank of Thailand. In addition, short-term loans from financial institutions are temporarily repayable (Revolving) in order to reduce financial costs while they are not yet used for lending. And had cash and cash equivalents as of December 31, 2020 in the amount of 128.4 million Baht.

Liquidity

The assessment of current liquidity condition of the Company can be considered from the comparison of the repayment schedule for loans from financial institutions and loans from related persons as of 31 December 2020 and the installment payment due from receivables over different periods as follows:

Period	Loan repayment due (million Baht)	Installments to be received from receivables (million Baht)
• Within 1 year	670.7 ^{/1}	758.4
• Over 1 year but not over 2 years	132.3	592.9
• Over 2 years but not over 3 years	-	530.1
• Over 3 years	-	563.5
• Receivables with credit impairment ^{/2}	-	97.1
Total	803.0	2,542.0

^{/1} Loans due within 1 year consisted of short-term loans from financial institutions and related persons, short-term loans from other persons, and long-term loans from financial institutions due within 1 year.

^{/2} Receivable with credit impairment in the above table meant receivables with over 3 months overdue and receivables under legal action.

On 31st December 2020, the Company had loans with payment due within 1 year of 670.7 million Baht which included loans from financial institutions of 399.9 million Baht, loans from related persons of 261.6 million Baht, and loans from other persons of 9.2 million Baht, which were higher than the installment payment of receivables within 1 year for 758.4 million Baht. However, the short-term loans from a financial institution with the term of loan agreement of 4 years. However, since the bank considered the agreement renewal on the annual basis, the Company classified the whole amount as the short-term loans. The Company did not have to repay such loans for the whole amount within 1 year.

The short-term loan from another financial institution had a balance which was the Revolving Credit which could be borrowed up to the credit limit once the loan was fully repaid. The short-term loan from related persons due within 1 year for the amount of 261.6 million Baht was the short-term loan from directors and/or shareholders or related persons to such persons who have been the good supporters on funding to the Company. In the past, the Company had never been recalled for repaying debt prematurely and the Company was able to continue to renew the loan agreement.

Moreover, as of 31st December 2020, the Company had credit limit from financial institutions which has not yet been withdrawn for 444.8 million Baht. This amount could be used as the reserve of fund for the Company. These factors reflected the credibility and sufficiency of the Company's current financial position.

Independent Auditor's Report

To the Shareholders of Micro Leasing Public Company Limited

Opinion

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Micro Leasing Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of Matters

I draw attention to Note 1.2 and Note 3.1 to the financial statements regarding the COVID-19 pandemic which is impacting various businesses and industries. This situation could bring uncertainties and may be impacting the Company's operating results and cash flows in the future; and due to the impact of the COVID-19 situation, the Company has elected to adopt the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy as issued by the Federation of Accounting Professions in preparing the financial statements. My opinion is not modified in respect of this matters.

Key Audit Matters

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

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

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

Allowance for expected credit loss of hire purchase receivables

The Company has adopted Thai Financial Reporting Standard No. 9 Financial Instruments which are effective from 1 January 2020 onwards. This financial reporting standard stipulates the basis to be used for calculation of impairment on financial instruments using the expected credit loss method. The basis requires complex calculation modeling, which involves the use of significant management judgements and estimates in the model development, the identification of criteria for assessment of a significant increase in credit risk since initial recognition, the probability of default, the loss given default, the exposure at default, the calculation of allowance for expected credit loss, the selection of the future economic variables to be incorporated in the models, and the management overlay adjustment to the allowance for expected credit loss due to the limitations of the model.

As discussed in Note 8 to the financial statements, as at 31 December 2020, the Company had hire purchase receivables of Baht 2,542 million (accounting for 92% of total assets) and allowances for expected credit loss amounting to Baht 89 million, which are amounts substantially material to the financial statements. Because of the materiality and the use of management's significant judgement and estimates, I addressed the adequacy of allowances for expected credit loss of hire purchase receivables as a key audit matter.

I gained an understanding of, assessed and tested, on a sampling basis, the effectiveness of internal controls relating to loan origination, loan repayment, the assessment of probability of default and loss given default, exposure at default as well as the calculation of allowance for expected credit loss of hire purchase receivables, and tested, on a sampling basis, the relevant controls over the information technology systems. Moreover, I assessed and tested the reasonableness of the expected credit loss model, the rules and criterias applied by the Company in the assessment of significant increase in credit risk, including data used in the model design, the effectiveness of model for significant group of receivables, the governance process over the model development by reviewing model documentation, testing, on a sampling basis, the accuracy and completeness of the data used in model development, and assessing the methods and assumptions applied in the calculation. I assessed the reasonableness of macroeconomic factors and probability-weighted in each scenario, as well as compared the accounting policies of the Company with financial reporting standards and assessed the adequacy of disclosure in accordance with the relevant financial reporting standards.

Moreover, I examined the allowances for expected credit loss by testing, on a sampling basis, the classification of hire purchase receivables based on the change in credit risk since initial recognition and recalculating the allowance for expected credit loss as at the end of the accounting period, including testing the completeness of the data used in the calculation of the allowance for expected credit loss.

Recognition of interest income from hire purchase

For the year 2020, the Company recognised interest income from hire purchase amounting to Baht 356 million (accounting for 78 percent of total income), which is considered main income of the Company. The Company recognised interest income using the effective interest rate method, and the income is generated from loans provided to a large number of customers and high volume of transactions. I therefore focused my audit on whether interest income from hire purchase receivables is recognised correctly, appropriately in a timely manner, in accordance with financial reporting standards.

I gained an understanding of, assessed and tested, on a sampling basis, the effectiveness of internal controls relevant to the process of loan origination, interest income recognition, loan repayment, including related internal controls over information systems, by inquiring of management to gain an understanding, assessing the methods applied by the management including testing, on a sampling basis, the accuracy of the data and the calculation. In addition, I applied a sampling method in selecting hire purchase agreements to consider whether the recording loans transactions and the recognition of income complied with the conditions stipulated in the relevant agreement and is adjusted in line with the effective interest rate according to the income recognition policy. I also performed analytical procedures on interest income and tested, on a sampling basis, significant adjustments made through journal vouchers.

Other Information

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

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

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

When I read the annual report of the Company, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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



Building a better
working world

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

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

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

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

Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 25 February 2021

Micro Leasing Public Company Limited

Statements of financial position

As at 31 December 2020

		(Unit: Baht)	
	Note	2020	2019
Assets			
Current assets			
Cash and cash equivalents	7	128,382,356	46,471,710
Current portion of hire purchase receivables - net	8	795,370,376	563,805,993
Assets foreclosed - net	10	6,749,366	3,904,470
Other receivables		12,577,812	6,734,552
Other current assets		4,690,552	2,407,079
Total current assets		947,770,462	623,323,804
Non-current assets			
Hire purchase receivables - net of current portion	8	1,648,678,614	1,360,801,616
Restricted bank deposits	11	38,000,000	38,000,000
Land, buildings and equipment - net	12	70,871,225	68,820,556
Right-of-use assets - net	13.1	20,346,320	-
Intangible assets - net	14	5,172,592	5,424,931
Deferred tax assets	15.1	23,172,249	20,860,655
Other non-current assets		1,109,721	1,035,325
Total non-current assets		1,807,350,721	1,494,943,083
Total assets		2,755,121,183	2,118,266,887

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

Micro Leasing Public Company Limited
Statements of financial position (continued)
As at 31 December 2020

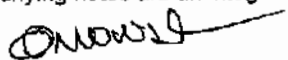
		(Unit: Baht)	
	Note	2020	2019
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans from financial institutions	16	255,229,165	503,333,328
Short-term loans from related persons	17	120,000,000	120,000,000
Short-term loans from others	18	9,200,000	29,200,000
Trade and other payables	19	59,527,571	11,790,715
Current portion of long-term loans from financial institutions	20	144,635,258	33,166,715
Current portion of long-term loans from related persons	21	141,600,000	-
Current portion of lease liabilities	13.2	7,471,595	-
Current portion of liabilities under hire purchase agreements	13.2	-	706,218
Income tax payable		24,679,682	16,609,919
Other current liabilities		18,641,685	17,531,453
Total current liabilities		780,984,956	732,338,348
Non-current liabilities			
Long-term loans from financial institutions			
- net of current portion	20	88,343,089	50,543,497
Long-term loans from related persons - net of current portion	21	44,000,000	250,000,000
Lease liabilities - net of current portion	13.2	12,375,127	-
Liabilities under hire purchase agreements			
- net of current portion	13.2	-	816,706
Provision for long-term employee benefits	22	6,369,397	4,800,558
Total non-current liabilities		151,087,613	306,160,761
Total liabilities		932,072,569	1,038,499,109

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

Micro Leasing Public Company Limited
Statements of financial position (continued)
As at 31 December 2020

