



Annual Registration Statement  
and Annual Report 2021  
(Form 56-1 One Report)

**Heng Leasing and Capital Public Company Limited**



# Contents

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<b>Part</b> <b>01</b>	<b>Business Operations and Performance</b>
	<ul style="list-style-type: none"><li>• The Structure and Operations of the Group of Companies 01</li><li>• Risk Management 37</li><li>• Sustainability Development 57</li><li>• Management Discussion and Analysis (MD&amp;A) 81</li><li>• General Information and Other Important Information 103</li></ul>

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<b>Part</b> <b>02</b>	<b>Corporate Governance</b>
	<ul style="list-style-type: none"><li>• Corporate Governance Policy 106</li><li>• Corporate Governance Structure and Important Information Concerning Sub-committees, Executives, Employees and Others 108</li><li>• Report on Key Performance in Corporate Governance 130</li><li>• Internal Control and Connected Transactions 149</li></ul>

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<b>Part</b> <b>03</b>	<b>Financial Statements</b>
	<ul style="list-style-type: none"><li>• Report and Financial Statements 170</li></ul>

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<b>Attachments</b>	<ul style="list-style-type: none"><li>• <b>Attachment 1</b> 234 Details on directors, executives, controlling persons, person assigned with the highest responsibility in accounting and finance, person assigned to be directly responsible for preparation of accounts, corporate secretary</li><li>• <b>Attachment 2</b> 271 Details on directors of subsidiaries</li><li>• <b>Attachment 3</b> 273 Details on head of internal audit and head of compliance</li><li>• <b>Attachment 4</b> 275 Assets used in the business operations and details of asset appraisals</li><li>• <b>Attachment 5</b> 276 Corporate governance policy, code of conduct, and charters of board and sub-committee</li><li>• <b>Attachment 6</b> 278 Report on the performance of sub-committees</li><li>• <b>Attachment 7</b> 287 Report of the Board of Directors' responsibilities for financial reports</li></ul>
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## Visions

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“The most admire financial service for localization”

## Mission

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To provide financial services that respond to the needs of local customers and exceed their expectations and comply with international standards by professional personnel in order to achieve the optimum benefits for customers. To improve product quality, manage and control risks, and continuously improve the quality of personnel for sustainable growth.





# Message from the Chairman



The past 2021 has been a year of many incidents, particularly impact of the Covid-19 pandemic on countries which has caused a negative contraction of the global economy and the Thai economy. The ways of life and business of the people in the country were inevitably affected. The Company has closely monitored and assessed the situation to adjust itself to operate under constantly changing economic conditions. In addition, the year 2021 had been another year that the Company carried on with hard works from many years ago in order to achieve the goal in being listed on the Stock Exchange of Thailand (SET), which finally occurred on 19 October 2021. The Company successfully achieved such goal of which the Company's shares were permitted as listed securities and started trading on the Stock Exchange of Thailand (SET).

Even though the Company is already listed on the Stock Exchange of Thailand (SET), the Company maintains its commitment and considered as the Company's mission in managing to have efficient operating procedures and good internal control and risk management for all groups of stakeholders to obtain the most benefits under better corporate governance and the vision of being a financial service provider that is popular among customers in each region.

The advancement of technology in the digital era has resulted in technology becoming more important for every organization and has caused changes to lifestyles and behaviors of consumer groups. The Company is determined to adapt and develop in every aspect, particularly the development of information technology systems in order to increase efficiency of the Company's loan products and services to be diversified, meet the needs of customers in each locality under the concept "Anyone Can Borrow", and create opportunities for customers to access convenient and fair sources of fund. In addition, the Company adheres to ethics and being lawful by conducting business operations with caution under the principles of good corporate governance and focusing on creating the right balance in 3 dimensions namely economy, society and environment to create stability and sustainable growth. The development towards becoming a sustainable organization will be the "goal" of which the Company aims to constructively achieve in the future.

On behalf of the Board of Directors of Heng Leasing and Capital Public Company Limited, I thank you all groups of stakeholders and shareholders who have always given trust to the Company.

A handwritten signature in black ink, appearing to read 'S. Nitikraipot'.

**Prof. Dr. Surapon Nitikraipot**  
Chairman of the Board of Directors

# Message from

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## the Chief Executive Officer



Heng Leasing and Capital Public Company Limited (the “Company”) was incorporated at the end of 2015 and commenced business according to its objectives in early 2016 by merging 4 major leasing companies in the northern Thailand consists of Taweeheng Group , Pattanasin Group , Mit Eua Aree Group and Sinpranee Group with expertise in financial business for more than 20 years with the aim of merging together to build strength. Sustainability in business through professional management and raising operational standards for listing on the Stock Exchange of Thailand (SET).

In terms of business expansion, the Company has the potential and readiness to expand business by expanding branches to new areas to increase opportunities in fairly access of funding for local people and driving the local business access through professional service with conformable standard in all regions across the country. However, the business expansion was done in parallel with the expansion of the used car tent partner network which currently has more than 5,100 dealers across the country. This is another factor that contribute for sustainable business expansion without relying on branches operation.

In present ,the local funding access in Non-bank financial institution that another source for providing financial services that comply with legal regulations and supervision of relevant government agencies such as the Bank of Thailand , Office of the Consumer Protection Board and other government agencies involved in both directly and indirectly business operation.The company has a variety of products such as Hire purchase, Title loan ,Land and building loans , Personal loan and Nanofinance loan to be able to respond the customers needs.This is truly a locally accessible source of funding.

The transformation to a public limited company and was listed on the Stock Exchange of Thailand (SET) on 19 October 2021. This is a great starting for the company that make the know to investors, consumers and the general public more widely also making the opportunity to lead the company’s business expansion. However, the continuous business growth the company is aware of helping communities in the form of social activities and focused employment of local employees to build careers in the community. It is also one of the main strategies of the company to drive business and community-level economic driving which is the foundation of the country’s economy.

The company has mission is to be a financial service provider that respond the local customers need with beyond the expectation and has international standards by professional personnel in order to achieve the best benefits for customers. Our product quality has been developed with risk control management and continuous improvement of personnel quality for further sustainable growth.

A handwritten signature in black ink, appearing to read 'A. Phisitbuntoon'.

**Mrs. Sutharntip Phisitbuntoon**  
Chief Executive Officer



## Section 1

Business Operations  
and Performance



# 1. The Structure and Operation of the Group of Companies

## 1.1 Policy and Business Overview

Heng Leasing and Capital Public Company Limited (the “Company”) was incorporated by joint investment between major loan service providers in the northern region. In the year 2015, Thaweeng Group and Pattanasin Group registered the incorporation of the Company. Subsequently in the year 2016, Mit Eua Aree Group and Sinpranee Group jointly invested in the Company to provide secured loans under the service mark “Heng Leasing.” The Company later expanded its scope of services to respond to customers’ needs and increase competitiveness through product development including unsecured loan, mortgage loan, and non-life and life insurance broker.

Expansion in terms of number of branches and human resources development has resulted in continuous growth of the Company. The Company was converted from private limited company to public limited company and changed its name from Heng Leasing Company Limited to Heng Leasing and Capital Public Company Limited. The Company registered the conversion from private limited company to public limited company on 21 April 2021 and was listed on the Stock Exchange of Thailand (SET) on 19 October 2021. After being listed on the Stock Exchange of Thailand (SET), the Company continued to focus on business expansion. As of 31 December 2021, the Company provides services to retail customers through its 529 branch offices and a network of over 5,100 used car tents countrywide.

### 1.1.1 Vision, Mission and Goals of Heng Leasing and Capital Public Company Limited

#### Vision

To become the most preferred financial service provider in each area.

#### Mission

To provide financial services that respond to the needs of local customers and exceed their expectations and comply with international standards by professional personnel in order to achieve the optimum benefits for customers. To improve product quality, manage and control risks, and continuously improve the quality of personnel for sustainable growth.

#### Goals

The company is determined to be one of the leaders in the comprehensive credit service business that can respond to the needs of all groups of customers. There are important business goals as follows:

1. To expand the Company's service channels for accessibility of the Company's products and services by customers. The Company plans to continuously expand to increase the number of branches to 830 branches by 2023, covering all regions of the country and continuously expanding to 1,340 branches by 2025.
2. To develop loan services to suit the behavior of each target customer group. The Company's goal is to continuously grow the value of debtors and has the value of receivables of approximately THB 14,800 million within the year 2023 and plans to expand the receivable value to approximately 25,400 million baht within 2025
3. To increase the effectiveness in the control and management of debtor quality
4. To develop the Company's personnel to become professional with standards to support the growth of the organization.

### 1.1.2 Significant Developments and Milestones

Significant developments of the Company during the past period are as follows:

Year	Milestones
2015	<ul style="list-style-type: none"> <li>Thaweeheng Group and Pattanasin Group co-founded the Company on 30 October 2015 with initial registered capital of THB 5.0 million, consisting of 1.0 million shares at a par value of THB 5.0 per share to provide loan services with motor vehicle registration as collateral.</li> </ul>
2016	<ul style="list-style-type: none"> <li>Mit Eua Aree Group and Sinpranee Group jointly invested in the Company on 22 August 2016.</li> <li>The Company increased its registered capital from THB 5.0 million to THB 305.0 million by issuing 60.0 million new ordinary shares with a par value of THB 5.0 per share to be used for expansion of loan services and branches.</li> <li>Started to open 147 branches in 3 regions, namely 103 branches in the northern region, 41 branches in the central region, and 3 branches in the western region.</li> </ul>
2017	<ul style="list-style-type: none"> <li>Increased registered capital from THB 305.0 million to THB 1,710.0 million by issuing 281.0 million new ordinary shares with a par value of THB 5.0 per share to be used for expansion of loan services and branches.</li> <li>Opened 82 additional branches in 4 regions, namely 49 branches in the central region, 18 branches in the north-eastern region, 13 branches in the northern region, and 2 branches in the western region. As a result, there was a total of 229 branches in services. This was the first year to expand loan services in the north-eastern region.</li> </ul>
2018	<ul style="list-style-type: none"> <li>Increased registered capital from THB 1,710.0 million to THB 3,009.0 million by issuing THB 259.8 million new ordinary shares with a par value of THB 5.0 per share to be used for expansion of loan services and branches.</li> <li>Opened 65 additional branches in 4 regions, namely 52 branches in the north-eastern region, 7 branches in the western region, 5 branches in the central region, and 1 branch in the northern region. There was a total of 294 branches in services.</li> </ul>

2018

Accredited to the international standards such as ISO/IEC 27001:2013 Information Security Management System.

2019

The Company obtained a letter of approval from the Ministry of Finance to conduct the following business:

- Regulated retail loan for occupations on 11 March 2019
- Regulated personal loan on 13 June 2019

The Company obtained a license as a life insurance broker and a non-life insurance broker on 26 December 2019 from the Office of Insurance Commission (OIC).

Opened 5 additional branches in 2 regions, namely 4 branches in the north-eastern region and 1 branch in the central region. As a result, there was a total of 296 branches in services (3 branches were closed down).

Opened 4 car auction centers in Chiang Rai Province, Suphanburi Province, Phitsanulok Province and Khon Kaen Province to be the centers for car auction in the northern, central and north-eastern regions.

2020

Opened 106 additional branches in 6 regions, namely 56 branches in the northern region, 23 branches in the central region, 22 branches in the north-eastern region, 3 branches in the southern region, 1 branch in the eastern region, and 1 branch in the western region. There was a total of 402 branches in services. This was the first year to expand loan services to the eastern and southern regions.

Opened 3 car auction centers in Chiang Mai Province, Phrae Province and Nakhon Ratchasima Province to be the centers for car auction in the northern and north-eastern regions. As a result, the Company had a total of 7 car auction centers.

Expansion of services into mortgage loan service.

2021

As of 5 July 2021, the Company has a total of 451 branches in 6 regions, namely 171 branches in the northern region, 131 branches in the central region, 122 branches in the north-eastern region, 21 branches in the western region, 3 branches in the southern region, and 3 branches in the eastern region.

The Company has been certified by the Thai Institute of Directors (IOD) to be a member of the Private Sector Collective Action Coalition Against Corruption (CAC). Such certification is valid for a period of 3 years, effective on 31 March 2021.

The 2021 Annual General Meeting of Shareholders held on 21 April 2021 resolved as follows:

- Approved the conversion of the Company from a private limited company to a public limited company and changed the company name from Heng Leasing Company Limited to Heng Leasing and Capital Public Company Limited. The Company registered its conversion from a private limited company to a public limited company on 21 April 2021.
- Changed the par value of the Company's ordinary shares from THB 5.0 per share to THB 1.0 per share, resulting in an increase in the number



of ordinary shares from 601,832,540 shares to 3,009,162,700 shares.

- Increased registered capital in the amount of THB 800,837,300, resulting in an increase in the registered capital from THB 3,009,162,700 to THB 3,810,000,000 by issuing 800,837,300 new ordinary shares with a par value of THB 1.0 per share for initial public offering (IPO).

2021

- The Company's shares became listed securities on 19 October 2021, which was the first day trade on the Stock Exchange of Thailand. The total number of 800,837,300 shares were offered to the general public at the price of THB 1.95 per share. The Company's ticker symbol is "HENG".



### 1.1.3 Utilization of proceeds from the initial public offering

Please refer to the topic "Obligations of the company as stated under the information statement."

### 1.1.4 Obligations of the company as stated under the information statement

According to Heng Leasing and Capital Public Company Limited ("the Company") offered the first public offering ordinary shares ("IPO") on 6 - 8 October 2021, amounting to 800,837,300 shares at the share price. 1.95 baht per share and brought the Company's newly issued ordinary shares listed on the Stock Exchange of Thailand on 19 October 2021. The company received money from the offering of newly-issued ordinary shares in the amount of 1,561.63 million baht, after deducting the underwriting fees and underwriting guarantees in the IPO and other related expenses this time. The remaining amount is 1,504.8 million baht. The company has used the money received from the IPO ending on 31 December 2021 as follows:

(Unit : Million)

Objective	Financial plan (Approximate)	Amount spent Until 31 Dec. 2021	Balance amount As of Dec. 31, 2021
1. Expansion of loan service business, branches, and related business, such as non-life insurance and life insurance brokerage business, and working capital for business operations	1,014.8-1,134.8	700.0	314.8 – 434.8

Objective	Financial plan (Approximate)	Amount spent Until 31 Dec. 2021	Balance amount As of Dec. 31, 2021
2. Partial repayment of loans from financial institutions	300.0 – 400.0	329.3	70.7
3. Development of information technology system, such as software and mobile applications, for the Company's loan service business	70.0 – 90.0	0.1	69.9 – 89.9
<b>Total</b>	<b>1,504.8</b>	<b>1,029.4</b>	<b>475.4</b>

### 1.1.5 Name and location of head office

Company name	Heng Leasing and Capital Public Company Limited
Head office address	69 Moo 7, San Sai Noi Sub-district, San Sai District, Chiangmai Province 50210
Type of business	Non-bank financial institution which provides: (1) hire purchase; (2) regulated personal loan with motor vehicle registration as collateral; (3) mortgage loan; (4) personal loan which is not loan with motor vehicle registration as collateral; (5) regulated retail loan for occupation; (6) non-life and life insurance brokers for retail customers.
Company registration number	0107564000120
Telephone	1361 or 02 153 9587
Fax	053 350 490
Website	www.hengleasing.com
E-mail	Investor Relations Department IR_heng@hengleasing.co.th
Registered capital	THB 3,810,000,000, consisting of 3,810,000,000 ordinary shares at a par value of THB 1 per share
Paid-up capital	THB 3,810,000,000, consisting of 3,810,000,000 ordinary shares at a par value of THB 1 per share

## 1.2 Nature of Business

### 1.2.1 Revenue structure

The Company's revenue structure can be mainly classified based on the credit risk into secured loans and unsecured loans.

Table illustrating the Company's revenue structure

Interest income	For the financial year ending 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>1. Interest income from secured loans</b>	<b>1,556.2</b>	<b>89.3</b>	<b>1,401.1</b>	<b>88.1</b>	<b>1,320.7</b>	<b>80.3</b>
• Hire purchase	1,336.6	76.7	1,033.2	65.0	825.9	50.2
• Regulated personal loan with motor vehicle registration as collateral	219.6	12.6	367.3	23.1	479.3	29.1
• Mortgage loan	-	-	0.6	0.0	15.5	1.0
<b>2. Interest income from unsecured loans</b>	<b>0.7</b>	<b>0.0</b>	<b>49.2</b>	<b>3.1</b>	<b>150.6</b>	<b>9.2</b>
• Regulated personal loan without motor vehicle registration as collateral	-	-	6.2	0.4	24.2	1.5
• Nano financing	0.7	0.0	43.0	2.7	126.4	7.7
• <b>Total interest income</b>	<b>1,556.9</b>	<b>89.3</b>	<b>1,450.3</b>	<b>91.2</b>	<b>1,471.3</b>	<b>89.5</b>
• Fee and service income	155.6	8.9	102.6	6.5	105.0	6.4
• Other income	30.9	1.8	37.1	2.3	68.1	4.1
<b>Total</b>	<b>1,743.4</b>	<b>100.0</b>	<b>1,590.0</b>	<b>100.0</b>	<b>1,644.4</b>	<b>100.0</b>

### 1.2.2 Product information

#### (1) Nature of products or services and business innovation development

At present, the Company offers secured loans, unsecured loans, and regulated personal loans under the supervision of the Bank of Thailand ("BOT"). The Company has been licensed to conduct: (1) regulated personal loan business; and (2) regulated retail loan for occupation (Nano financing) from the Ministry of Finance since June 2019 and March 2019 respectively. Based on credit risk, the Company's loan products can be classified into the following 2 major groups.

#### 1. Secured loans

##### 1.1 Hire purchase

The Company offer hire purchase for general retail customers who wish to purchase used cars such as cars, pickup trucks, motorcycles, and vehicles used for agriculture etc. The customer who agrees to enter into a hire purchase contract must transfer the ownership in the car to the Company to reduce credit risk, while the customer maintains possession and can utilize such asset. The customer pays a monthly installment consisting of principal and interest and the ownership of the asset shall be transferred to the customer when the customer has paid all installments under the contract in full. In considering

each customer's credit limit, the Company shall consider type and value of collateral and ability to repay debt, and qualifications of the customer and guarantor (as the case maybe) etc.

As of 31 December 2021 interest income from hire purchase accounted for 50.2% of the total revenues.

## 1.2 Regulated personal loan with motor vehicle registration as collateral

Regulated personal loan with motor vehicle registration as collateral is a loan service for general retail customers who own a vehicle by using vehicle registration manual as collateral for application of the loan. The customer must have ownership in the vehicle. The customer pays monthly installments consisting of principal and interest. In considering each customer's credit limit, the Company shall consider type and value of collateral and ability to repay debt, and qualifications of the customer and guarantor (as the case may be) etc. Each customer may apply for only 1 loan contract per collateral.

The Company receives interest income and fee and other service income from providing loan at the interest rate mutually agreed under the contract, provided that the maximum aggregate rate of interest income, fine, service charge and fee must not exceed the maximum effective rate as determined by the BOT. In addition to such interest income, fine, service charge and fee, the Company may collect actual and reasonable expenses as prescribed by the BOT.

As of 31 December 2021 the Company's interest income from regulated personal loan with motor vehicle registration as collateral accounted for 29.1% of the total revenues.

To ensure that the loan applicant is a real owner of the vehicle, customers who apply for a loan must provide the original vehicle registration manual to the Company as collateral without having to register the transfer of ownership. The customer must sign a transfer form and a power of attorney in the form as prescribed by the Department of Land Transport. In the event that the customer defaults on the loan repayment, the customer agrees to transfer the ownership and deliver the vehicle to the Company in order to sell and use the proceeds to pay off the loan. The ownership in the vehicle remains with the customer and may bring the vehicle back for usage.

The vehicle registration manual used as collateral must be in accordance with the Road Traffic Act B.E. 2522 (the "Road Traffic Act") which covers vehicles including motorcycle, passenger car, commercial car, truck, and vehicle for agricultural use etc.

Sample of the types of motor vehicle which are used as collaterals



### 1.3 Mortgage loan

Mortgage loan is a loan service for general retail customers who own a house or land. The owner of house or land as mortgagor registers mortgage over the house or land as collateral to the Company as mortgagee. The customer provides the land title deed to the Company as collateral on the date on which he or she receives the loan proceeds. The mortgagor maintains possession and may continue to use such collateral. In case the debt repayment is overdue, the Company as lender and mortgagee must notify the customer to make repayment within a specified time period. If the customer does not make repayment within the prescribed time period, the Company shall file a lawsuit to enforce the mortgage and sell the collateral through auction at the Legal Execution Department. The customer will pay the principal and interest as mutually agreed under the contract. In considering each customer's credit limit, the Company shall consider type and value of collateral with reference to appraisal value by the Land Department, ability to repay debt, and qualifications of the customer and guarantor (as the case maybe).

The Company receives interest income at the interest rate mutually agreed under the contract, provided that the maximum aggregate rate of interest income must not exceed the maximum effective rate under the applicable laws. In addition to such interest income, the Company may collect actual expenses, such as mortgage fee and stamp duty etc. At present, the Company does not have a policy to charge a front-end fee on mortgage loan.

As of 31 December 2021 the Company's interest income from mortgage loan accounted for 1.0% of the total revenues respectively.

## 2. Unsecured loans

### 2.1 Regulated personal loan without motor vehicle registration as collateral

Regulated personal loan without motor vehicle registration as collateral is a multi-purpose loan for individual customers with steady income and can provide proof of income such as government and state enterprise officers and private sector employees etc. The customer will pay the principal and interest on a monthly basis. In considering each customer's credit limit, the Company shall consider ability to repay debt and qualifications of the customer and guarantor (as the case may be). The Company's policy is to provide a maximum credit limit of not more than 1.5 times of monthly income or cashflow under saving account and not exceeding THB 45,000 per person (the maximum credit limit is subject to changes according to the Company's marketing strategy at the time). The maximum repayment period is not more than 36 installments, which is in accordance with the regulations of the BOT. In addition, the Company's policy is to grant only 1 contract for regulated personal loan without motor vehicle registration as collateral to each customer. Customers who have outstanding balance of nano financing with the Company may not apply for regulated personal loan without motor vehicle registration as collateral in order to reduce risk of the customer not being able to repay loan to the Company.

For regulated personal loan which is not regulated personal loan with motor vehicle registration as collateral, the Company shall receive interest income and fee and other service income from providing loan at the interest rate mutually agreed under the contract, provided that the maximum aggregate rate of



interest income, fine, service charge and fee must not exceed the maximum effective rate as determined by the BOT. In addition to such interest income, fine, service charge and fee, the Company may collect actual and reasonable expenses as prescribed by the BOT.

As of 31 December 2021 the Company's interest income from regulated personal loan without motor vehicle registration as collateral accounted 1.5% of the total revenues.

## 2.2 Nano financing

The Company provides nano finance loans to general retail customers that are intended for professional use for customers who neither have proof of income or asset as collateral. The customer must be qualified as a professional with a permanent establishment and must have evidence and place of occupation and a clear source of income from occupation. The Company will assess income, inspect and take pictures of the place of occupation as evidence for credit consideration or a person who has a document certifying occupation, such as a certificate of trade registration or farmer's registration book etc., to be used as evidence for application for a loan.

The Company will consider the credit limit based on income assessment. The maximum credit limit for nano financing shall not exceed THB 20,000 per person (the maximum credit limit is subject to changes according to the Company's marketing strategy at the time). The maximum repayment period is not more than 36 installments. The maximum aggregate rate of interest income, fine, service charge and fee must not exceed the maximum effective rate as determined by the BOT. The Company's policy is to grant only 1 contract for nano financing to each customer. Customers who have outstanding balance of regulated personal loan without motor vehicle registration as collateral with the Company may not apply for nano finance loan from the Company.

As of 31 December 2021 the Company's interest income from nano financing accounted for 7.7% of the total revenues.

### Value of receivables classified by type of collateral

Total receivables – net	As of 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
Pickup trucks	4,550.4	56.6	4,435.3	53.6	4,193.4	45.6
Sedan	2,133.0	26.5	2,219.8	26.8	2,845.9	31.0
Vehicles for agricultural use	445.9	5.5	365.1	4.4	375.5	4.1
Vans	308.7	3.9	312.5	3.8	339.2	3.7
Trucks	355.8	4.4	279.8	3.4	310.0	3.4
Motorcycles	219.5	2.7	268.4	3.3	355.1	3.9
Other vehicles <sup>(1)</sup>	5.3	0.1	2.6	0.0	0.1	0.0
Land and houses	-	-	36.8	0.4	155.0	1.7

Total receivables – net	As of 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
No collateral	19.7	0.3	356.5	4.3	606.3	6.6
<b>Total receivables</b>	<b>8,038.3</b>	<b>100.0</b>	<b>8,276.8</b>	<b>100.0</b>	<b>9,180.5</b>	<b>100.0</b>
Deduct: Allowance for doubtful accounts / Allowance for expected credit losses	(504.1)	(6.3)	(543.5)	(6.6)	(540.4)	(5.9)
<b>Total receivables – net</b>	<b>7,534.2</b>	<b>93.7</b>	<b>7,733.3</b>	<b>93.4</b>	<b>8,640.1</b>	<b>94.1</b>

**Remark:** (1) Majority of other vehicles include cranes, tricycles and tour buses etc.

#### Terms and conditions of each type of loan

Loan Type	Secured Loans			Unsecured Loans	
	Hire purchase	Regulated personal loan with motor vehicle registration as collateral	Mortgage loan	Regulated personal loan without motor vehicle registration as collateral	Nano financing
<b>Supervisory agency</b>	Office of the Consumer Protection Board (OCPB)	BOT	Ministry of Justice	BOT	BOT
<b>Credit limit / Maximum number of contracts <sup>(1)</sup></b>	Total of not exceeding 4 contracts (including contract(s) under which customer acts as a guarantor)	Total of not exceeding 4 contracts (including contract(s) under which customer acts as a guarantor)	Total of not exceeding 4 contracts (including contract(s) under which customer acts as a guarantor)	(1) Not exceeding 1.5 times of income (2) Not exceeding THB 45,000 per customer (3) Total of not exceeding 3 contracts (including contract(s) with other loan service provider(s)) (4) Total of not exceeding 4 contracts (including contract(s) under which customer acts as a guarantor)	(1) Not exceeding THB 20,000 per customer (2) Total of not exceeding 4 contracts (including contract(s) under which customer acts as a guarantor)

Loan Type	Secured Loans			Unsecured Loans	
	Hire purchase	Regulated personal loan with motor vehicle registration as collateral	Mortgage loan	Regulated personal loan without motor vehicle registration as collateral	Nano financing
Maximum interest rate <sup>(1)</sup>	Maximum flat rate of 15% <sup>(2)</sup> per annum	Maximum effective interest rate and other fees of 24% per annum (for customers from 1 August 2019 onwards)	Maximum effective interest rate of 15% per annum	Maximum effective interest rate and other fees of 25% per annum (for customers from 1 August 2019 onwards)	Maximum effective interest rate and other fees of 33% per annum (for customers from 1 August 2019 onwards)
Repayment	On a monthly basis	On a monthly basis	On a monthly basis	On a monthly basis	On a monthly basis
Repayment period	Maximum of 84 months	Maximum of 84 months	Maximum of 84 months	Maximum of 36 months	Maximum of 36 months
Type of customer	General customers who want to purchase used cars	General customers	General customers	General customers with proof of income	General customers without proof of income
Collateral	Vehicle	Vehicle registration manual	Land and building	None	None
Type of vehicle	Vehicle which has vehicle registration manual according the Road Traffic Act	Vehicle which has vehicle registration manual according the Road Traffic Act	Not applicable	Not applicable	Not applicable

**Remarks:** (1) The maximum interest rate is subject to changes according to the Company's management policy and marketing strategy at the time.