		(Unit: Baht)	
	Note	2020	2019
Shareholders' equity			
Share capital			
Registered			
935,000,000 ordinary shares of Baht 1 each	23	935,000,000	935,000,000
Issued and fully paid up			
935,000,000 ordinary shares of Baht 1 each			
(2019: 700,000,000 ordinary shares of Baht 1 each)	23	935,000,000	700,000,000
Share premium	23	372,804,000	-
Retained earnings			
Appropriated - statutory reserve	24	12,400,000	5,600,000
Unappropriated		502,844,614	374,167,778
Total shareholders' equity		1,823,048,614	1,079,767,778
Total liabilities and shareholders' equity		2,755,121,183	2,118,266,887

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



Directors





บริษัท ไมโครเลซิง จำกัด (มหาชน)
Micro Leasing Public Company Limited

Micro Leasing Public Company Limited
Statements of comprehensive income
For the year ended 31 December 2020

		(Unit: Baht)	
	Note	2020	2019
Profit or loss:			
Revenues			
Interest income from hire purchase		355,621,296	282,172,292
Fee and service income		77,936,105	40,577,053
Other income		20,496,011	7,488,454
Total revenues		<u>454,053,412</u>	<u>330,237,799</u>
Expenses			
Selling and administrative expenses		152,723,737	129,436,870
Expected credit loss	26	36,306,858	-
Bad debts and doubtful accounts and gain/loss from assets foreclosed	27	40,919,123	23,041,215
Total expenses		<u>229,949,718</u>	<u>152,478,085</u>
Profit from operating activities		224,103,694	177,759,714
Finance cost	28	(47,903,560)	(38,985,448)
Profit before income tax expenses		176,200,134	138,774,266
Income tax expenses	15.2	(41,107,941)	(27,987,542)
Profit for the year		<u>135,092,193</u>	<u>110,786,724</u>
Other comprehensive income:			
<i>Items not to be recognised in profit or loss in subsequent periods</i>			
Actuarial gain		480,804	62,829
Less: Income tax		(96,161)	(12,566)
Other comprehensive income for the year		<u>384,643</u>	<u>50,263</u>
Total comprehensive income for the year		<u>135,476,836</u>	<u>110,836,987</u>
Earning per share	30		
Basic earning per share		<u>0.18</u>	<u>0.16</u>
Weighted average number of ordinary shares (Shares)		<u>763,565,574</u>	<u>700,000,000</u>

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

Micro Leasing Public Company Limited
Statements of changes in shareholders' equity
For the year ended 31 December 2020

(Unit: Baht)

	Issued and paid-up capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
Balance as at 1 January 2019	700,000,000	-	-	268,930,791	968,930,791
Appropriated profit to statutory reserve (Note 24)	-	-	5,600,000	(5,600,000)	-
Profit for the year	-	-	-	110,786,724	110,786,724
Other comprehensive income for the year	-	-	-	50,263	50,263
Total comprehensive income for the year	-	-	-	110,836,987	110,836,987
Balance as at 31 December 2019	700,000,000	-	5,600,000	374,167,778	1,079,767,778
Balance as at 1 January 2020	700,000,000	-	5,600,000	374,167,778	1,079,767,778
Increase share capital (Note 23)	235,000,000	372,804,000	-	-	607,804,000
Appropriated profit to statutory reserve (Note 24)	-	-	6,800,000	(6,800,000)	-
Profit for the year	-	-	-	135,092,193	135,092,193
Other comprehensive income for the year	-	-	-	384,643	384,643
Total comprehensive income for the year	-	-	-	135,476,836	135,476,836
Balance as at 31 December 2020	935,000,000	372,804,000	12,400,000	502,844,614	1,823,048,614

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

Micro Leasing Public Company Limited

Cash flow statements

For the year ended 31 December 2020

	(Unit: Baht)	
	2020	2019
Cash flows from operating activities		
Profit before income tax	176,200,134	138,774,266
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	16,998,876	8,618,287
Expected credit loss	36,306,858	-
Bad debts and doubtful accounts and loss on confiscation assets	58,500,352	29,596,099
Gain (loss) on disposals and write off of equipment and intangible assets	81,741	(3,892,079)
Reversal of impairment loss on assets foreclosed	-	(6,507,820)
Gain on disposals of assets foreclosed	(17,581,229)	(47,064)
Provision for long-term employee benefits	2,049,643	2,305,640
Interest income from hire purchase	(355,621,296)	(282,172,292)
Finance cost - interest expenses on borrowings	47,125,071	38,985,448
Finance cost - interest expenses on lease liabilities	778,489	-
Loss from operating activities before changes in operating assets and liabilities	(35,161,361)	(74,339,515)
Decrease (increase) in operating assets		
Hire purchase receivables	(595,337,751)	(542,532,767)
Assets foreclosed	14,736,333	36,688,664
Other receivables	(5,383,280)	(5,851,033)
Other current assets	(2,435,473)	(1,028,815)
Other non-current assets	(74,396)	970,900
Increase (decrease) in operating liabilities		
Trade and other payables	45,992,549	(6,245,697)
Other current liabilities	1,110,232	3,099,028
Long-term employee benefits	-	(321,900)
Cash flows used in operating activities	(576,553,127)	(589,561,135)
Cash received from interest income from hire purchase	336,710,456	261,392,167
Cash paid for income tax	(31,709,432)	(22,067,913)
Net cash flows used in operating activities	(271,552,103)	(350,236,881)

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

Micro Leasing Public Company Limited

Cash flow statements (continued)

For the year ended 31 December 2020

	(Unit: Baht)	
	2020	2019
Cash flows from investing activities		
Increase in restricted bank deposits	-	(38,000,000)
Cash paid for acquisitions of land, buildings and equipment	(11,030,835)	(43,362,007)
Cash paid for acquisitions of intangible assets	(1,186,496)	(3,669,537)
Cash received from disposals of land, buildings and equipment	-	4,018,692
Net cash flows used in investing activities	(12,217,331)	(81,012,852)
Cash flows from financing activities		
Increase (decrease) in short-term loans from financial institutions	(248,104,163)	413,333,328
Increase in short-term loans from related persons	-	120,000,000
Increase (decrease) in short-term loans from others	(20,000,000)	29,200,000
Cash received from long-term loans from financial institutions	200,000,000	100,000,000
Repayment of long-term loans from financial institutions	(50,731,865)	(16,289,788)
Repayment of long-term loans from related persons	(64,400,000)	(180,000,000)
Repayment of liabilities under lease and hire purchase agreements	(7,521,449)	(1,862,782)
Cash received from capital increase	604,067,500	-
Interest expenses	(47,629,943)	(38,765,465)
Net cash flows from financing activities	365,680,080	425,615,293
Net increase (decrease) in cash and cash equivalents	81,910,646	(5,634,440)
Cash and cash equivalents at beginning of year	46,471,710	52,106,150
Cash and cash equivalents at the end of year	128,382,356	46,471,710

Supplemental cash flows information

Non-cash transactions

Receivable from sale of assets	460,000	-
Increase in right-of-use assets and lease liabilities	4,164,055	-
Liabilities under hire purchase agreements	-	2,779,998

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

Micro Leasing Public Company Limited
Notes to financial statements
For the years ended 31 December 2020

1. General information

1.1 Corporate information

Micro Leasing Public Company Limited ("the Company") was incorporated as a company limited and domiciled in Thailand. The Company is principally engaged in the providing financial services specifically hire-purchase for six-wheel and ten-wheel trucks. The Company's registered address is 863/3 Phetkasem Road, Sanamchan Sub-District, Muang Nakhon Pathom District, Nakhon Pathom. The Company has 11 branches (31 December 2019: 11 branches).

In September 2020, the Stock Exchange of Thailand (SET) has received the Company's ordinary shares as listed securities on the Stock Exchange of Thailand and commences trading since 1 October 2020.

1.2 Coronavirus disease 2019 Pandemic

Coronavirus disease 2019 Pandemic is adversely most impacting businesses and industries. This situation could bring uncertainties and may have an impact on the Company's operating results and cash flows in the future. The Company's management has closely monitored the situation and continuously assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, as well as the cash flow management of the Company, and has used estimates and judgement in various matters in order to continuously assess the impact as the situation evolves.

2. Basis for the preparation of financial statements

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

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

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

3. New financial reporting standards

3.1 New financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal year beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards, except the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

The adoption of these financial reporting standards has resulted in changes in the Company's accounting policy as summarised below.

Classification and measurement of financial assets and liabilities

The Company classifies financial assets and liabilities depending on the Company's business model for managing the financial assets and liabilities and the contractual cash flows characteristics based on facts and existing situations at the date of first-time adoption of this financial reporting standard.

Financial assets

The Company's financial assets are cash and cash equivalents and hire purchase receivables. The adoption of this financial reporting standard does not have impact on classification of financial assets as the Company continues to classify and measure all financial assets at amortised cost.