- (2) The effective interest rate depends on repayment period of each contract (an approximate of 26% to 30% assuming repayment of 12 – 84 installments). For customers from 1 July 2018 onwards, the Company has specified a flat interest rate and an effective interest rate under hire purchase contracts for acknowledgement by the customers.

The Company has a policy to control concentration of all loan types by requiring each customer to enter into contracts with the Company at the maximum number of not more than 4 contracts (including contract(s) under which customer acts as guarantor). The Company gives importance to the customer's ability to repay loan by assessing each customer's remaining cash flow after deducting monthly expenses, whether it is sufficient to pay each installment as requested by the customer to the Company.

In the future, the Company may review terms and conditions of each loan type as it deems appropriate, subject to a number of factors such as risks that might be changed according to market and/or economic conditions or competition in the industry etc.

Table illustrating the Company's receivables classified by type of loan

Total receivables – net	As of 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>1. Secured loans</b>	<b>8,018.6</b>	<b>99.7</b>	<b>7,920.3</b>	<b>95.7</b>	<b>8,574.2</b>	<b>93.4</b>
• Hire purchase	6,649.7	82.7	5,895.1	71.2	5,501.7	59.9
• Regulated personal loan with motor vehicle registration as collateral	1,368.9	17.0	1,988.4	24.0	2,917.5	31.8
• Mortgage loan	-	-	36.8	0.5	155.0	1.7
<b>2. Unsecured loans</b>	<b>19.7</b>	<b>0.3</b>	<b>356.5</b>	<b>4.3</b>	<b>606.3</b>	<b>6.6</b>
• Regulated personal loan without motor vehicle registration as collateral	-	-	74.7	0.9	118.1	1.3
• Nano financing	19.7	0.3	281.8	3.4	488.2	5.3
<b>Total receivables</b>	<b>8,038.3</b>	<b>100.0</b>	<b>8,276.8</b>	<b>100.0</b>	<b>9,180.5</b>	<b>100</b>
Deduct: Allowance for doubtful accounts / Allowance for expected credit losses	(504.1)	(6.3)	(543.5)	(6.6)	(540.4)	(5.9)
<b>Total receivables – net</b>	<b>7,534.2</b>	<b>93.7</b>	<b>7,733.3</b>	<b>93.4</b>	<b>8,640.1</b>	<b>94.1</b>

### 3. Non-life and life insurance brokers

The Company provides non-life insurance and life insurance brokerage services through a network of branches. The Company obtained a license to act as life insurance and non-life insurance brokers from the Office of Insurance Commission (“OIC”). At present, the Company is a non-life insurance broker and a life insurance broker for leading insurance companies, covering products such as car insurance, motorcycle insurance, accident insurance, and life insurance etc. The Company will receive compensation as a commission from the insurance companies at mutually agreed rates which are recorded as fee and service income under the Company's financial statements.

### 4. Business Innovation development

The Company places importance on information technology system which is used to develop and improve efficiency of the loan services and support growth of the Company's business, as well as being prepared for changes in consumers and technology (Digital Disruptions) that may occur in the future.

In the past, the Company has studied and applied information technology to increase efficiency of the loan service business. The Company has used technology developed by external service providers and technology developed by the Company's personnel to improve the efficiency of the Company's operating procedures such as credit approval, receipt of payment, debt collection, and branch management etc.

In the year 2018, the Company was also the first non-bank financial service provider to receive ISO/IEC 27001: 2013 certification for information security management system, which is an important guidelines for organizations to securely manage information.

#### **Development and improvement of information technology infrastructure to support the Company's expansion**

According to the Company's future plan to develop information technology system since the year 2021, the Board of Directors has resolved to approve the development of software and mobile application to support the Company's core business and business expansion, including increase in the number of branches and the number of transactions and contracts, credit bureau check, and verification of the identity of the borrower. The information technology system will be used as a tool to support business growth, competition and risk prevention in the business and lead to developments that meet consumers' needs in the form of new product such as digital personal loan with the use of technology as the main factor in acquiring customers, risk analysis, and credit approval.

However, it is the first step in implementing digital technology and strategies in laying foundations, goals, business operations, work procedures, and organizational culture to lead to works that reduce consumption of energy and natural resources by bringing information technology as replacement.

## **(2) Market and Competition**

### **Competitive Strategy**

#### **1. Distribution channels through a comprehensive network of branches and used car tent operators**

The Company utilizes its branch network for provision of loans, receipt of payments, debt collections or verification of information of debtors and guarantors (as the case may be) quickly and efficiently, including monitoring and enforcement of collateral in the event that debtor defaults on payment. The Company has a policy to open branches every year in order to expand channels for loan services and increase service coverage. The Company's branches increased from 229 branches as of 31 December 2017 to 529 branches as of 31 December 2021

In considering establishment of a new branch, the Company will consider number of the population in the area, nature of occupations in the community, number of competitors, and the location close to the community, market, bank, factory and industrial estate etc. The Company's branches open for services from 8:00 a.m. - 5:00 p.m. on Monday to Saturday. The Company's policy is to open for services on Saturday to support customers who are employees or customers who may not be convenient on normal working days such as employees, government officials, and business owners etc. and respond to customers' demand for financing in a timely manner. In addition, the Company requires employees of each branch to promote and recommend the Company's loan services to communities, used car tent operators, and nearby brokers on a regular basis.



The Company focuses on expanding new customer base by building good relationships with used car tent operators and brokers who are the Company's partners and expanding the number of branches in various provinces which is one of the service channels in order to reach customers who would like to buy used cars. When a customer requires financing to purchase a used car, used car tent operator or broker will recommend the Company's products and refer the customer to the local branch. This will help the Company in increasing channels for loan services without having to invest in opening of new branches. The Company currently has more than 5,100 used car tent operators and brokers registered as the Company's partners.

## **2. Fast services and a wide variety of loan products**

The Company gives importance to speed in providing services to customers in order to respond quickly and timely to customers' financial needs. Therefore, the Company has established a concise credit approval process. In the event that a customer has prepared all documents as required by the Company, the customer will know whether the credit is approved and receive financing within the day for loans that do not require transfer of ownership or register of mortgage as collateral with the government agency, and within the next day for loans that require transfer of ownership or register of mortgage as collateral with the government agency. The Company still gives importance to the document verification process and rigorous credit approval considerations.

The Company provides a wide range of loan products to meet each customer's financing needs. The Company's main products consist of: (1) secured loans, namely hire purchase, regulated personal loan with motor vehicle registration as collateral and mortgage loan; and (2) unsecured loans, namely regulated personal loan without motor vehicle registration as collateral and nano financing, which have terms and conditions that can accommodate customers with different financial needs, such as a demand for purchase of used car and multi-purpose objectives to be used in occupations etc. All types of the Company's loan products are designed to be easy to understand and not complicated which may cause confusion to customers. Terms and conditions include specifying repayment schedule, separating principal, interest and fees for easy understanding.

In addition, the Company provides loan products with various types of collaterals, including personal and commercial vehicles, such as passenger car, pickup truck, motorcycle, truck, and agricultural vehicle etc., without limiting life of the vehicle used as collateral. The Company also offers loan with land and building as collateral. The provision of loans covering various types of collateral will help in increasing its target customers.

## **3. Recruitment of local people as staff and taking equal care of all types of customers**

The Company requires branch employees to be people in the area where the branch is located because they have an understanding of local language, culture, way of life, local occupations and different customers' needs in each area. Recruiting local people as employees will accommodate the Company in examining history of customers for credit considerations and being able to closely monitor loan repayment.

In addition, the Company focuses on providing good loan services to customers equally. The Company's branch employees must be trained in both theory and practice at the model branch and must pass the standard test before actual performance of duties to ensure that the Company's branch employees will be providing loan services with care and respect to customers. The services must be accurate, transparent and fair and all customers shall be treated equally in order to build trust from customers in using the Company's loan services, which will result in a continuously growing customer base.

#### **4. Understanding of customers' needs from experienced executives and employees and expertise from shareholders**

The Company was established as a joint investment between 4 groups of major loan service providers in the northern region: (1) Thaweeng Group; (2) Pattanasin Group; (3) Mit Eua Aree Group; and (4) Sinpranee Group. Each group has been a loan service provider for more than 20 years with a large number of executives and employees with extensive experience and expertise in financing and debt management, who are well acquainted with the community and customers. As a result, the Company can reduce training time and costs of recruiting experienced branch employees.

In addition, the group of shareholders are well known among the old customer base and have a good relationship with a network of used car tent operators and brokers in various provinces for a long period of time. As a loan service provider with attention to the needs of old customers who are local residents, being friendly, courteous, and respectful to customers, providing services with accuracy, transparency and fairness, in the process of both financing and after-sales services, old customers and business partners have trust in the Company's services and willing to be the Company's customers and/or recommend their customers to the Company.

### **Industry Outlook**

#### **(1) Overview of the Thai economy**

In respect of Thailand's economic conditions in the year 2021, the Thai economy expanded by 1.6%, improving from a 6.2% decline in the year 2020. The values of exports, private consumption and total investment increased by 18.8%, 0.3% and 3.4% respectively. The average headline inflation was 1.2% and the current account deficit was 2.2% of GDP. The Office of the National Economic and Social Development Council expects the Thai economy in the year 2022 to expand in the range of 3.5 - 4.5% with key supporting factors comprising of: (1) an improvement in domestic demand; (2) a recovery in the tourism sector; and (3) continued expansion of exports; and (4) drives by government investments. The value of exports in US dollars is expected to grow by 4.9%, and private consumption and investments are expected to grow by 4.5% and 3.8% respectively. Government investment is expected to grow 4.6%. Average headline inflation is in the range of 1.5 - 2.5% and the current account balance will be a surplus of 1.5% of GDP.

Chart 1: Growth rates of Gross Domestic Product ("GDP")



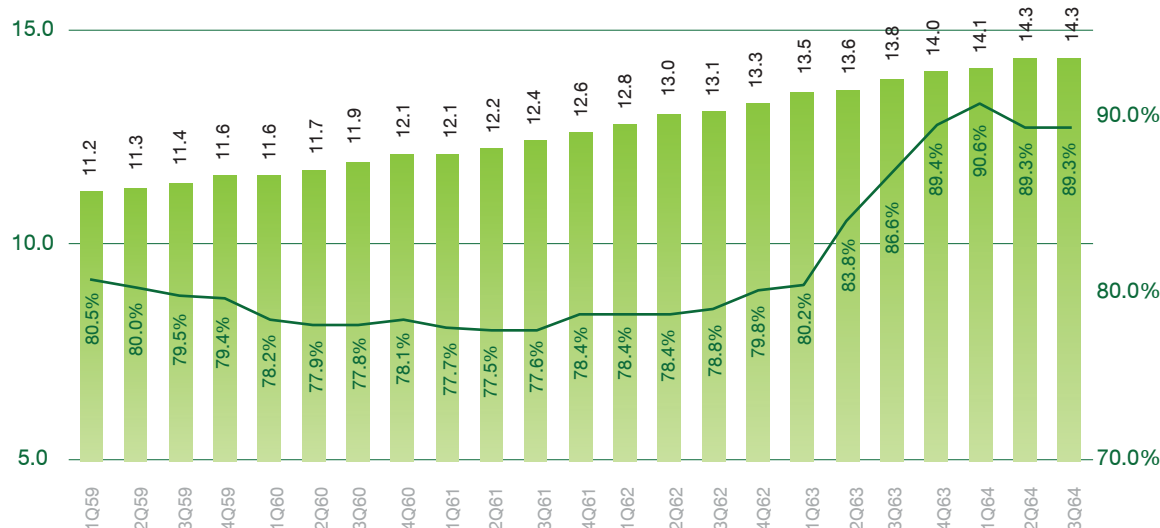
Source : Office of the National Economic and Social Development Council

The Bank of Thailand announced the number of Thai household debts as of the third quarter of 2021 at Baht 14.3 trillion, representing a growth rate of 4.2% YOY, decelerating from the previous quarter. Meanwhile, the household debts to GDP ratio remained at 89.3%, unchanged from the previous quarter. It is still considered to be at a high level. The expansion of household loans from commercial bank system in the third quarter slowed down in all major loan categories. However, personal loans continued to expand at a high level based on liquidity to offset significant drop in income.

The problem of informal household debt is likely to accelerate from households that need loans to pay for their expenses but have limited access to loans in the system. Most of them are already vulnerable low-income households.

The ratio of household debt to GDP in Thailand is likely to rise again within the first half of 2022 with the main risk contributor being the spread of Omicron virus which will affect household income and increase the demand for loans to replace liquidity. As a result, there will be obstacles to the process of repairing the balance sheet of households and households' financial situations will be recovered at a slower pace. This will continue to affect household spending trend and loan quality. For this reason, there are government assistance measures in terms of debt restructuring, income subsidies, employment support, and adjustment of labor skills to increase the ability to earn income and liquidity support to prevent informal household debt which remains essential for highly vulnerable Thai households.

Chart 2: Household loans (Trillion Baht) and household debt to GDP (%)

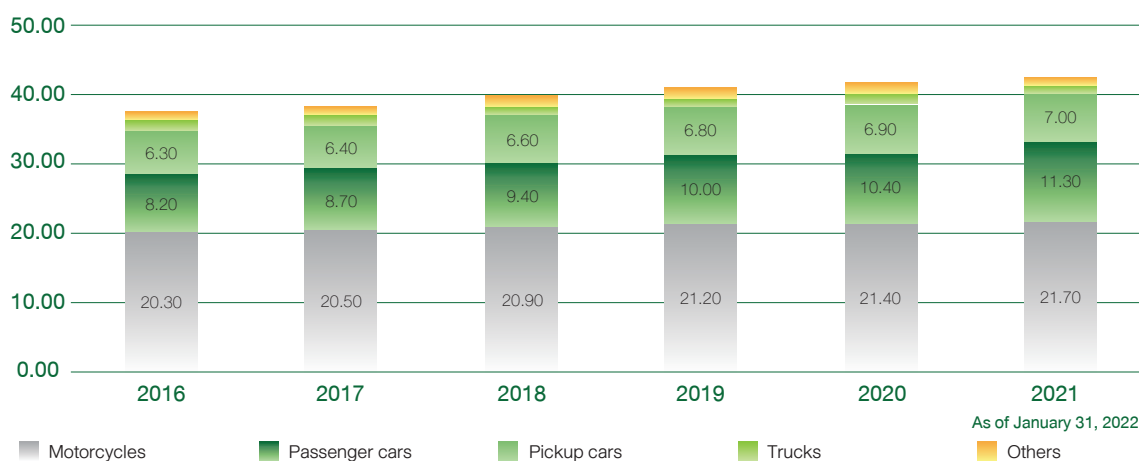


Source : The Bank of Thailand and Economic Intelligence Center (EIC), The Siam Commercial Bank Public Company Limited

## (2) Personal loan and hire purchase industry

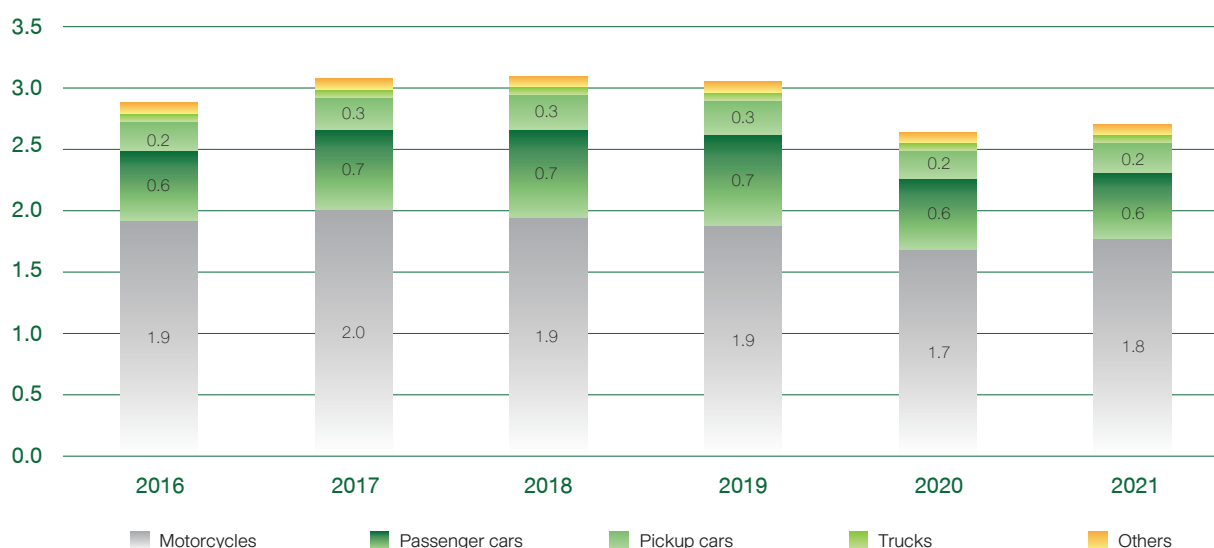
The personal loan and hire purchase industry grew in line with the growth of the automobile and motorcycle industry. The automobile and motorcycle industry in 2021 will remain stable as a result of the Covid-19 outbreak that has caused the automobile and motorcycle manufacturing chain not to improve, including purchasing power of domestic consumers and sluggish export market, according to the data from the Department of Land Transport. The cumulative number of registered vehicles in the country is 42.4 million vehicles in 2021, a slight increase from 41.5 million vehicles in 2020, while the number of new registered vehicle is 2.7 million in 2021 or the same as in 2020. However, Krungsri Research Center expects the production and distribution of automobiles and motorcycles is likely to recover in 2021-2022 due to gradual recovery of purchasing power in line with the economic conditions. In addition, the industry was also driven by: (1) demand for new car replacement from the expected first-car project; (2) continuity of public investments and expansion of online retail and logistics business, which will support the demand for commercial vehicles; (3) operators plan to launch new models to continuously stimulate the market; and (4) benefit from ASEAN Free Trade Area to support regional export markets.

Chart 3: Number of accumulated vehicles (Million:Vehicles)



Source : Department of Land Transport

Chart 4: Number of new registered vehicles (Million Vehicles) classified by vehicle type



Source : Department of Land Transport

Based on the information of the Bank of Thailand, the used vehicle price index (“UVPI”) is directly linked to stability and risk exposure of auto lending business since UVPI is a price index that reflects the value that creditors will receive in case vehicle is seized and sold at auction. The change in used car prices is seasonal: prices are high at the beginning of the year and tend to decrease at the end of the year, reflecting behavior of increasing car sales at the end of the year as the appraisal price of that car model will be reduced if crossing the year.

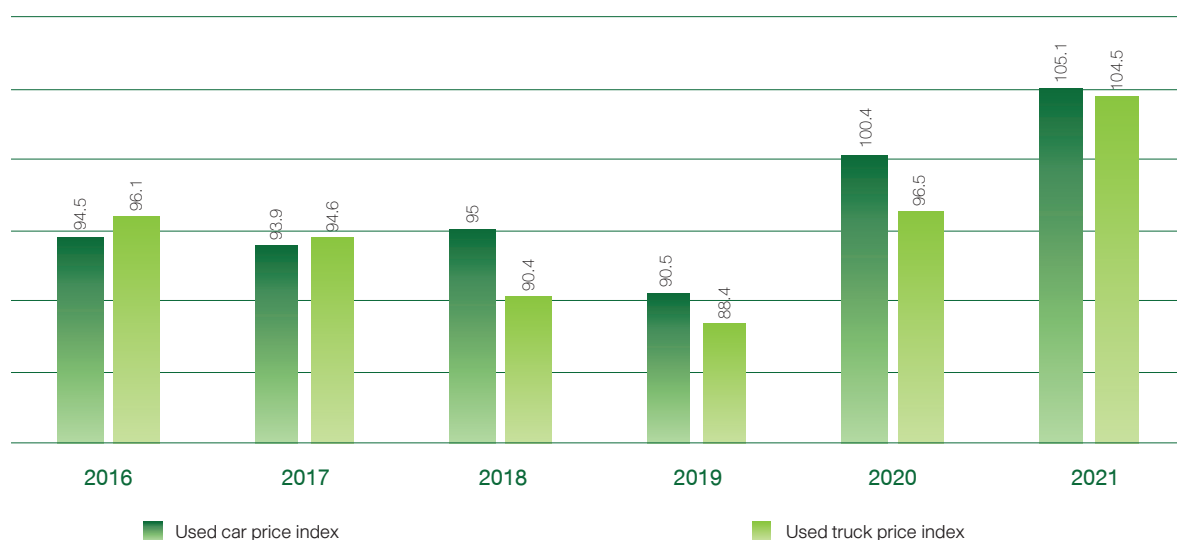
In respect of overview of the used car market in 2021, even though the spread of coronavirus around the world affects production and sales of new cars, but on the other hand, the Covid-19 has also increased the demand for private cars. Meanwhile, the production of cars produced has reduced since car factories around the world faced shortages of key parts. This has caused a new phenomenon in the world’s used car market. That is the increase in used car prices and the development of using online channels to buy used cars. In Thailand, increase in used car price in the year 2021 may not be as significant as in other countries. Kasikorn Research Center expects used car price to grow 5.5% - 7.5% for passenger cars and 1.5% - 3.5% for trucks due to: 1. the shortage of chips for car manufacturing in Thailand may not be as severe as in other countries; 2. the number of vehicles seized by financial institutions entering the Thai second-hand market is likely to increase; and 3. the purchasing power of most consumers still slows down, which coincides with tighter credit screening. Therefore, the opportunity to get approval for used car loans is contrary to the demand for cars. Kasikorn Research Center expects that in the year 2022, the price of used cars in Thailand has a chance to continue rising due to the returning purchasing power. Although the number of seized vehicles, that has gradually come in since the second half of the year 2021, is a factor that has caused a decrease in the price. Especially in the truck segment, there is a chance to expand because the business sector faced severe problems in the year 2021. When entering the year 2022, the economy starts to recover and, therefore, the purchasing power by the business sector has increased.



As for the behavior of selling used cars in Thailand, the model has been changed to more online, whether it is an online auction yard, car sale and purchase websites, and social commerce such as Facebook, including online car trading platform startups. There is a chance that successful online used car trading platform startups in many countries will play a greater role in the Thai used car market in the future. This is because it is in line with most consumers who do not have expertise in used car trading. With a large volume of available investments for online used car trading online platform startups, it can be used to develop technology and inspection system to create car quality standards and build confidence in the system for sale and purchase of used cars at good and suitable prices to quality, as well as marketing to create awareness. It will be an important way to increase the number of users who use used car trading service on the platform in the future.

**Source :** Covid drives up prices of used car market. Online platform is growing in popularity, by Kasikorn Research Center as of October 2021