Financial liabilities

The adoption of this financial reporting standard does not have impact on classification of financial liabilities. The Company continues to classify and measure all financial liabilities at amortised cost.

Impairment of financial assets

Thai Financial Reporting Standard No.9 (TFRS 9) requires the entity to estimate allowance of expected credit loss replacing incurred loss under previous accounting policy. This financial reporting standard requires recognition of impairment loss by using Expected Credit Loss Model for all financial assets that are debt instruments and do not measured at fair value through profit or loss, including undrawn commitment and financial guarantee, without requiring a credit-impaired event to have occurred prior to the recognition.

The Company adopts a general approach to calculate expected credit loss of financial assets where the loss are based on the probability-weighted estimate of credit loss over the expected life of the financial assets, with reference to the present value of all cash expected not to be recoverable based on historical loss information for a group of assets that the Company considers having shared credit risk characteristics, adjusts this for current observable data, as well as forward-looking information.

Practices during the transitional period

The Company has adapted these financial reporting standards related to financial instruments by recognition cumulative effects of the first-time adoption of these financial reporting standards as adjustment item with retained earnings (if any) as at 1 January 2020 and the comparative information was not restated.

The adoption of these financial reporting standards related to financial instrument does not have impact on the beginning balance of the Company's retained earnings.

TFRS 16 Leases

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

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

The Company adopted this financial reporting standard whereby the cumulative effect is recognised as adjustment item with retained earnings as at 1 January 2020 (if any), and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand ("BOT") No. BOT.RPD.(23)C. 276/2563 "Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy" and the circular of the BOT No. BOT.RPD.(01)C. 380/2563 "Measures to provide additional assistance to debtors during the COVID-19 situation" or any other measures announced by the BOT. Such entities include credit card business, business providing loans secured against vehicle registrations without collateral, personal loan business under the supervision of the BOT and certain entities not under the supervision of the BOT, such as leasing, hire-purchase, motorcycle hire-purchase and factoring business. Entities providing assistance to debtors in accordance with the BOT's measures and electing to apply this Accounting Guidance have to apply all temporary relief measures in this guidance.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy if the company provide assistance to debtors during the year from 1 January 2020 to 31 December 2021 or until the BOT makes changes, with which the entities are to comply. The guidance applies to large debtors, small and medium-sized debtors and retail debtors who have the ability to run a business or to pay debts in the future and who have been impacted directly or indirectly by such situations, considering the following guidelines.

- Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020
- Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by the economic conditions

The Company has entered into scheme to provide assistance to affected debtors that is in accordance with relief measures of BOT by using the followings accounting guidance;

- (1) Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring and the debt restructuring is considered a pre-emptive debt restructuring rather than a troubled debt restructuring. If it is a provision of assistance to debtors in accordance with the circular of the BOT No. BOT.RPD. (01)C. 380/2563, classification of the debtor remains at the same stage as before.
- (2) Non-performing loans (NPL) are classified as performing loans if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- (3) The guidelines specified in the appendix of the circular of the BOT relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is moving to Stage 2.
- (4) If the debt restructuring under the scheme to provide assistance causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan, the Company applies a newly calculated effective interest rate to determine the present value of loans that have been restructured and recognises interest income on the basis of this new effective interest rate during the grace period, or in accordance with the BOT's new guidelines if there are changes.

- (5) In determining expected credit loss, consideration is given to placing less weight on forward-looking information that is the result of the temporary crisis than on historical information reflecting ability to service debt.

In addition, on 19 June 2020 the BOT issued the circular of the BOT No. BOT.RPD.(01)C. 648/2563 "Measures to provide additional assistance to retail debtors during the COVID-19 phase 2 situation".

During the year 2020, the Company has entered into scheme to provide assistance to debtors and has used this Accounting Guidance.

Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

As at 31 December 2020, the Company does not use this temporary relief measures.

3.2 Financial reporting standards that will become effective for fiscal year beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal year beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company has evaluated that these standards do not have any significant impact on the Company's financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3.1 to the financial statements, during the current year, the Company has adopted TFRS 16. The cumulative effect of initially applying this standard is recognised as an adjustment as at 1 January 2020, and the comparative information was not restated. Changes in accounting policies impact the presentation of items in the statement of financial position as at 1 January 2020 as follows:

	(Unit: Thousand Baht)		
	31 December 2019	The impacts of TFRS 16	1 January 2020
<u>Assets</u>			
Current assets			
Other current assets - prepaid expenses	2,407	(152)	2,255
Non-current assets			
Land, buildings and equipment - net	68,821	(2,292)	66,529
Right-of-use assets - net	-	24,070	24,070
<u>Liabilities</u>			
Current liabilities			
Current portion of lease liabilities	-	6,742	6,742
Current portion of liabilities under hire purchase agreements	706	(706)	-
Non-current liabilities			
Lease liabilities - net of current portion	-	16,407	16,407
Liabilities under hire purchase agreements - net of current portion	817	(817)	-

Upon initial application of TFRS 16, the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020. In addition, leases previously classified as finance leases, the Company recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)
Operating lease commitments as at 31 December 2019	23,127
Less: Contracts reassessed as service agreements	(289)
Add: Others	372
Less: Deferred interest expenses	(1,584)
Increase in lease liabilities due to TFRS 16 adoption	21,626
Liabilities under finance lease agreements as at 31 December 2019	1,523
Lease liabilities as at 1 January 2020	23,149
Weighted average incremental borrowing rate (percent per annum)	3.65

Comprise of:

Current lease liabilities	6,742
Non-current lease liabilities	16,407
	23,149

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)
Land	840
Buildings	3,120
Equipment	540
Motor vehicles	19,570
Total right-of-use assets	24,070

5. Significant accounting policies

5.1 Revenue recognition

a) Interest income from hire purchase

Accounting policy adopted since 1 January 2020

The Company recognises interest income from hire purchase on an accrual basis, using the effective interest rate method over the lease term and calculation based on the gross carrying amount of hire purchase receivables. Effective interest rate is the discount rate of estimated future cash flows over the expected life of the financial instruments, consider fees and costs that are an integral part of the effective interest rate

When the hire purchase receivables subsequently become credit-impaired, interest income from hire purchase is calculated by using the effective interest rate method on the net carrying amount (gross book value net of an allowance for expected credit loss) of the receivables. Subsequently, if the hire purchase receivables is no longer credit-impaired, the Company reverts to calculate interest income on gross carrying amount.

Initial direct income and expenses at inception of hire purchase are to be deferred and amortised using the effective interest rate method, with amortisation deducted from interest income from hire purchase throughout the contract period to reflect the effective rate of return on the contracts.

Accounting policy adopted before 1 January 2020

The Company recognises interest income from hire purchase on an accrual basis, using the effective interest rate method over the contract period.

The Company ceases accruing interest income for hire purchase receivables that are overdue for at least four installments from the due date. Interest income is then recognised on a cash basis until receiving of overdue hire purchase receivables amount.

b) Fee and service income

Fee and service income are recognised on accrual basis, except fees that are integral part of interest rate. Fee income from late payment is recognised when received.

5.2 Expense recognition

a) Finance cost

Interest expenses from financial liabilities measured at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

b) Commission expenses and direct expenses charged on hire purchase

Commission expenses and initial direct expenses at the inception of a hire purchase arrangement are deferred and amortised using the effective interest rate method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned income on hire purchase is presented net of fee income and initial direct cost on the inception of the contracts.

5.3 Financial Instruments

Since 1 January 2020, the Company classifies and measures financial assets and financial liabilities as following.

Financial asset

The Company classifies its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Company' business model for managing the financial assets and the contractual cash flows characteristics of the financial assets. All financial assets of the Company are classified and measured at amortised cost because of following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are initially measured at its fair value plus transaction costs and subsequently measured at amortised cost net of allowance for expected credit loss (if any).

Financial liabilities

The Company classifies financial liabilities as measured at amortised cost. Financial liabilities are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using effective interest rate method.

Offsetting

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

Derecognition of financial instruments

The Company derecognises a financial asset when the contractual cash flows from the asset expire or it transfers its rights to receive contractual cash flows on the financial asset in a transaction in which all or substantially all the risks and rewards of ownership are transferred. Any interest from transferred financial assets, which is created or retained by the Company, are still recognised as financial assets.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

5.4 Cash and cash equivalents

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

5.5 Hire purchase receivables

Hire purchase receivables are stated at the contract value net of unearned income, which is presented after net of fee income, commission expenses and initial direct cost on the inception of the contract.

5.6 Allowance for expected credit loss of financial assets/ allowance for doubtful account

Accounting policy adopted since 1 January 2020

The Company uses a general approach to calculate the expected credit loss on its financial assets, such as deposits at financial institutions and hire purchase receivables.