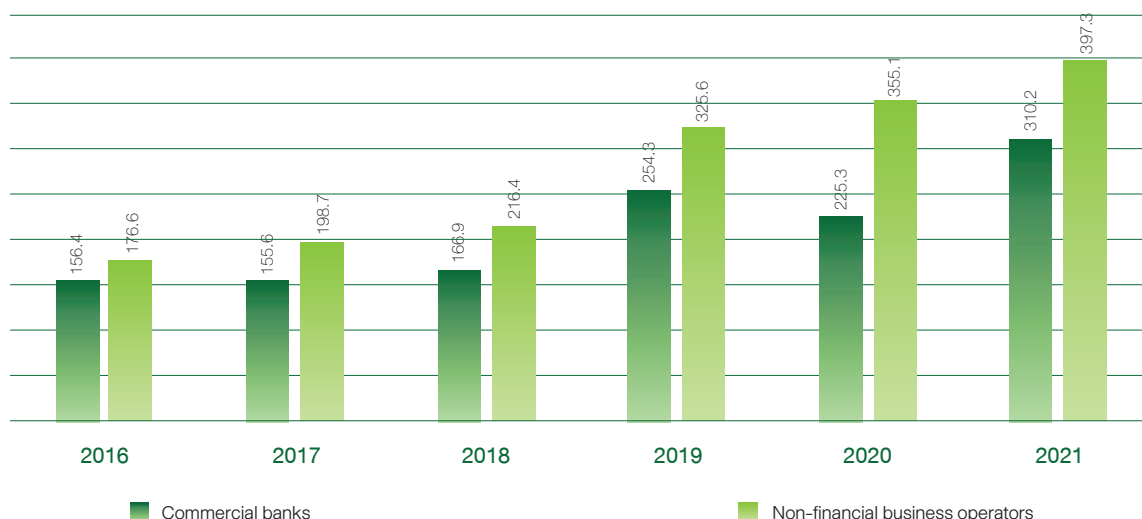
**Chart 5: Used Vehicle Price Index**



**Source :** The Bank of Thailand

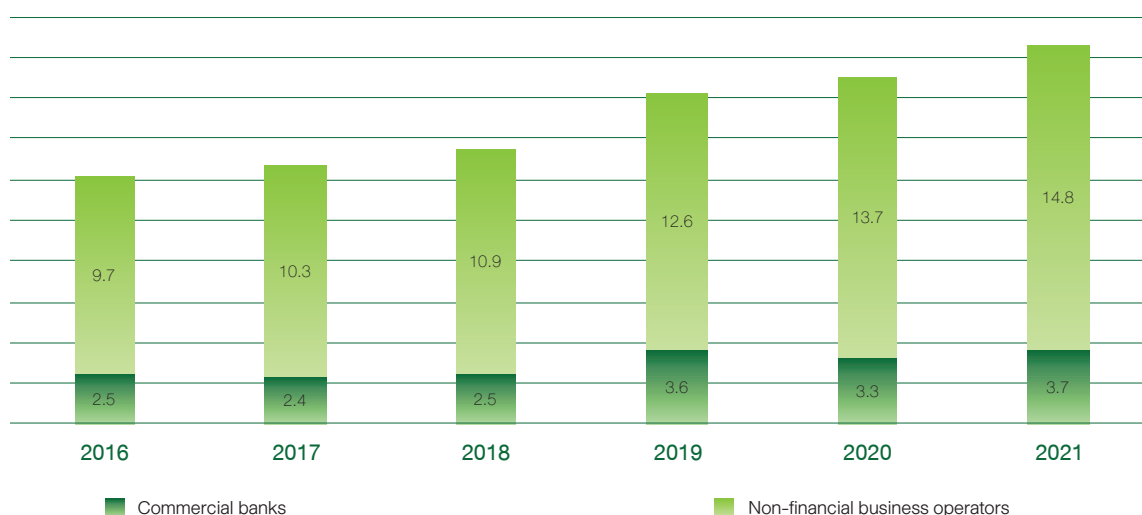
Based on information from the Bank of Thailand, the value of regulated personal loans continued to increase from Baht 333.0 billion or 12.2 million accounts in the year 2016 to Baht 707.5 billion or 18.5 million accounts in the year 2021. During the year 2016 – 2020, majority of the loan service providers are non-financial institutions, accounting for 53.0% – 61.2% of the total value of regulated personal loans or 77.8% – 81.3% of the total number of regulated personal loan accounts.

Chart 6: Value of Personal Loan Under Supervision (Billion:Baht)



Source: The Bank of Thailand

Chart 7: Number of Personal Loans Under Supervision (Million: Account)



Source: The Bank of Thailand

According to an announcement in the Government Gazette dated 30 January 2019, the Bank of Thailand has expanded the scope of supervision of personal loan businesses under supervision to include loans with vehicle registration as collateral, thereby encouraging people at the basic level to have access to credit with reasonable prices and treated fairly by business operators as well as to encourage business operators to operate in accordance with the principles of good governance and greater transparency in which loans with car registration as collateral have increased steadily from Baht 124.2 billion or 2.7 million accounts in 2019 to Baht 181.0 billion or 4.2 million accounts in 2020.

Source: The Bank of Thailand

**Note:** The Bank of Thailand has disclosed personal loans under supervision for loans with vehicle registration as collateral since February 2019.

### (3) Industry Outlook

The outlook for the Thai economy in 2022 is likely to continue to recover from a low base expansion in 2021, driven by growth in domestic demand despite the omicron spread but it tends to have a limited impact on the public health system in the first quarter of 2022, and this will result in the government being able to relax the epidemic control measures accordingly.

In addition, the economy will also receive significant support from the recovery of the service sector, especially the tourism sector, due to the relaxation of measures to accept foreign tourists and the continued expansion of goods exports according to the economic expansion and the volume of world trade. However, there are still limitations and risk factors that may affect the economic recovery in 2022 to expand lower than expected due to the uncertainty of the Covid-19 epidemic situation. Inflation from rising energy prices and commodity prices in the world market. including constraints from the financial conditions of households and businesses, the prolongation of constraints in international supply chains and logistics, and the risk of volatility in the global economy and finances amid the pressure of Inflation and geopolitical conflicts.

#### Supporting factor

##### 1) Recovery in domestic demand

Due to the continued relaxation of pandemic control measures after the outbreak of the omicron strain is likely to have a limited impact on the country's public health system, coupled with progress in vaccine distribution and behavior modification of the people and the business sector towards the guidelines on how to behave in order to take care and prevent more outbreaks. Under this trend, the level of domestic economic activity and spending tends to recover continuously.

There are also supporting factors from the expansion of household and business income bases following the recovery of exports and industrial production including an improvement in the labor market. This was reflected from the unemployment rate in the forth quarter of which was 1.6 percent, decreasing from 2.3 percent in the previous quarter and stimulating the government's domestic consumption, expansion of the manufacturing and export sectors. This is also driven by the progress of infrastructure investment projects, especially joint venture projects between the public and private sectors. including the increasing trend of investment promotion applications and approvals during the years 2019 - 2021

##### 2) The recovery of the tourism sector

Supported by the implementation of the reopening measures by allowing fully vaccinated foreigners from all countries to enter Thailand without having to undergo quarantine through the Test and Go measures which began operations on 1 November 2021, resulting in the number oftourists during November and December 2021 increased by approximately three hundred thousandpeople, while also supporting factors from the relaxation of international travel control measures ofthe countries of origin of tourists. Consequently, foreign tourists to Thailand will likely increasesignificantly, especially in the second half of 2022 which in line with the UnitedNations WorldTourism Organization (UNWTO) forecast that the number of international tourists is expected to grow by 30 percent to 78 percent in 2022.

- 3) The continual expansion of merchandise exports in line with the economic recovery and world trade volume with important supporting factors.

From the continuous expansion of the main industrial economies due to the progress of vaccine distribution and the continued relaxation of epidemic control measures that will help support the economy in the newly industrialized economies and ASEAN countries, including the reliant Thailand. This was mainly based on export revenue, with key export products expected to continue to grow well, such as electrical appliances and electronic equipment that benefited from work-from-home, automotive and parts as demand increases, and petroleum products that will increase with the price of oil, such as plastics, chemicals, etc.

- 4) Driven by government investment, both from disbursement under the annual budget framework state enterprise budget and the expenditure framework under the loan decree

It consists of (1) the disbursement under the budget expenditure framework of the fiscal year 2022, which is expected to be disbursed at the end of the fiscal year. at 75.0 percent of the total budget. As a result, it is expected that a total investment budget of Baht 4.538 billion will be disbursed, an increase of 6.0 percent from the fiscal year 2021. (2) the disbursement under the budget of state enterprises in the fiscal year 2022, especially investment in infrastructure investment projects. The disbursement rate is expected to be 70.0 percent from the total investment amount of Baht 4.688 billion, an increase of 8.3 percent from fiscal year 2021. (3) the disbursement under the Royal Decree on loan amounting to Baht 1 trillion is expected to be disbursed and paid in fiscal year 2022, totaling Baht 1.307 hundred billion (13.07 percent of the loan amount), resulting in full disbursement of the loan amount by the end of fiscal year 2022 and (4) the use of money under the Emergency Decree on Additional Loan B.E. of Baht 500 billion, with accumulated disbursement as of 1 February 2022, totaling Baht 2.7697 billion. It is expected that funds will be disbursed into the economy in fiscal year 2022, totaling Baht 3.902 billion (78.0 percent of the loan amount) and disburse the remaining balance within the first quarter of fiscal year 2023.

### Limitations and Risk Factors

- 1) The uncertainty of the COVID-19 situation

Amid the mutation of the virus that allows the infection to spread more quickly. This tends to affect the effectiveness of the vaccine in preventing infection and it is imperative that countries distribute more booster doses to reduce the rate of serious morbidity and mortality. Consequently, it is increasingly restrictive in many countries, especially in developing countries and low-income countries that still have a low proportion of the vaccinated population, as is the case with Thailand's domestic epidemic situation faced with the return of the Omicron strain, it is necessary to closely monitor and assess the situation especially, after the easing of control measures and the exposure of foreign tourists, along with monitoring the readiness of the distribution of vaccines, medicines and medical supplies to be sufficient to cope with the pandemic. Currently, in particular, the ability to keep the rates of morbidity and mortality at a low level and that does not exceed the capacity of the public health system to support them as well as monitoring trends and the possibility of mutations in new virus strains that may occur in the future.

- 2) Higher inflationary pressures following rising energy prices and global commodity prices, which may limit the recovery in domestic demand.

Inflation in the first quarter of 2022 is likely to continue to increase from the last quarter of 2021, due to an increase in supply-side factors that result in the acceleration of energy prices and some fresh food prices. This coupled with rising commodity prices and disruption in global production chains have put more pressure on production costs. The transmission of production costs to consumers is limited inflation in the next period is expected to begin to ease in line with the global energy price trend, especially in the second half of 2022, coupled with the government's measures to maintain energy prices and domestic product prices. Important factors for the future inflation outlook still need to be closely monitored, especially the geopolitical conflict that will affect world energy prices and the longer-than-expected lengthening of the chain's disruption. production that will pressure the inflation rate higher.

- 3) Financial conditions of households and businesses due to an increase in debt burden

Among the unrecoverable labor market, the household debt-to-GDP ratio in the third quarter of 2021 stood at 89.3 percent, compared with 78.8 percent in the same quarter of 2019, during the outbreak period. generate income (Non-Performing Loans (NPLs)) and Special Mention Loans (SMLs) ratio to the total loan portfolio of small and medium-sized enterprises (SMEs) in the third quarter of 2021 remained at a high level. 7.3 percent and 12.1 percent, compared with 4.8 and 3.2 percent in the same quarter of 2019, respectively. The high level of private debt burden will hinder recovery in domestic demand and debt serviceability under an upward trend in interest rates going forward and the labor market has not fully recovered compared to the previous period. before the outbreak reflected from the unemployment rate in the last quarter of the year. 2021, despite a decline to 1.6 percent, compared to 2.3 percent in the previous quarter, but still above 1.0 percent in the same period of 2019. Unemployment was also high in the areas of economic recovery, including hotel and food service activities and the construction sector.

- 4) Driven by the expansion of the export sector and industrial production still have risks.

The risks mentioned are the impact of protracted international production and logistics chain constraints, including the shortage of foreign workers as follows: (1) Chain disruption world production. This is because container management affects sea freight costs as reflected by rising freight rates in the first two months of 2022, as well as shortages in semiconductors and if it continues until the first half of 2022, it will be a major constraint on the global production chain and the recovery of Thai exports, as well as a risk that it will put pressure on production costs in the next phase and (2) the shortage of foreign workers. It was found that the import of foreign workers was still delayed.

- 5) Risk from global economic and financial volatility

As a result, it may affect economic expansion and stability of the Thai economy, with risks to the global economy that must be closely monitored and assessed, including (1) uncertainty from the spread of COVID-19 amid a mutation in the virus that has caused the epidemic to spread rapidly and can affect the efficacy of currently available vaccines; (2) an acceleration of inflationary pressures that have contributed to inflation in many countries and major economies continued to exceed their

monetary policy targets, such as the United States, UK, Australia and South Korea. As a result, the central banks of major countries tend to pursue tighter monetary policies while the slow recovery in emerging market economies and low-income economies means central banks in many countries still need to pursue accommodative monetary policy to support further economic recovery under such circumstances. This causes volatility in money markets, capital markets and exchange rates, as well as affecting debt serviceability of developing and low-income countries with a high percentage of foreign debt that may affect financial stability. (3) volatility in global financial markets and international investments due to various risks, including the uncertainty of the epidemic situation of the mutant virus that will affect exchange rate fluctuations and movements of capital including the reform of the Chinese government's business supervision and the default of corporate debt of real estate in China that may cause the Chinese economy to slower than expected and affect asset price volatility; (4) policy directions of major economies, especially the international trade policy of the United States, China, including the position of the United States, China and Taiwan's participation in the Pacific Economic Partnership Agreement; and (5) the key geopolitical risks include: Conflicts between Russia and Ukraine and their allies include conflicts in the Middle East between Iran and the United States and between rebels in Yemen and the United Arab Emirates.

**Source :** Report on Thai Economic Conditions in the Fourth Quarter of 2021 and Outlook for 2022 by Macroeconomic Strategy and Planning Division Office of the National Economic and Social Development Council

#### (4) Competition conditions

The Company is a business operator that is not a financial institution which provides secured and unsecured loans. Most of the business operators in the industry are hire purchase loan operators, licensed car registration loan operators, personal loan under supervision and/or a license to operate a microfinance business under supervision from the Bank of Thailand.

As of 31 December 2021, for non-financial business operators, it has reported a personal loan under supervision (excluding those with vehicle registration as collateral) amounted to Baht 248.9 billion, compared to the value of the same type of outstanding loans of the Company of Baht 118.1 million, or equal to 0.04 percent of the market share, increasing 0.01 percent value of personal loans under supervision with vehicle registration as collateral amounted to Baht 149.3 billion, compared to the value of outstanding loans of the same type of the company of Baht 2,917.5 million or equal to 1.95 percent of the market share increased to 0.27 percent and the value of hire purchase loans of Baht 1.180 trillion, compared to the value of the same type of outstanding loans of the company of Baht 5,501.7 million or 0.47 percent of the market share, a decrease of 0.03 percent from the market share, indicating that the company In the group of personal loans under supervision, especially with vehicle registration as collateral and it still has the potential to increase its market share which will be in line with the Company's operating guidelines.