The Company classifies the financial assets into three groups (three-stage approach) to measure the allowance for expected credit loss, with the classification of the financial assets determined on the basis of the change in credit risk since the initial recognition as follows:

Group 1: Financial assets where there has not been a significant increase in credit risk (Performing)

For the financial assets where the credit risk has not increased significantly since initial recognition, the Company recognises allowance for expected credit loss at an amount equal to the expected credit loss of the next 12 months. For the financial assets where the remaining lease term are less than 12 months, the Company will use the probability of compliance agreement in accordance with the remaining lease term.

Group 2: Financial assets where there has been a significant increase in credit risk (Under-Performing)

For the financial assets where the credit risk has increased significantly since initial recognition but that are not credit-impaired, the Company recognises allowance for expected credit loss at an amount equal to the lifetime expected credit loss of the financial assets.

Group 3: Financial assets that are credit - impaired (Non-performing)

Financial assets that are considered to be credit-impaired, the Company recognises allowance for expected credit loss at an amount equal to the lifetime expected credit loss of the financial assets.

At the end of each reporting period, the Company assesses whether the credit risk of a financial asset has increased significantly since the initial recognition date, by comparing the risk of default on the financial asset at the reporting date with the risk of default at the date of initial recognition. In determining whether credit risk has increased significantly since initial recognition, the Company applies both its own internal quantitative and qualitative indicators and forward-looking information in assessing deterioration in the credit quality of receivables, such as receivables that are more than 30 days past due. The Company assesses whether there has been a significant increase in credit risk since initial recognition on a collective basis.

Hire purchase receivables are credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the hire purchase receivables have occurred. Evidence of a credit-impaired hire purchase receivable includes arrears for over 90 days or indications that the borrower is experiencing significant financial difficulty, the legal status, renegotiation of terms or distressed restructuring.

In subsequent periods, if the credit quality of financial assets improves and the assessment is that the significant increase in credit risk since the initial recognition date that was assessed in the previous period no longer applies, the Company changes from recognising expected credit loss over the expected lifetime to recognising the 12 month expected credit loss.

When the terms of repayment of the hire purchase receivables are renegotiated or the term of the contractual cash flow are modified because the borrower are in financial difficulty, the borrower is considered to be a financial asset with a significant increase in credit risk or credit-impaired, unless there is evidence that the risk of that contractual cash flows will not be recoverable has decreased significantly and there are no indicators of impairment.

Expected credit loss is the probability-weighted estimate of credit loss over the expected lifetime of the financial asset, consider the present value of all cash flow expected not to be recoverable. The Company considers historical loss experience on the basis of shared credit risk characteristics, taking into account type of collateral, month on book, and other relevant factors, adjusts this for current observable data, as well as forward looking information that is supportable and reasonable, provide it can be shown as well as exercising appropriate of judgement, to estimate the amount of an expected credit loss. Macroeconomic data are used, and both the current situation and economic forecasts are evaluated. The Company also determines probability-weighted in each scenario (base scenario, best scenario and worst scenario) for calculating expected credit loss. Use of forward-looking data increases the degree of judgement required in evaluating how relevant current macroeconomic changes affect expected credit loss. However, the Company has established the process to review and monitor methodologies, assumptions and forward-looking macroeconomics scenarios on a regular basis. Furthermore, expected credit loss was included management overlay for the factors which are not captured by the model.

Increase (decrease) in an allowance for expected credit loss is recognised as expenses during the year in profit or loss in the statements of comprehensive income. The Company has a policy to write-off receivables when it has made appropriate efforts at recovery, for which there is clear evidence, and debts remain unsettled.

Accounting policy adopted before 1 January 2020

The Company provides allowance for doubtful accounts for hire purchase receivables based on the estimated loss that may be incurred in the collection of the debts, determined taking into account the current status of the hire purchase receivables. Allowance for doubtful accounts for receivables overdue no more than 6 months is provided based on the loan balances after net of unearned income (after net of fee income, commission expenses and initial direct cost on the inception of the contract) and collateral value, while allowance for doubtful accounts for receivables overdue more than 6 months provided based on the loans balance without deducting collateral value. The rates of allowance for doubtful accounts are as follows:

	(Percentage)
Normal loans and not more than 1 month past due	1
1 - 3 months past due	2
3 - 6 months past due	20
6 - 12 months past due	50
More than 12 months past due	100

Moreover, the Company also set up additional allowance based on expected credit loss.

5.7 Financial assets with modifications of terms/Debt restructuring

Since 1 January 2020, when a financial asset's terms of repayment are renegotiated or modified, or debt is restructured, or an existing financial asset is replaced with a new financial asset because a borrower is having financial difficulties, the Company assesses whether to derecognise the financial asset and measures the expected credit loss, as follows:

- If the modification of terms does not result in derecognition of the financial asset, the Company calculates the gross book value of the new financial asset based on the present value of the new or modified cash flows, discounted using the original effective interest rate of the financial asset, and recognises a gain or loss on modification of terms in profit or loss.
- If the modification of terms results in derecognition of the financial asset, the fair value of the new financial asset is the latest cash flows of the original financial asset as at the date of derecognition. The difference between the book value and the fair value of the financial asset is recognised in profit or loss.

If the debt restructuring does not meet the criteria for derecognition as of the restructuring date, the borrower continues to be classified as financial asset with a significant increase in credit risk (Stage 2) or as a financial asset that is credit-impaired (Stage 3) unless the debtor has been able to make payment in accordance with the debt restructuring agreement for not less than 12 months counting from the restructuring date. At that point, it can be reclassified as a financial asset with no significant increase in credit risk (Stage 1). If the debt restructuring results in a derecognition, the new financial asset is considered a financial asset with no significant increase in credit risk (Performing or Stage 1).

5.8 Assets foreclosed

Assets foreclosed are assets seized from hire purchase receivables and stated at the lower of cost or net realisable value.

Gain (loss) on disposals of assets foreclosed are recognised in profit or loss in the statements of comprehensive income upon disposal. Loss on impairment (if any) is recognised in profit or loss in the statements of comprehensive income.

5.9 Land, buildings and equipment and depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

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

Buildings and building improvement	-	20 years
Furniture and office equipment	-	5 years
Computers and equipment	-	5 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land.

Items of land, buildings and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on disposal of an asset is recognised in profit or loss in the statement of comprehensive income when the assets are derecognised.

5.10 Leases

Accounting policies adopted since 1 January 2020

At inception of contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs, on the straight-line basis over the shorter of their estimated useful lives and the lease term.

Land	3	years
Buildings	2 - 3	years
Equipment	5	years
Motor vehicles	5	years

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term.

The Company discounted the present value of the lease payments by the Company's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

5.11 Intangible assets and amortisation

The Company initially recognised intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss (if any).

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

The intangible assets of the Company are computer software that have useful lives of approximately 5 years.

5.12 Related party transactions

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

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

5.13 Impairment of non-financial assets

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

An impairment loss is recognised in profit or loss (if any).

5.14 Employee benefits

a) Short-term employee benefits

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

b) Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gain and loss arising from defined benefit plans are recognised immediately in other comprehensive income.

5.15 Income tax

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

a) Current tax

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

b) Deferred tax

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

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

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

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.16 Provisions

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

5.17 Fair value measurement

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

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

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

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

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

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

6. Significant accounting judgments and estimates

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

6.1 Allowance for expected credit loss of hire purchase receivables

The management is required to use judgement in estimating allowance for expected credit loss of hire purchase receivables. The calculation of expected credit loss is based on complex models, use of a series of assumptions, the development of model, the assessments of an increase in credit risk, and probability of loan repayment, as well as the selection of forward-looking information. The estimates involve numerous variables, therefore, the actual results may differ from the estimates.

6.2 Allowance for impairment of assets foreclosed and loss on confiscation assets

In determining allowance for impairment of assets foreclosed and loss on confiscation assets, the management exercises judgement in estimating the anticipated loss on such assets, based on analysis of various factors, including net realisable value, historical data, the age of the assets and the prevailing economic conditions.

6.3 Land, buildings and equipment and depreciation

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

In addition, the management is required to review land, buildings and equipment for impairment on a periodical basis and record impairment loss when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

6.4 Leases

In determining the lease term, the management is required to exercise judgement in assessing whether the Company is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Company to exercise either the extension or termination option.

The management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

6.5 Deferred tax assets

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

6.6 Post-employment benefits under defined benefit plans

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

6.7 Fair value of financial instruments

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

7. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2020	2019
Bank deposits - saving accounts	123,519	44,144
Bank deposits - current accounts	4,863	2,328
Total	128,382	46,472

As at 31 December 2020, bank deposit in saving accounts carried interest at rates between 0.05 - 0.12 percent per annum as determined by commercial banks (2019: between 0.10 - 0.38 percent per annum).