## (5) Procurement of products and services

In respect of loan services business, the main procurement of products and services is financing for use in the provision of loan services. The Company's current sources of funds include shareholders' equity and loans from financial institutions. In addition, in the early stages of business operations, the Company received funding from shareholders in the form of loans from related persons, which was in accordance with the joint venture agreement of 4 groups of shareholders. The Company has continuously received additional credit lines from commercial banks to be used as funding for expansion of loan services. The details of the sources of funds can be summarized as follows:

Liabilities	As of 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
Loans from financial institutions						
Short-term loans	1,394.4	18.0	1,402.3	17.6	1,028.6	11.0
Long-term loans	3,043.6	39.3	3,101.6	38.9	3,527.5	37.6
<b>Total loans from financial institutions</b>	<b>4,438.0</b>	<b>57.3</b>	<b>4,503.9</b>	<b>56.5</b>	<b>4,556.1</b>	<b>48.6</b>
Funding from shareholders						
Loans from related persons	-	-	-	-	-	-
Shareholders' equity	3,299.6	42.7	3,471.0	43.5	4,815.5	51.4
<b>Shareholders' equity (post adjustment)<sup>(1)</sup></b>	<b>3,299.6</b>	<b>42.7</b>	<b>3,471.0</b>	<b>43.5</b>	<b>4,815.5</b>	<b>51.4</b>
<b>Total sources of funds</b>	<b>7,737.6</b>	<b>100.0</b>	<b>7,974.9</b>	<b>100.0</b>	<b>9,371.6</b>	<b>100.0</b>

**Remark:** (1) Adjustment by classifying loans from related persons as shareholders' equity.

As of 31 December 2021, the Company's loans from financial institutions and shareholders' equity accounted for 48.6% of total sources of funds respectively and the source of funds from shareholders' equity accounted for 51.4 percent. Most of the Company's loans from financial institutions were long-term loans, which accounted for an approximate of 37.6% of total sources of funds or 77.4% of total loans from financial institutions. This was consistent with the growth in the secured loan customer base with relatively long average repayment periods.

## (6) Asset used in the business

### 1. Main fixed assets

As of 31 December 2021, the details of the Company's main fixed assets used in the business operations were as set out below.

Item	Net book value as of 31 December 2021 (Million Baht)	Type of ownership	Encumbrance
1. Land	0.5	Ownership	None
2. Buildings and improvements to leasehold buildings	72.3	Ownership	None



Item	Net book value as of 31 December 2021 (Million Baht)	Type of ownership	Encumbrance
3. Furniture and office equipment	22.0	Ownership	None
4. Computer and equipment	20.9	Ownership	None
5. Vehicles	21.4	Ownership	None
6. Others	1.3	Ownership	None
<b>Total</b>	<b>138.4</b>		

### 1.1 Buildings and improvements to leasehold buildings

Location	Net book value as of 31 December 2021 (Million Baht)	Type of ownership	Encumbrance
1. Head office <ul style="list-style-type: none"> <li>- 3-storey office building on land of 1-2-25 Rai with total area of 1,269.0 square meters No. 69 Moo 7, San Sai Noi Sub-district, San Sai District, Chiangmai Province</li> <li>- 2-storey office building on land of 1-2-34 Rai with total area of 1,248.0 square meters No. 69/7 Moo 7, San Sai Noi Sub-district, San Sai District, Chiangmai Province</li> </ul>	12.9	Ownership	None
2. Branch office buildings	54.0	Ownership	None
3. Auction centers and warehouses for vehicles	5.3	Ownership	None
<b>Total</b>	<b>72.2</b>		

### 1.2 Vehicles

Type of vehicle	Net book value as of 31 December 2021 (Million Baht)	Type of ownership	Encumbrance
1. Head office and branch office vehicles in the number of 55 vehicles	6.2	Ownership	None
2. Head office and branch office motorcycles in the number of 769 motorcycles	15.2	Ownership	None
<b>Total</b>	<b>21.4</b>		

## 2. Leased assets


Type of leased asset	Net book value as of 31 December 2021 (Million Baht)	Type of ownership	Encumbrance
1. Head office building, warehouse for documents, and parking lot	15.9	Leasehold right	None
2. Branch office building of 488 branches	96.3	Leasehold right	None
3. Auction centers and warehouses for vehicles of 10 locations	3.8	Leasehold right	None
4. Head office and branch office vehicle in the number of 81 vehicles	16.5	Hire purchase	None
<b>Total</b>	<b>132.5</b>		

## 3. Intangible asset

As of 31 December 2021, the Company's intangible asset included computer software with net book value according to the Company's financial statements of THB 9.1 million or accounted for 0.1% of net book value of total assets.

## 4. Trademark and servicemark

As of 31 December 2021, details of the Company's key trademark and servicemark used in the business operations are as set out below.

Trademark/Servicemark	Country	Application	Registration Date	Expiration Date
	Thailand	Provision of secured and unsecured loans	23 August 2016	22 August 2026
	Cambodia <sup>(1)</sup>	Provision of secured and unsecured loans	20 September 2016	20 September 2026
	Laos <sup>(1)</sup>	Provision of secured and unsecured loans	31 August 2017	31 August 2027

**Remark:** (1) As of 31 December 2021, the Company does not have any business operations in Cambodia and Laos.

## 5. Key licenses used in the business operations

The details of key licenses used in the Company's business operations are as set out below.

License	Licensor	Type	Issuance Date	Expiration Date
License to operate regulated personal loan	Ministry of Finance	Business operators that are neither commercial banks, finance companies, nor credit foncier companies under the law governing financial institutions business established by specific laws.	13 June 2019	N/A
License to operate regulated retail loan for occupation	Ministry of Finance	Business operators that are neither commercial banks, finance companies, nor credit foncier companies under the law governing financial institutions business established by specific laws.	11 March 2019	N/A
Non-life insurance broker license (NorWor.6)	Office of Insurance Commission for the business of non-life insurance	Direct insurance arrangements	26 December 2019	25 December 2022
Life insurance broker license (NorChor.6)	Office of Insurance Commission for the business of life insurance	Direct insurance arrangements	26 December 2019	25 December 2022
License to auction Phitsanulok Province	Department of Provincial Administration, Ministry of Interior	Vehicle type: cars and motorcycles	1 January 2022	31 December 2022
License to auction Suphanburi Province	Department of Provincial Administration, Ministry of Interior	Vehicle type: cars	1 January 2022	31 December 2022
License to auction Nakhon Ratchasima Province	Department of Provincial Administration, Ministry of Interior	Vehicle type: cars	1 January 2022	31 December 2022
License to auction Phrae Province	Department of Provincial Administration, Ministry of Interior	Vehicle type: cars and motorcycles	1 January 2022	31 December 2022

License	Licensor	Type	Issuance Date	Expiration Date
License to auction Chiang Rai Province	Department of Provincial Administration, Ministry of Interior	Vehicle type: cars and motorcycles	26 January 2022	31 December 2022
License to auction Chiang Mai Province	Department of Provincial Administration, Ministry of Interior	Vehicle type: cars and motorcycles	2 February 2022	31 December 2022
License to auction Khon Kaen Province	Department of Provincial Administration, Ministry of Interior	Vehicle type: cars, motorcycles, public vehicles, service vehicles, private cars	6 January 2022	31 December 2022

## 6. Insurance policy

As of 31 December 2021, the Company has a property insurance contract for 1 head office building and 489 branch office buildings, totaling 490 locations. The key terms and conditions of the contracts are as set out below.

### (1) Property insurance policy in respect of 1 head office building and 417 branch office buildings

Insurance company	The Deves Insurance Public Company Limited
Insured person	Heng Leasing and Capital Public Company Limited
Policy type	Property insurance policy
Insurance period	<ul style="list-style-type: none"> <li>- Insurance period commencing from 27 February 2021 to 27 February 2022 at 4.30 p.m. in respect of 299 branches and 1 head office</li> <li>- Insurance period commencing from 1 June 2021 to 27 February 2022 at 4.30 p.m. in respect of 34 branches</li> <li>- Insurance period commencing from 15 July 2021 to 27 February 2022 at 4.30 p.m. in respect of 27 branches</li> <li>- Period of Insurance from 24 November 2021 - 27 February 2022 at 4:30 p.m. for 31 branches.</li> <li>- Period of Insurance from 1 December 2021 - 27 February 2022 at 4:30 p.m. for 26 branches.</li> </ul>
Beneficiary	Heng Leasing and Capital Public Company Limited or financial institutions according to the details of obligations specified under the insurance policy
Insured property	Building (excluding foundation), furniture, fixtures, extension and building improvement, office equipment, computers, electronic devices (excluding all types of portable computers and/or tablets and/or mobile phones), antenna, lightning rod, satellite dish, ceiling, flooring material, landscape or other assets that comes with buildings, system works such as electricity (including transformer), waterworks, fences, doors

Insured property (continue)	and all kinds of assets belonging to the insured person, including assets under the care of the insured person as a keeper.
Protection	<ul style="list-style-type: none"> <li>- Property insurance policy Protection against any damage or damage to the insured property due to fire, lightning, explosion, windstorm, water, smoke, traffic collision, aircraft peril, damage from smolder, earthquake, volcanic eruption, underwater wave or tsunami, hail, robbery with sign of tampering by entering or leaving a building, robbery, and accident caused by external factor that is not specified as an exception under the current property insurance policy approved by the Office of Insurance Commission</li> <li>- Third party liability insurance policy Protection and payment of remedy on behalf of the insured person for any loss or damage to third party of which the insured person is liable according to the laws as a result of or caused by any accident arising from operations relating to the insured business within the scope of risks incurred during the insurance period and at the coverage area specified under the insurance policy for: <ul style="list-style-type: none"> <li>1. Loss of life, body, injury or health of third party;</li> <li>2. Loss or damage to third party's property. The protection under items 1 and 2 shall include any expenses, fees in making claim, and compensation of which the insured person must pay the claimant according to the laws.</li> <li>3. Litigation cost</li> </ul> </li> </ul>
Insured amount	<ul style="list-style-type: none"> <li>- Insured amount of THB 1,243,650,000 for property insurance policy</li> <li>- Insured amount of not exceeding THB 20,000,000 per accident and throughout the insurance period for third party liability insurance policy</li> </ul>

## (2) Property insurance policy in respect of 130 branch offices

Insurance company	The Deves Insurance Public Company Limited
Insured person	Heng Leasing and Capital Public Company Limited
Policy type	Property insurance policy
Insurance period	<ul style="list-style-type: none"> <li>- Insurance period commencing from 17 January 2021 to 17 January 2022 at 4.30 p.m. in respect of 104 branches</li> <li>- Insurance period commencing from 19 February 2021 to 17 January 2022 at 4.30 p.m. in respect of 11 branches</li> <li>- Insurance period commencing from 26 March 2021 to 17 January 2022 at 4.30 p.m. in respect of 15 branches</li> </ul>
Beneficiary	Heng Leasing and Capital Public Company Limited

Insured property	Building (excluding foundation), furniture, fixtures, extension and building improvement, office equipment, computers, electronic devices (excluding all types of portable computers and/or tablets and/or mobile phones), antenna, lightning rod, satellite dish, ceiling, flooring material, landscape or other assets that comes with buildings, system works such as electricity (including transformer), waterworks, fences, doors and all kinds of assets belonging to the insured person, including assets under the care of the insured person as a keeper.
Protection	Protection against any damage or damage to the insured property due to fire, lightning, explosion, windstorm, water, smoke, traffic collision, aircraft peril, earthquake, damage from smolder, volcanic eruption, underwater wave or tsunami, hail, robbery with sign of tampering by entering or leaving a building, robbery, and accident caused by external factor that is not specified as an exception under the current property insurance policy approved by the Office of Insurance Commission
Insured amount	THB 381,000,000

### (3) Third party liability insurance policy in respect of 130 branch offices

Insurance company	The Deves Insurance Public Company Limited
Insured person	Heng Leasing and Capital Public Company Limited
Policy type	Third party liability insurance policy
Insurance period	<ul style="list-style-type: none"> <li>- Insurance period commencing from 17 January 2021 to 17 January 2022 at 4.30 p.m. in respect of 104 branches</li> <li>- Insurance period commencing from 19 February 2021 to 17 January 2022 at 4.30 p.m. in respect of 11 branches</li> <li>- Insurance period commencing from 26 March 2021 to 17 January 2022 at 4.30 p.m. in respect of 15 branches</li> </ul>
Protection	<p>Protection and payment of remedy on behalf of the insured person for any loss or damage to third party of which the insured person is liable according to the laws as a result of or caused by any accident arising from operations relating to the insured business within the scope of risks incurred during the insurance period and at the coverage area specified under the insurance policy for:</p> <ol style="list-style-type: none"> <li>1. Loss of life, body, injury or health of third party;</li> <li>2. Loss or damage to third party's property.</li> </ol> <p>The protection under items 1 and 2 shall include any expenses, fees in making claim for compensation of which the insured person must pay the claimant according to the laws.</p> <ol style="list-style-type: none"> <li>3. Litigation cost</li> </ol>
Insured amount	Not exceeding THB 20,000,000 per accident and throughout the insurance period

#### (4) Property insurance policy in respect of 6 auction centers

Insurance company	South East Insurance Public Company Limited
Insured person	Heng Leasing and Capital Public Company Limited
Policy type	Property insurance policy
Insurance period	1 year (10 July 2021 – 10 July 2022 at 4.30 p.m.)
Beneficiary	Heng Leasing and Capital Public Company Limited
Insured property	Office buildings (excluding foundation), including building improvements, fences and concrete patios, and cars and motorcycles
Protection	Protection against any damage or damage to the insured property caused by fire, lightning, explosion, aircraft peril, traffic collision, damage from water (excluding floods), forest fire, protest, strike, riot or act with malicious intent, smoke, flood, windstorm, earthquake or volcanic eruption, underwater wave or tsunami, hail, and accident caused by external factor, subject to conditions and exclusions under the property insurance policy
Insured amount	THB 109,642,980

#### (5) Property insurance policy in respect of 1 auction center

Insurance company	Muang Thai Insurance Public Company Limited
Insured person	Heng Leasing and Capital Public Company Limited
Policy type	Fire insurance policy
Insurance period	1 year (22 April 2021 to 22 April 2022 at 4.00 p.m.)
Beneficiary	Heng Leasing and Capital Public Company Limited
Insured property	Warehouse for cars and motorcycles, office, building (excluding foundation)
Protection	Protection against any damage or damage to the insured property due to water damage, flood, earthquake, hail and wind storm
Insured amount	THB 4,111,000

#### Work that has not been delivered

- None -



## 1.3 Shareholding Structure

### 1.31 Shareholding Structure

As of 31 December 2021 The Company has no subsidiaries and associated companies

### 1.3.2 Parties with Conflict of Interest which holding the voting shares more than 10% in subsidiary companies or associated companies

- None -

### 1.3.3 Relationship with the business of major shareholders

The four groups of shareholders include Thaweeheng Group, Pattanasin Group, Mit Eua Aree Group, and Sinpranee Group agreed to invest in the Company. In the year 2015, Thaweeheng Group and Pattanasin Group co-founded the Company. Subsequently in the year 2016, Mit Eua Aree Group and Sinpranee Group invested in the Company.

Prior to the incorporation and/or the joint investment in the Company, each group of shareholders had been offering hire purchase and/or loans with vehicle registration as collateral in the northern region with more than 20 years of experience. However, after the joint investment, each group of shareholders agreed to cease their existing business and brought cash flow received from the original business to jointly invest and operate the Company's business. As of December 31, 2021, three groups of shareholders, namely Thaweeheng Group, Pattanasin Group, and Mit Eua Aree Group have outstanding receivables that are in the process of repayment according to contracts from their business operations before investment in the Company in the amount of THB 2.2 million. In addition, there are debtors who are in the process of litigation and court proceedings in the amount of THB 89.0 million and a write-off of bad debt in the amount of THB 105.5 million.

Each group of shareholders has made clarifications to the Company and is expected to accept debt repayment and complete collection of outstanding debts by 31 December 2021. To prevent conflicts of interest, the four groups of shareholders entered into a non-competitive agreement ("Non-Competitive Agreement") with the Company on 24 April 2021. Persons entered into the agreement include shareholders holding the position of director and/or executive director and/or executive of the Company. Other shareholders did not enter into the agreement as they did not engage in a similar business that may be competing with the Company's business. The shareholders who entered into the agreement agree not to operate any business and/or invest in a proportion that is considered a controlling person and/or having control in any business that is of the same nature and/or in competition with the Company's business, whether directly or indirectly. The shareholders will also ensure that their related persons shall not do the same, unless it is a business that the shareholders have already operated in the past. Only the receipt of repayment and/or debt collection can remain outstanding according to the original business contracts.

The Non-Competitive Agreement shall expire if: (1) the Company no longer has a duty to comply with the rules prescribed in the Notification of the Capital Market Supervisory Board issued under Section 56 of the Securities and Exchange Act B.E. 2535 (1992) (as amended); or (2) any contractual party and his/her related person(s) is no longer a major shareholder or director or executive director or executive of the Company. The Non-Competitive Agreement shall be deemed terminated and no longer binding upon only such contractual party.

In addition, the contractual party shall prepare a report on status of debtors and deliver the report to the Company and report the status to the Audit Committee's meeting and the Board of Directors' meeting for acknowledgement every quarter. The contractual party agrees that the Company or its representative may randomly check the accuracy of debtors' status report at least once a year. At present, the Company has assigned its internal auditor, namely KPMG Phoomchai Business Advisory Limited ("KPMG") to randomly check the accuracy of debtors' status report at least once a year.

### 1.3.4 Shareholders

#### (1) Major Shareholder as of 31 December 2021

Rank	Major Shareholder	Shares	% Shares
1.	Kasikornbank Public Company Limited	381,000,000.00	10.000
2.	Mr. Wichai Suphasathitkul	331,883,525.00	8.711
3.	Mr. Wichian Suphasathitkun	256,138,970.00	6.723
4.	Mr. Parinya Supasatitkul	197,790,430.00	5.191
5.	Mr. Bunthid Supasatitkul	148,344,820.00	3.894
6.	Miss Chonchissa Ratanasirisap	146,130,000.00	3.835
7.	Mr. Thanassorn Ratanasirisap	144,440,000.00	3.791
8.	Mr. Banyong Paisanteerakorn	143,098,450.00	3.756
9.	Mrs. Saowalak Puntharat	127,547,885.00	3.348
10.	Mr. Patpong Patong	125,893,145.00	3.304

<sup>1</sup>Information from Thailand Securities Depository Co., Ltd. as of 31 December 2021

**(b) Group of major shareholders who, by circumstances, have a significant influence on the company's management policy or operations (eg, having a person to be an authorized director)**

- None -

#### (2) Holding company

- None -

#### (3) Shareholding Agreement

- None -

## **1.4 Registered and Paid-up Capital**

### **1.4.1 Common Shares**

As of 31 December 2021 the Company registered capital total THB 3,810,000,000 consisting of 3,810,000,000 THB common shares at THB 1 per share. These shares represented THB 3,810,000,000 in paid-up capital, or 3,810,000,000 common shares.

### **1.4.2 Other Shares with Different Terms or Rights from Common Shares**

- None -

### **1.4.3 PTT's Shares or Convertible Securities a Mutual Funds for Foreign Investors**

- None -

## **1.5 Issuance of Other Securities**

- None -

## **1.6 Dividend Policy**

The Company has the policy to pay dividends to shareholders at the rate of not less than 40 percent of net profit from separate financial statements after deduction of corporate income tax and reserves as required by the laws and as stipulated in the Company's Articles of Association. If the Company has accumulated losses, it will consider not paying any dividends. Such dividend payments may be subject to change depending on the Company's operating results, liquidity, cash flow, and financial status, conditions and restrictions on dividend payment as stipulated in loan agreements, debenture agreements, or other relevant agreements obliged by the Company (if any), future business plans, and the necessity for investments, including other factors as the Board of Directors deems appropriate. The Board of Directors may consider reviewing and amending the dividend payment policy from time to time to comply with the Company's operational plans.

The annual dividend payment must be approved by the shareholders' meeting, except for the payment of interim dividends which may, from time to time, be approved by the Board of Directors when the Board of Directors deems that the Company has reasonable profits to do so and report to the shareholders' meeting for acknowledgment in the next shareholders' meeting.

In respect of dividend payment of the Company's subsidiaries, the Company currently does not have any subsidiary. However, to support the Company's future business expansion, the Company has set that consideration on dividend payment by subsidiaries shall be subject to the approval of the shareholders' meeting of each subsidiary by considering operating results, liquidity, cash flow, and financial position of each subsidiary, conditions, and restrictions on dividend payment as stipulated in loan agreements, debenture agreements or other relevant agreements obliged by each subsidiary (if any), future business plans, and the necessity for investment, including other factors as the board of directors of each subsidiary deems appropriate. The exception is an interim dividend payment which

may, from time to time, be approved by the board of directors of each subsidiary when the board of directors of each subsidiary deems that such subsidiary has reasonable profits to do so and reports to the shareholders' meeting.

#### Dividend payment history of the company

Pay year	2021	2020	2019
Earnings per share	0.11	0.11	0.06
Dividend per share (Baht)	0.11	0.07	0.04
Dividend payout ratio (%)	103	64	62



## 2. Risk Management

### Risk Management Overview

The Company recognizes and foresees the importance of good corporate risk management in driving the organization to grow and expand sustainably, create strong financial positions and generate returns to shareholders at an appropriate level, and operating in accordance with good corporate governance principles, including creating check and balance in the current business competition and ever-changing conditions faced by the Company, whether caused by external or internal factors, which may affect the ability to achieve goals and core mission of the Company. Initially, the Risk Management Committee is assigned to be responsible for formulating risk management policies covering the entire organization and overseeing that there is a risk management system or process to appropriately reduce the impact of risks on the Company's business.

### 2.1 Risk Management Policy and Plan

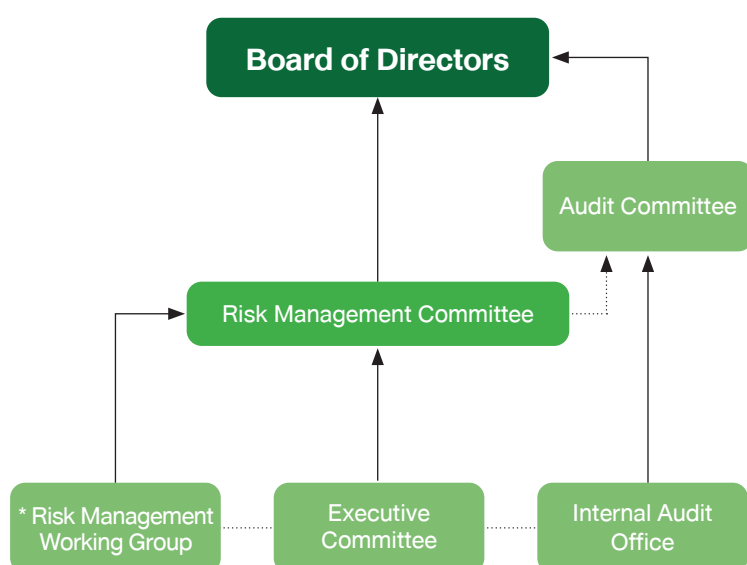
The Company realizes the importance and necessity to implement a risk management system that meets the international standards in its management. It aims to make the Company an important organization that creates customer satisfaction, has a good corporate image, and develops the Company's operations to move forward in the same direction throughout the organization. Therefore, the risk management policy is set as follows:

1. The Risk Management Committee is responsible for determining the risk management policy, both internally and externally, to ensure that it is comprehensive and in accordance with the strategy and directions of the business. At least the following 5 risks must be covered:
  - (a) Financial Risk
  - (b) Operational Risk
  - (c) Strategic Risk
  - (d) Compliance Risk
  - (e) Risk from Business Environment
2. Risk management shall be responsibility of employees at all levels, who must be aware of the risks involved in their operations and the organization, focusing on risk management in various fields and managing under systematic internal control to a sufficient and appropriate level.
3. There must be an organizational risk management process that complies with good standards in line with international practice to effectively manage risks that may affect the Company's operations. The development and implementation of risk management throughout the organization must go forward in the same direction by making risk management system part of decision making, strategic and operational plans of the Company, and focusing on achieving the determined objectives, goals, visions, missions, and strategies to create operational excellence and build confidence in stakeholders.
4. Guidelines are established in order to prevent and mitigate risks from the Company's operations to avoid damage or loss that may incur, including monitoring and assessing risk management results on a regular basis.
5. Promote and develop the use of modern information technology systems in the Company's risk management process and encourage personnel at all levels to have access to information on risk management, including establishing an effective risk management reporting system for the Risk Management Committee.

## Risk Management Structure of the Company

The Company has determined risk monitoring as part of the Company's management to ensure that the governance structure and responsibilities are appropriate and can promote effective risk management. The structure and duties and responsibilities in the monitoring of the Company's risks are as follows:

### Risk Management Structure



**Board of Directors** has the overall responsibility to supervise the Company's risk management in accordance with the risk management structure and acceptable policies and risks, including promoting continuous and efficient risk management at all levels throughout the Company according to international principles to create a sustainable risk management culture.

**Audit Committee** helps support the Board of Directors in performing duties relating to risk management by reviewing to ensure that the risk management system is appropriate and effective.

**Executive Committee** is responsible for the following matters:

1. Consider and review the Company's risk management and internal control system.
2. Report high and very high risk levels to the Risk Management Committee, the Audit Committee, and the Board of Directors for acknowledgement.

Report to the Audit Committee, and the Board of Directors.

**Risk Management Working Group** is responsible for the following matters:

1. Analyze and assess risks of each unit and manage risks according to established guidelines.
2. Study, analyze, assess, and manage risks, including finding solutions.
3. Educate various departments to understand criteria for analysis and assessment and manage risks.
  1. Follow up on risk management results on various aspects and alert the risk-owner segment to have it managed and continually review risk management.
  2. Risk assessment report.

**Risk Management Committee** is responsible for ensuring that significant business risks are identified and assessed regularly, and effective risk management measures have been established and is responsible for the following matters:

1. Prepare risk management policy, strategy, and criteria for risk management to propose to the Board of Directors for approval.
2. Review risks and the Company's risk management guidelines as assessed by the agency owning risk and providing suggestions for improvements.
3. Supervise effectiveness of the Company's risk management process by continuous monitoring and review.