8. Hire purchase receivables

8.1 As at 31 December 2020 and 2019, hire purchase receivables have general term of agreements between 18 to 72 installments and are payable in equal installment, with interest charged at fixed rates throughout the contracts. The balances of hire purchase receivables are classified by due date per the contract, as follows:

(Unit: Thousand Baht)

	2020		
	Amounts due		
	Within 1 year ⁽¹⁾	Over 1 year	Total
Hire purchase receivables	1,324,800	2,270,131	3,594,931
Less: Unearned income ⁽²⁾	(389,004)	(433,082)	(822,086)
Undue output tax	(82,348)	(148,513)	(230,861)
Present value of the minimum lease payment receivables	853,448	1,688,536	2,541,984
Less: Allowance for expected credit loss	(58,078)	(39,857)	(97,935)
Hire purchase receivables - net	795,370	1,648,679	2,444,049

(1) The balance of hire purchase receivables due within 1 year included credit - impaired receivables.

(2) Net of deferred fee income, commission expenses and initial direct cost of hire purchase.

(Unit: Thousand Baht)

	2019		
	Amounts due		
	Within 1 year ⁽¹⁾	Over 1 year	Total
Hire purchase receivables	1,032,260	1,828,766	2,861,026
Less: Unearned income ⁽²⁾	(299,847)	(342,403)	(642,250)
Undue output tax	(62,563)	(119,638)	(182,201)
Present value of the minimum lease payment receivables	669,850	1,366,725	2,036,575
Less: Allowance for doubtful accounts ⁽³⁾	(106,044)	(5,923)	(111,967)
Hire purchase receivables - net	563,806	1,360,802	1,924,608

(1) The balance of hire purchase receivables due within 1 year included receivables for which revenue recognition has been ceased.

(2) Net of deferred fee income, commission expenses and initial direct cost of hire purchase.

(3) The balance of allowance for doubtful accounts due within 1 year included additional provision for uncollectible receivables.

8.2 As at 31 December 2020, the balances of hire purchase receivables classified by credit risk and allowance for expected credit loss are as follows:

	(Unit: Thousand Baht)	
	2020	
	Hire purchase receivables - net of unearned income ⁽¹⁾	Allowance for expected credit loss
Hire purchase receivables where there has not been a significant increase in credit risk	1,992,641	21,611
Hire purchase receivables where there has been a significant increase in credit risk	452,275	44,664
Hire purchase receivables that are credit - impaired	97,068	31,660
Total	2,541,984	97,935

During the fourth quarter of 2020, the Company has entered into scheme to provide assistance to debtors and has applied the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy. The Company assists debtors by suspending principal and interest payment for 3 - 4 months in which the moratorium period of some debtors has ended during the year. As of 31 December 2020, there were remaining of debtors who are still in the scheme totaling Baht 182 million, and the Company classifies these debtors remaining at the same stage before.

As at 31 December 2019, the balances of hire purchase receivables classified by aging of installments past due and allowance for doubtful accounts are as follows:

(Unit: Thousand Baht)

31 December 2019				
Age of receivables	Hire purchase receivables - net of unearned income	Hire purchase receivables - net of unearned income and collateral value	Rate of allowance for doubtful accounts	Allowance for doubtful accounts
Not yet due	1,220,996	365,525	1	3,655
Past due no more than 30 days	358,332	116,396	1	1,164
Past due 31 - 90 days	366,230	128,667	2	2,574
Past due 91 - 180 days	24,121	7,910	20	1,582
Past due 181 - 365 days	17,808	17,808	50	8,904
Past due more than 365 days	49,088	49,088	100	49,088
Total	2,036,575	685,394		68,967
Allowance for doubtful accounts - additional provision for uncollectible receivables				45,000
Total				111,967

8.3 Before 1 January 2020, the Company has policy to cease accruing interest income for hire purchase receivables that are overdue for at least four installments from the due date. As at 31 December 2019, the Company had receivables amounting to Baht 79.6 million for which revenue recognition had been ceased. However, the Company cancelled the policy to cease accruing interest income in order to comply with the adoption of new financial reporting standards resulting no receivable which revenue recognition had been ceased at 31 December 2020.

8.4 As at 31 December 2020 and 2019, the Company had transferred certain rights of claim under hire purchase agreements in order to secure credit facilities granted by a commercial bank, as mentioned in Note 16 and 20.

9. Allowance for expected credit loss/ allowance for doubtful accounts

Movement of allowance for expected credit loss (ECL) / allowance for doubtful accounts of hire purchase receivables for the years ended 31 December 2020 and 2019, are as follows:

(Unit: Thousand Baht)

For the year ended 31 December 2020					
Allowance for expected credit loss					
	Financial assets where there has been a significant increase in credit risk (12-mth ECL)	Financial assets where there has been a significant increase in credit risk (Lifetime ECL not credit - impaired)	Financial assets that are credit - impaired (Lifetime ECL not credit - impaired)	Allowance for doubtful accounts	Total
Hire purchase receivables					
Beginning balance	-	-	-	111,967	111,967
Changes due to adoption of new financial reporting standards	20,690	38,859	52,418	(111,967)	-
Beginning balance under TFRS 9	20,690	38,859	52,418	-	111,967
Stage changes	549	(4,832)	4,283	-	-
Changes due to revaluation of allowance for credit loss	(14,401)	6,535	19,637	-	11,771
New financial assets purchased or acquired	17,058	16,318	3,177	-	36,553
Derecognition of financial assets	(2,285)	(11,966)	(12,271)	-	(26,522)
Write-off	-	(250)	(35,584)	-	(35,834)
Ending balance	21,611	44,664	31,660	-	97,935

(Unit: Thousand Baht)

For the year ended 31 December 2019	
Balance at beginning of the year	109,964
Add: Increase in doubtful account during the year	3,660
Less: Bad debt written-off during the year	(1,657)
Balance at end of the year	111,967

10. Assets foreclosed

	(Unit: Thousand Baht)	
	2020	2019
Assets foreclosed - cost	6,749	3,904
Less: Allowance for impairment	-	-
Assets foreclosed - net	6,749	3,904

11. Restricted bank deposits

As at 31 December 2020 and 2019, the Company had restricted bank deposits amounting to Baht 38 million in order to secure against loans from financial institutions as mentioned in Note 16.

12. Land, buildings and equipment

	(Unit: Thousand Baht)						
		Buildings and building improvement	Furniture and office equipment	Computer and equipment	Motor vehicles	Assets under installation and construction	Total
Cost							
1 January 2019	14,278	8,841	6,119	7,021	33,343	-	69,602
Additions	21,291	11,283	2,573	4,143	-	4,280	43,570
Disposals/write off	-	-	(204)	(527)	(11,208)	-	(11,939)
Transfer in (transfer out)	-	550	-	3,688	-	(4,236)	-
31 December 2019	35,569	20,674	8,488	14,323	22,135	44	101,233
Transfer to right-of-use assets due to TFRS 16 adoption	-	-	-	-	(3,707)	-	(3,707)
Additions	-	496	763	2,964	-	7,787	11,990
Transfer in (transfer out)	-	281	-	7,550	-	(7,811)	-
31 December 2020	35,569	21,431	9,251	24,837	18,428	-	109,516

(Unit: Thousand Baht)						
	Land	Buildings and building improvement	Furniture and office equipment	Computer and equipment	Motor vehicles	Assets under Installation and construction Total
Accumulated depreciation						
1 January 2019	-	5,235	3,994	3,384	24,368	- 36,981
Depreciation for the year	-	821	974	2,235	3,214	- 7,244
Depreciation for disposals/ write off	-	-	(199)	(500)	(11,114)	- (11,813)
31 December 2019	-	6,056	4,769	5,119	16,468	- 32,412
Transfer to right-of-use assets due to TFRS 16 adoption	-	-	-	-	(1,415)	- (1,415)
Depreciation for the year	-	1,063	1,150	3,841	1,794	- 7,648
31 December 2020	-	7,119	5,919	8,760	16,847	- 38,645
Net book value						
31 December 2019	35,569	14,618	3,719	9,204	5,667	44 68,821
31 December 2020	35,569	14,312	3,332	16,077	1,581	- 70,871
Depreciation for the year						
2019						7,244
2020						7,648

As at 31 December 2020, certain items of furniture and fixtures, computer and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 19 million (2019: Baht 11 million).

As at 31 December 2020, the Company has mortgaged land and building with their net book value of Baht 31 million, as collateral against short-term credit facilities from financial institutions as mentioned in Note 16 (2019: Baht 32 million).

13. Right-of-use assets/lease liabilities

The Company has lease contracts for assets used in its operation. Leases generally have lease terms between 2 - 5 years.

13.1 Right-of-use assets

Movement of the right-of-use assets during the year ended 31 December 2020 are summarised below:

	(Unit: Thousand Baht)				
	Land	Buildings	Equipment	Motor vehicles	Total
Balance as at 1 January 2020	-	-	-	-	-
Cumulative effects due to TFRS 16 adoption					
- From operating leases	840	3,120	540	17,278	21,778
- From finance leases which transferred from land, buildings and equipment	-	-	-	2,292	2,292
Beginning balance as at 1 January 2020 - after adjustment	840	3,120	540	19,570	24,070
Additions	344	1,100	-	2,720	4,164
Disposals of assets	-	-	-	(260)	(260)
Depreciation for the year	(441)	(2,131)	(134)	(4,922)	(7,628)
Balance as at 31 December 2020	743	2,089	406	17,108	20,346

13.2 Lease liabilities/ Liabilities under hire purchase agreements

	(Unit: Thousand Baht)	
	2020	2019
Lease payments	21,114	1,596
Less: Deferred interest expenses	(1,267)	(73)
Total	19,847	1,523
Less: Portion due within one year	(7,472)	(706)
Lease liabilities/Liabilities under hire purchase agreements - net of current portion	12,375	817

13.3 Expenses relating to leases that are recognised in profit or loss

	(Unit: Thousand Baht)
	For the year ended
	31 December 2020
Depreciation expenses of right-of-use assets	7,628
Interest expenses on lease liabilities	779
Total	8,407

The Company had total cash outflows for leases for the year ended 31 December 2020 of Baht 8 million.

14. Intangible assets

	(Unit: Thousand Baht)		
	Computer software		
	Computer software	in process	Total
Cost			
1 January 2019	3,473	1,716	5,189
Additions	657	3,048	3,705
Transfer in (transfer out)	4,303	(4,303)	-
31 December 2019	8,433	461	8,894
Additions	1,374	380	1,754
Write-off	-	(282)	(282)
Transfer in (transfer out)	559	(559)	-
31 December 2020	10,366	-	10,366
Accumulated amortisation			
1 January 2019	2,095	-	2,095
Amortisation during the year	1,374	-	1,374
31 December 2019	3,469	-	3,469
Amortisation during the year	1,724	-	1,724
31 December 2020	5,193	-	5,193
Net book value			
31 December 2019	4,964	461	5,425
31 December 2020	5,173	-	5,173
Amortisation recognised for the year			
2019			1,374
2020			1,724

As at 31 December 2020, computer software has remaining amortisation period between 1 - 5 years (2019: 1 - 5 years).

15. Deferred tax assets and income tax expenses

15.1 Deferred tax assets/ deferred tax liabilities

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

	(Unit: Thousand Baht)			
	Changes in deferred tax assets or liabilities in profit or loss for the years ended			
	31 December			
	2020	2019	2020	2019
Deferred tax assets				
Allowance for doubtful accounts	-	22,393	(22,393)	400
Allowance for expected credit loss	19,587	-	19,587	-
Loss on confiscation of assets foreclosed	9,735	3,886	5,849	3,886
Allowance for impairment of assets foreclosed	-	-	-	(1,301)
Provision for long-term employee benefits	1,274	960	410	396
Leases contracts	61	-	61	-
Others	97	179	(82)	110
Total	30,754	27,418		
Deferred tax liabilities				
Net of deferred fee income, commission expenses and initial direct cost of hire purchase	7,582	6,557	(1,025)	(2,404)
Total	7,582	6,557		
Deferred tax assets - net	23,172	20,861	2,407	1,087

15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)	
	2020	2019
Current income tax:		
Current income tax charge for the year	39,779	29,074
Effect of income tax related to the expenses from share offering (Note 23)	3,736	-
Deferred tax:		
Deferred tax relating to origination and reversal of temporary differences	(2,407)	(1,087)
Income tax expenses reported in the statements of comprehensive income	41,108	27,987

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)	
	2020	2019
Deferred tax relating to actuarial gain	96	13

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)	
	2020	2019
Accounting profit before tax	176,200	138,774
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	35,240	27,755
Temporary difference not treated as deductible expenses and not recognised as deferred tax assets	5,587	-
Effects of additional expenses and non-deductible expenses	281	232
Income tax expenses reported in the statements of comprehensive income	41,108	27,987

16. Short-term loans from financial institutions

As at 31 December 2020, the Company has loan in the form of promissory notes from domestic commercial banks amounting to Baht 255 million which carry interest at MLR minus fixed rate per annum. The principal repayment of loans are due in 3 months and 12 months from the drawdown date, with interest payment is due on a monthly basis (2019: Baht 503 million, carrying interest at MLR minus fixed rate per annum).

The above mentioned loans are secured by bank deposit, the mortgage of land and building owned by the Company, and the registration of business securities such as the right to claim from receivables under hire purchase contracts (As at 31 December 2019: The loans were secured in the same condition with 2020 and also guaranteed by the Company's directors and major shareholders. The guaranteed by the Company's directors and major shareholders was withdrawn since November and December 2020).

The Company must comply with loan covenants regarding, among other things, ratio of total debt to equity, ratio of total loans from financial institutions to total hire purchase receivables and ratio of non-performing loans plus assets foreclosed to total loans.

The Company must comply with loan covenants regarding, among other things, ratio of total debt to equity, ratio of total loans from financial institutions to total hire purchase receivables and ratio of non-performing loans plus assets foreclosed to total loans.

As at 31 December 2020, the Company has Baht 445 million for short-term loans and overdraft from financial institutions which have not yet been drawn down (2019: Baht 97 million).

17. Short-term loans from related persons

As at 31 December 2020, the Company has short-term loans from related persons amounting to Baht 120 million. The loans carry interest at fixed rate per annum with monthly interest payment. The principal repayment of loans are due within 1 year from the drawdown date. (2019: Baht 120 million).

18. Short-term loans from others

As at 31 December 2020, the Company has short-term loans from others amounting to Baht 9 million. The loans carry interest at fixed rate per annum with monthly interest payment. The principal repayment of loans are due within 1 year from the drawdown date. (2019: Baht 29 million).

19. Trade and other payables

	(Unit: Thousand Baht)	
	2020	2019
Trade payables	23,730	1,500
Other payables	2,295	818
Accrued expenses	17,775	6,491
Insurance premiums suspense	14,559	2,982
Others	1,169	-
Total	59,528	11,791

20. Long-term loans from financial institutions

	(Unit: Thousand Baht)	
Repayment term	2020	2019
a) Long-term loans with credit line of Baht 100 million, repayable within 3 years from the drawdown date, carrying interest at THBFIX plus fixed rate per annum, interest payable monthly.	49,988	83,710
b) Long-term loans with credit line of Baht 200 million, repayable within 2 years from the drawdown date, carrying interest rate at fixed rate per annum, interest payable monthly.	183,010	-
Long-term loans from financial institutions	232,978	83,710
Less: Current portion	(144,635)	(33,167)
Long-term loans from financial institutions - net of current portion	88,343	50,543

The loans a) are secured by bank deposits of shareholders (As at 31 December 2019: The loans were secured in the same condition with 2020 and guaranteed by the Company's directors and shareholders. The guaranteed by the Company's directors and shareholders was withdrawn since December 2020).

The loans b) are guaranteed by the Company's directors and major shareholders including registration of business securities such as the right to claim from receivables under hire purchase contracts. The Company must comply with loan covenants regarding, among other things, ratio of total debt to equity, ratio of non-performing loans to total loans, maintaining of major shareholders ratio.

21. Long-term loans from related persons

As at 31 December 2020, the Company has loans from directors repayable within 5 years from the drawdown date (repayable within 2021 - 2022 at maturity date), carrying interest at fixed rate per annum, with interest payment is due on monthly basis.

	(Unit: Thousand Baht)	
	2020	2019
Long-term loans from related persons	185,600	250,000
Less: Current portion	(141,600)	-
Long-term loans from related persons - net of current portion	44,000	250,000

As at 31 December 2020, the Company has Baht 514 million for long-term loans from related persons which have not yet been drawn down (2019: Baht 450 million).

22. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Provision for long-term employee benefits at beginning of year	4,801	2,880
Recognised in profit or loss:		
Current service cost	1,969	1,734
Interest cost	79	91
Past service cost	-	480
Recognised in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumption changes	(71)	(33)
Financial assumption changes	246	123
Experience adjustments	(655)	(152)
Benefits paid during year	-	(322)
Provision for long-term employee benefits at end of year	6,369	4,801

The Company does not expect to pay long-term employee benefits during the next year.

As at 31 December 2020, the weighted average duration of the liabilities for long-term employee benefit is 12 years (2019: 13 years).

The principal actuarial assumptions were as follows:

	(Units: Percent per annum)	
	2020	2019
Discount rate	1.34	1.66
Future salary increase rate	5.00	5.00
Turnover rate	0 - 19	0 - 19

The result of sensitivity analysis for significant assumptions that affect the present value of long-term employee benefit obligation as at 31 December 2020 and 2019 are summarised below:

2020				
	Increase rate		Decrease rate	
	Percent per annum	Provision	Percent per annum	Provision
		increase (decrease)		increase (decrease)
		(Thousand Baht)		(Thousand Baht)
Discount rate	0.5	(370)	0.5	402
Salary increase rate	0.5	386	0.5	(360)
Turnover rate	0.5	(399)	0.5	159

2019				
	Increase rate		Decrease rate	
	Percent per annum	Provision	Percent per annum	Provision
		increase (decrease)		increase (decrease)
		(Thousand Baht)		(Thousand Baht)
Discount rate	0.5	(296)	0.5	322
Salary increase rate	0.5	310	0.5	(289)
Turnover rate	0.5	(320)	0.5	129

23. Share capital

On 9 September 2019, the Extraordinary General Meeting No.2/2019 approved the change in par value of the Company's ordinary shares from Baht 100 per share of 7 million shares to Baht 1 per share of 700 million shares by splitting 1 ordinary share of Baht 100 each to 100 ordinary shares of Baht 1 each. The meeting also approved to adjust the Company's memorandum for the change of the par value. The Company registered the change of par value with the Department of Business Development on 17 September 2019.

On 6 December 2019, the Extraordinary General Meeting No.1/2019 approved an increase in the Company's registered share capital from Baht 700 million (700 million ordinary shares at par value of Baht 1 each) to Baht 935 million (935 million ordinary shares at par value of Baht 1 each) by issuing 235 million ordinary shares at par value of Baht 1 each to support the initial public offering. The Company registered the increase of its register capital with the Department of Business Development on 12 December 2019.

In September 2020, the Company issued 235 million ordinary shares at par value of Baht 1 each, totaling Baht 235 million through Initial Public Offering at the offering price of Baht 2.65 each, totaling Baht 622 million with share premium of Baht 373 million (net of offering expenses and related income tax amounting to Baht 15 million). The Company registered its capital increase with the Ministry of Commerce on 25 September 2020. As at 31 December 2020, the Company has issued and fully paid up share capital at 935 million ordinary shares of Baht 1 each.

As at 31 December 2020 and 2019, the Company had registered and paid-up share capital as follows:

	2020		2019	
	Number of shares	Amount	Number of shares	Amount
	(Million shares)	(Million Baht)	(Million shares)	(Million Baht)
Registered capital				
Registered capital at beginning of the year	935	935	7	700
Share splitting (from 7 million ordinary shares at par value of Baht 100 each to 700 million ordinary shares at par value of Baht 1 each)	-	-	693	-
Approval of increase in registered capital (235 million ordinary shares at par value of Baht 1 each)	-	-	235	235
Registered capital at end of the year	935	935	935	935
Issued and paid-up capital				
Issued and paid-up capital at beginning of the year	700	700	7	700
Share splitting (from 7 million ordinary shares at par value of Baht 100 each to 700 million ordinary shares at par value of Baht 1 each)	-	-	693	-
Capital increase in the amount of 235 million ordinary shares at par value of Baht 1 each	235	235	-	-
Issued and paid-up capital at ending of the year	935	935	700	700

24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

During the year 2020, the Company appropriated profit of Baht 6.8 million to statutory reserve. (2019: Baht 5.6 million)

25. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure and maximise shareholder value. As at 31 December 2020, the Company's debt to equity ratio is 0.51:1 (2019: 0.96:1)

26. Expected credit loss

Expected credit loss and loss from contract modification of hire purchase receivables for the years ended 31 December 2020 and 2019 are as follows.

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Expected credit loss	26,173	-
Loss from contract modification	10,134	-
Total	36,307	-

27. Bad debts and doubtful accounts and gain/ loss from assets foreclosed

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Doubtful accounts and bad debts	-	3,683
Loss on confiscation assets	58,500	25,913
Reversal of impairment loss of assets foreclosed	-	(6,508)
Gain on disposals of assets foreclosed	(17,581)	(47)
Total	40,919	23,041

28. Finance cost

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Interest expenses on borrowings	47,125	38,891
Interest expenses on lease liabilities	779	94
Total	47,904	38,985

29. Expenses by nature

For the years ended 31 December 2020 and 2019, significant expenses by nature are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2020	2019
Salary, wages and other employee benefits	90,163	74,993
Expected credit loss	36,307	-
Bad debts and doubtful accounts and gain/ loss from assets foreclosed	40,919	23,041
Professional fees	11,561	12,104
Depreciation and amortisation	16,999	8,618
Rental expenses	180	5,957
Debt collection fees	8,288	5,356
Travelling and accommodation expenses	4,050	4,902
Telecommunication expenses	3,681	3,501
Utilities expenses	1,265	1,292

30. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year and weighted average number of ordinary shares had been adjusted as stock split occurred since the beginning of this reporting period.

31. Segment information

The Company's principal operations involve a single operating segment in hire purchase business for six-wheel and ten-wheel trucks. Their operations are carried on only in Thailand. The chief operating decision maker has been identified as managing director, is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of revenues and operating profits as presented in the comprehensive income statement and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Major customers

For the years 2020 and 2019, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

32. Provident fund

On January 2019, the Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 2 percent of basic salary. The fund, which is managed by Thanachart Fund Management Co., Ltd., will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2020 amounting to approximately Baht 1.0 million were recognised as expenses (2019: Baht 0.9 million).

33. Related party transactions

During the years, the Company had significant business transactions with directors and related persons. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, directors and those related persons.

	(Unit: Thousand Baht)		
	2020	2019	Transfer pricing policy
<u>Transactions with related persons</u>			
Interest expenses - directors	13,065	17,231	As agreed
Interest expenses - related persons	5,200	5,274	As agreed
Vehicle disposals - directors			
(Baht 3 million gain)	-	4,590	As agreed
Rental expenses - directors	360	221	As agreed
Service expenses - directors	100	-	As agreed
Service expenses - related persons	80	840	As agreed

As at 31 December 2020 and 2019, the balances of the accounts between the Company, directors and related persons are as follows:

	(Unit: Thousand Baht)	
	2020	2019
Related persons		
Short-term loans - directors	20,000	20,000
Short-term loans - related persons	100,000	100,000
Long-term loans - directors	185,600	250,000
Lease liabilities - directors	510	-

As at 31 December 2020 and 2019, the balances and movements of the loans between the Company, directors and related person are as follows:

	(Unit: Thousand Baht)			
	2020			
Loans	Balance at the beginning of the year	Increase	Decrease	Balance at the end of the year
Directors	270,000	20,000	(84,400)	205,600
Related persons	100,000	100,000	(100,000)	100,000
Total	370,000	120,000	(184,400)	305,600

	(Unit: Thousand Baht)			
	2019			
Loans	Balance at the beginning of the year	Increase	Decrease	Balance at the end of the year
Directors	420,000	20,000	(170,000)	270,000
Related persons	10,000	100,000	(10,000)	100,000
Total	430,000	120,000	(180,000)	370,000

Directors and management's benefits

During the years, the Company had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2020	2019
Short-term employee benefits	22,103	20,372
Post-employment benefits	697	904
Total	22,800	21,276

34. Commitments

34.1 Service agreements

As at 31 December 2020, future minimum payments required under these non-cancellable service agreements payable in the next year is Baht 0.4 million.

34.2 Guarantee for electricity use

As at 31 December 2020, the Company has guaranteed agreements with the Metropolitan Electricity Authority totaling Baht 0.1 million (2019: Baht 0.1 million).

35. Risk management

The Company's financial instruments, principally comprise cash and cash equivalents, hire purchase receivables, restricted bank deposits, loans, and trade and other payables.

The financial risks associated with these financial instruments and how they are managed is described below.

35.1 Credit risk

Credit risk is the risk that the Company may incur a financial loss due to the counter party of the Company fail to fulfil an obligation of financial instruments. The Company are exposed to credit risk primarily with respect to hire purchase receivables and deposits with banks and financial institutions. The maximum exposure to credit risk is limited to the carrying value as stated in the statements of financial position.

Risk management approach

a) Hire purchase receivables

The Company are exposed to credit risk primarily with respect to hire purchase receivables. The Company manages the risk by adopting appropriate credit control policies and procedures. In addition, the Company do not have high concentrations of credit risk since it has a large customer base. Therefore, the Company does not expect to incur material financial loss.

In addition, the Company prepared expected credit loss model under TFRS 9 that requires the Company to determine impairment of the Company's financial assets. The Company reconsiders expected credit loss model by periodically reviews of the parameters and the data used in order to ascertain appropriateness of the model.

b) Deposits with banks and financial institutions

The credit risk on deposits with banks and financial institutions is limited because the Company deposits with only banks and financial institutions having high credit-ratings assigned by credit-rating agencies.

Maximum exposure to credit risk of financial assets

Maximum exposure to credit risk is the amount of financial assets without taking account of any collateral held or other credit enhancements to increase creditability. For financial assets recognised in statements of financial position, maximum exposure to credit risk is the amount before allowance for expected credit loss.

Credit quality analysis

The table below shows the credit quality of financial assets exposed to credit risk, the amounts presented for financial assets are gross carrying amount (before allowances of expected credit loss).

				(Unit: Million Baht)
31 December 2020				
Financial assets where credit risk				
	No significant increase	Significant increase	Credit - impaired	Total
Deposits with banks and financial institutions				
Investment grade	166	-	-	166
Non-investment grade	-	-	-	-
Total	166	-	-	166
Allowance for expected credit loss	-	-	-	-
Hire purchase receivables				
0 day overdue	1,554	-	-	1,554
1 - 30 days overdue	439	-	-	439
31 - 60 days overdue	-	339	-	339
61 - 90 days overdue	-	113	-	113
Over 90 days overdue	-	-	97	97
Total	1,993	452	97	2,542
Allowance for expected credit loss	22	45	31	98

Collateral and any operations to increase creditability

The Company has held collateral and any operations to increase creditability of exposure to credit risk. For hire purchase receivables, the Company has held collateral as trucks as specified under hire purchase agreements.

35.2 Market risk

The Company's market risk is from interest rate risk. As the Company has no foreign currency assets and liabilities and no investments in securities, market risk therefore consists of only interest rate risk.

Interest rate risk

The Company has risk that valuation of financial instruments may impact due to change of market interest rate.

The Company manage the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels.

Significant financial assets and liabilities as at 31 December 2020 and 2019, classified by type of interest rate, are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

2020

Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Repricing or maturity date					
	Within 1 year	Over 1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	123	5	128	0.05 - 0.12
Hire purchase receivables ⁽¹⁾	853	1,689	-	-	2,542	16.00 - 20.00
Restricted bank deposits	38	-	-	-	38	0.63
Financial liabilities						
Short-term loans from financial institutions	255	-	-	-	255	4.25 - 4.75
Short-term loans from related persons	120	-	-	-	120	4.48 - 5.00
Short-term loans from others	9	-	-	-	9	4.25 - 4.48
Trade and other payables	-	-	-	60	60	-
Long-term loans from financial institutions	110	73	50	-	233	1.13 - 2.00
Long-term loans from related persons	142	44	-	-	186	5.00
Lease liabilities	8	12	-	-	20	3.06 - 4.84

(1) The balance of hire purchase receivables due within 1 year included credit-impaired receivables.

(Unit: Million Baht)

2019

Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	Repricing or maturity date					
	Within 1 year	Over 1 - 5 years				
Financial assets						
Cash and cash equivalents	-	-	44	2	46	0.10 - 0.38
Hire purchase receivables ⁽¹⁾	590	1,367	-	80	2,037	17.00 - 20.00
Restricted bank deposits	38	-	-	-	38	1.63
Financial liabilities						
Short-term loans from financial institutions	503	-	-	-	503	5.50 - 5.53
Short-term loans from related persons	120	-	-	-	120	5.75 - 6.25
Short-term loans from others	29	-	-	-	29	5.50 - 6.25
Trade and other payables	-	-	-	12	12	-
Long-term loans from financial institutions	-	-	84	-	84	2.38
Long-term loans from related persons	-	250	-	-	250	5.00
Liabilities under long-term						
hire purchase agreements	1	1	-	-	2	3.52 - 4.74

(1) The outstanding balances of hire purchase receivables that are non-interest bearing are receivables past due more than 4 installments for which revenue recognition has ceased.

Interest rate sensitivity

The following table demonstrates the sensitivity of the Company's profit before tax to a reasonably possible change in interest rates on that portion of floating rate of deposits with banks and financial institutions, and long-term loans affected as at 31 December 2020.

	<u>Increase/decrease</u>	<u>Effect on profit before tax</u>
	(%)	(Thousand Baht)
Deposits with banks and financial institutions	1.0%	1,235
	(1.0%)	(1,235)
Long-term loans	1.0%	(500)
	(1.0%)	500

The above analysis has been prepared assuming that the amounts of the floating rate deposits with banks and financial institutions, and long-term loans and all other variables remain constant over one year. Moreover, the floating legs of these deposits and loans are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest for the full 12-month period of the sensitivity calculation.

35.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

The Company manages liquidity risk by means of appropriate structuring of short-term and long-term sources of capital. In addition, the Company has a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements.

The table below summarises the maturity profile of the Company's financial instruments as at 31 December 2020 and 2019.

(Unit: Million Baht)

Transactions	2020				
	At call	Within 1 year	Over 1 year	Unspecified	Total
Financial assets					
Cash and cash equivalents	128	-	-	-	128
Hire purchase receivables ⁽¹⁾	-	853	1,689	-	2,542
Restricted bank deposits	-	38	-	-	38
Financial liabilities					
Short-term loans from financial institutions					
institutions	-	255	-	-	255
Short-term loans from related persons	-	120	-	-	120
Short-term loans from others	-	9	-	-	9
Trade and other payables	-	60	-	-	60
Long-term loans from financial institutions					
institutions	-	145	88	-	233
Long-term loans from related persons	-	142	44	-	186
Lease liabilities	-	8	12	-	20

(1) The balance of hire purchase receivables due within 1 year included credit-impaired receivables.

(Unit: Million Baht)

Transactions	2019				
	At call	Within 1 year	Over 1 year	Unspecified	Total
Financial assets					
Cash and cash equivalents	46	-	-	-	46
Hire purchase receivables ⁽¹⁾	-	670	1,367	-	2,037
Restricted bank deposits	-	-	38	-	38
Financial liabilities					
Short-term loans from financial institutions					
institutions	-	503	-	-	503
Short-term loans from related persons	-	120	-	-	120
Short-term loans from others	-	29	-	-	29
Trade and other payables	-	12	-	-	12
Long-term loans from financial institutions					
institutions	-	33	51	-	84
Long-term loans from related persons	-	-	250	-	250
Liabilities under long-term hire purchase agreements					
hire purchase agreements	-	1	1	-	2

(1) The balance of hire purchase receivables due within 1 year included receivables which revenue recognition has ceased.

36. Fair values measurement

As at 31 December 2020 and 2019, the Company had no financial assets or financial liabilities that were measured at fair value. However, the Company had financial assets and liabilities that were measured at cost which fair value was disclosed using different levels of inputs as follows:

(Unit: Million Baht)

2020					
Book value	Fair value				
	Total	Level 1	Level 2	Level 3	
<u>Financial assets for which fair value are disclosed</u>					
Cash and cash equivalents	128	128	-	128	-
Hire purchase receivables	2,444	2,304	-	-	2,304
Restricted bank deposits	38	38	-	38	-
<u>Financial liabilities for which fair value are disclosed</u>					
Short-term loans from financial institutions	255	255	-	-	255
Short-term loans from related persons	120	120	-	-	120
Short-term loans from others	9	9	-	-	9
Trade and other payables	60	60	-	60	-
Long-term loans from financial institutions	233	233	-	-	233
Long-term loans from related persons	186	186	-	-	186
Lease liabilities	20	20	-	-	20

(Unit: Million Baht)

2019					
Book value	Fair value				
	Total	Level 1	Level 2	Level 3	
<u>Financial assets for which fair value are disclosed</u>					
Cash and cash equivalents	46	46	-	46	-
Hire purchase receivables	1,925	1,830	-	-	1,830
Restricted bank deposits	38	38	-	38	-
<u>Financial liabilities for which fair value are disclosed</u>					
Short-term loans from financial institutions	503	503	-	-	503
Short-term loans from related persons	120	120	-	-	120
Short-term loans from others	29	29	-	-	29
Trade and other payables	12	12	-	12	-
Long-term loans from financial institutions	84	84	-	-	84
Long-term loans from related persons	250	250	-	-	250
Liabilities under hire purchase agreements	2	2	-	-	2

Fair value hierarchy for financial assets and liabilities as at 31 December 2020 and 2019 is stipulated in Note 5.17.

The method and assumptions used in estimated the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, restricted bank deposits, short-term loans, and trade and other payables, their carrying amounts in the statement of financial position approximate their fair value.
- b) For hire purchase receivables, fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- c) For long-term loans from financial institutions, long-term loans from related persons and lease liabilities, their fair value is estimated by discounting expected future cash flows by the current market interest rate of the loans with similar terms and conditions.

During the current year, there were no transfers within the fair value hierarchy.

37. Events after the reporting period

On 25 February 2021, the Company's Board of Directors meetings 1/2021 has passed a resolution to propose to the Annual General Meeting of shareholders for an approval of annual dividend payment of Baht 0.055 per share or totaling Baht 51 million from operating result for the year 2020, including appropriation of profit for 2020 to statutory reserve amounting to Baht 6.8 million.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2021.

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