**Remark:** \* Risk management working group includes the Chief Executive Officer, President, Executive Vice President, and directors of related departments.

## 2.2 Factors and Risks to the Company's Business Operations

### 2.2.1 Risks to the Company's business operations

#### Emerging risks

In the next 3-5 years, the Company is prepared to deal with many risks that may arise in the future. Such risks affect economic and business directions of the Company, both directly and indirectly. In order to find guidelines for eliminating or reducing risks, the Company has disclosed new risks that may arise in the future and the following risk management process.

Emerging risks	Risk description	Impact that may occur to the Company	Risk management process
1. Emerging pandemic risk	Emerging pandemic risk affects the country's economy causing economic slowdown in manufacturing, exports and tourism sector. As a result, some customers lose their income, unable to repay debts on time or avoid using services at the Company's branches, which is an important risk of the Company that must be monitored and handled on an ongoing basis.	The pandemic may intensify and has a broad impact on economy and society, including directly affecting the Company's short-term to long-term operating results in providing customer service. The business model and customer service must be adjusted so that customers can continuously and safely receive services.	<ol style="list-style-type: none"> <li>1. The Company has urgently announced policies and measures to prevent the spread of Covid-19 for all employees to follow in order to protect themselves and customers against the spread within the head office and branches across the country.</li> <li>2. The Company has continuously issued measures to provide financial assistance to customers in the first quarter of 2020 and other measures to assist customers according to the Bank of Thailand's announcement regarding financial assistance measures to customers affected by the Covid-19 outbreak.</li> <li>3. The Company has changed the process of auctioning assets to online channels in order to avoid exposure in accordance with social distancing policy.</li> </ol>



Emerging risks	Risk description	Impact that may occur to the Company	Risk management process
2. Cyber security risk	At present, the Company uses technology and information technology systems as a mechanism to drive the business. As a result, the Company faces additional risk from cyber threats. Therefore, the Company should maintain strict and sufficient security against cyber threats in line with its risk management system to be prepared in handling cyber threats.	<p>Cyber attack will have a direct impact on the Company in many levels including:</p> <ol style="list-style-type: none"> <li>1. The Company's services will be interrupted if the intended attack on the Company's computer system is damaged.</li> <li>2. The Company's information will be published without permission.</li> </ol> <p>In addition to financial damage, it also affects customer confidence in the Company's services. There may also be penalty imposed by the authority if there is any violation of regulation. It may also cause financial damage to the customer if the attack is directed at the Company's customer.</p>	For prevention and response at the corporate level, the Company has focused on continuously providing tools and developing technology to be able to protect against sophisticated or unknown attacks. In addition, the Company has been developing information security management to upgrade its services with safety in accordance with international standards and compliance with official regulations such as ISO 27001 standard and the Personal Data Protection Act.
3. Risk of increasing interest rates due to inflation	After the pandemic ends resulting in an increase in public consumption, there might be inflation. The Bank of Thailand may have a measure to control inflation by increasing interest rates.	An increase in interest rate will result in an increase in the Company's financial costs, while interest rates on lending may remain the same.	The Company has a plan to adjust the work process by bringing technology to replace the manual work system to manage expenses for maximum efficiency.

## Risk management

The Company gives importance to risk management in all aspects. The Company analyzes internal and external environment, including economic, social, political, technological, industrial, competitor and other trends in order to determine the Company's key risks, which can be summarized as set out below.

### (1) Strategic risks

#### (1.1) Risk of loan expansion not meeting the business plan

At present, the Company's branches are the main channels for providing loans and other services. The Company has a plan to continuously increase its number of branches to increase its service capabilities and support the needs of current and new customers in the future. This will help diversify risks if any event affects business operations in certain areas.

In the event that the Company is unable to expand loans in accordance with the Company's business plan or there is a delay or malfunction in the operations caused by factors such as inability to find potential areas to open new branches, inability to recruit qualified personnel or branch service personnel do not have enough capabilities to achieve goals, the Company may not be able to meet customers' needs effectively. Due to increasing competition in the personal loan business from competitor's branch being located in the nearby area of the Company's branch, new branches may not be able to achieve operational goals determined by the Company such as targeted loan value, number of loan contracts, debt collection and tracking, operating costs or expected return on investment could not be achieved etc. Such factors may have negative impacts on the business, operating performance, financial positions and business opportunities of the Company.

However, the Company's shareholder groups have over 20 years of experience and expertise in loan service business. The Company requires an investment analysis by the relevant departments in terms of target customers, location, population distribution and characteristics of surrounding community, market conditions and competitors, consumer demand, local personnel, investment per branch, payback period, and expected return. Such investment analysis must be approved by the Executive Committee and/or the Board of Directors in accordance with the Company's authorization matrix. After making the investment, the Company closely monitors and evaluates the operating results and adjusts the operating plan according to the changing situations.

In addition, the Company has given importance to the development of personnel based on the fundamental belief of "Good services can deliver better business results (loan amount and debt collection)" by cultivating a service culture. The service culture emphasizes on driving towards the process that is equipped with good mindset and skills and creates "Change Leaders", a group of branch managers who acts as coaches to educate, provide advice and convey ideas and good service practices to nearby branches. The Company's identity as a preferred service provider to local people is emphasized. The change leaders are willing to provide proactive services, understand the needs of customers as locals, and perform their duties as professional at their best capabilities. In the long run, the Company expects that the seed of this cultivated personnel will expand and build up the business to create sustainable business operations

**(1.2) Risk from competition in hire purchase, regulated personal loan for occupation, and other loans industry, entry into the industry by new competitors, and technology disruption**

There are many service providers in the loan service business including existing and new service providers. The business is highly competitive. Other loan service providers have expanded their services to online channels and are using technology in the credit approval process to improve and create faster and more efficient services. The number of customers who choose to apply for loans through online channels has also increased.

In addition, the government has a policy to support online personal loans (P2P lending) and digital personal loans, resulting in new entrepreneurs who are interested in entering into the lending industry which provide services through online channels. Competition is presented due to various promotions such as

providing a higher credit limit, reduction in interest rate, and extension on repayment period in order to attract customers to choose the services. There is competition in presenting promotions or additional investment to increase quality of the Company's services to compete with other service providers in the industry. Therefore, the Company may not be able to lend additional amount of loans in accordance with its strategies or the value of new loans by the Company may decrease as the Company's services are mainly provided through its branches. Service hours at the Company's branches are only from 08.00 a.m. – 5.00 p.m. on Monday to Saturday, while customers can access services of other loan service providers with online channels 24 hours. Such circumstances may have a negative impact on the Company's business, operating performance, financial positions, and business opportunities.

The Company has prepared a strategic plan to respond to competition within the loan industry by expanding its customer base in order to increase an opportunity to lending through increasing number of branches in potential areas, building awareness of the Company's brand with local customers (Brand Awareness) through building a good relationship with customers for recognition (Brand Recognition) and decision to apply for loans with the Company as the first place (Conversions). In addition to expanding the customer base, the Company has a strategy to maintain its existing customers (Customer Retention). For instance, if customers pay their installments on time for a certain period of time, the Company will offer customers refinancing loans to increase their balance (Up-Selling) or will offer a new type of loan (Cross-Selling) to increase its competitiveness. The Company focuses on development of loan products, new channels for product presentation, customer database system and system for, and expertise of personnel, in credit consideration and analysis. The Company has set measures for future business planning to support changes in consumer behavior and changes in technology by collecting customer information to study their behaviour in using loan services and repayment to analyze trend and changes on a regular basis. Such information is used for planning the Company' strategies. At present, the Company has begun to develop online channels according to the determined plan to support customers' needs and provide convenience in using the services in the future, in parallel with provision of services through branches. In addition, the Company has improved the credit approval process to become faster, while effectiveness of the approval process for screening qualified loan applicants is maintained. In addition, the company has also improved the credit approval process to be faster. At the same time, the effectiveness of the approval process for screening qualified loan applicants is maintained.

## **(2) Operational risks**

### **(2.1) Risk from efficiency of credit analysis and credit approval which may affect the quality of the Company's loan portfolio**

The Company analyzes customer data to determine appropriated credit limit. Credit consideration and approval is an important factor. The Company takes into consideration collateral value, customer identity, ability to repay debt, existing liabilities, and history of debt repayment. The branch officers will be responsible for analyzing data of which accuracy will be verified and credit will be approved by branch managers, district managers or the Credit Control and Approval Department. Persons authorized to approve the credit will depend on the value of credit limit as stipulated in the Company's operating manual.

The efficiency of credit analysis and credit approval is an important factor affecting the success of the Company's operations. Although the Company has a process of analyzing data and consideration of credit approval with caution and prudence and the process is completed in accordance with the operating manual, the Company cannot guarantee that it will analyze credit accurately at all times in the future. Factors affecting the quality of credit analysis and approval include employees' expertise in analyzing credit data, employees' expertise in valuing collateral, concealment of important customer information, and corruption by employee etc.

Inefficient or incorrect credit analysis may affect the quality of the Company's loan portfolio. The Company may not receive loan repayments within the period specified under the contracts, or in the event that the borrower defaults on payment for a long time, the Company's accounts may be affected as the Company have to record an increase in credit losses, or the Company may not be able to track down the vehicle used as collateral for auction and to pay off the debt, or the market value of the vehicle at that time may be substantially reduced and is insufficient for repayment of the outstanding loan etc. Such factors may have a negative impact on the Company's business, operating performance, financial positions, and business opportunities.

The Company realizes the importance of credit analysis and approval process, which is a critical operation in the Company's business. Therefore, branch employees are required to complete credit analysis related knowledge training before operations. The branch employees must pass a knowledge test and attend practical training before starting actual work. In addition, the Company clearly separates the function of credit analysis from credit approval. The approval authority is determined according to the procedures under the operating manual. Accuracy of information must be verified prior to every credit approval. The Company believes that its credit analysis and approval process will allow the Company to analyze factors for approving credit with reliability.

**(2.2) Risk of debt collection being unable to meet the maturity period, which may be caused by external factors that are beyond the Company's control and the Company may significantly incur additional costs from such factors**

The Company provides loan services to customers with a monthly repayment schedule. The company faces risk of customers not paying installments as scheduled or the Company is unable to collect installments that are due or overdue. This might be due to external factors that affect ability and willingness to repay by customers such as macroeconomic conditions, total liabilities of the borrower or changes in career or income etc. Such circumstance will affect the Company's debtor status classification and provision for allowance of expected credit loss and the Company may incur additional expenses if the Company is unable to collect loans and has to take collateral for auction and use proceeds from the auction for repayment or there is a lawsuit or legal action. Such factors may have a negative impact on the Company's business, operating performance, financial positions, and business opportunities.

To prevent the risk relating to debt collection, the Company analyzes and considers credit by requiring the Credit Control and Approval Department to consider qualifications of the borrower and taking into consideration the borrower's ability to repay loan as a main factor. In addition, the

Company has an off-site payment collection service to help facilitate borrowers who are unable to pay installments at branches or other channels provided by the Company in order to increase the collection rate.

In terms of debt collection, the Company has set up a system for managing and tracking debts quickly and efficiently. The Company organizes trainings and provide knowledge to branch employees and continually test their knowledge and understanding of the operations. In addition, the Company has determined operational guidelines based on compliance with the laws and the Debt Collection Act B.E. 2558 (2015), which have been stated in the operating manual of the Collection Department. The Company has established a debt collection procedure that is consistent with the outstanding debt of each borrower and a procedure for debt collection through field visit. The Company has separated the authorities of persons in the process of debt collection for each debtor status for transparency, verifiability, and can be crossed check among persons authorized for debt collection.

In respect of receivables that are overdue for more than 150 days, the Company engages an experienced external debt collection team. The external collection team performs its duties with professionalism and strictly operates in accordance with the laws and the Debt Collection Act B.E. 2558 (2015) to follow up such receivables. In addition, the Company has a system to control the results of debt tracking at the end of every day and at the end of every month to manage efficiency of debt collection and follow up debts in a timely manner, reducing risk of incurring non-performing loans (NPLs).

### **(2.3) Risk of not being able to track the vehicle which is a collateral under the loan contract or the vehicle which is a collateral under the hire purchase contract in the event of non-payments**

The Company's secured loans can be divided into 2 types of loans: loans with vehicle registration as collateral and hire purchase loans. For loans with vehicle registration as collateral, the borrower who owns the vehicle will use original vehicle registration as loan collateral and deliver the original vehicle registration to the Company, along with signing the ownership transfer documents to the Company in advance so that the Company could track the vehicle according to the vehicle registration and auction the vehicle for loan repayment.

In the event that the customer has defaulted on payment, the Company will follow up and seize the vehicle used as collateral under the loan with vehicle registration as collateral contract or seize the vehicle used as collateral under the hire purchase contract. Such vehicle will be auctioned to pay off the outstanding loan. The Company faces risk of not being able to track motorcycles, cars or other types of vehicles used as collateral that can be moved easily. Such factor may have a negative impact on the Company's business, operating performance, financial positions, and business opportunities.

To reduce the chance that the Company is unable to seize the vehicle, the Company has determined that the customer's primary residence is one of the factors that are taken into account in the credit analysis and approval. The Company will consider giving loans to customers whose residences are in the provinces where the Company's branches are located or in the provinces with specified distances from the branches only. The branch employee will go to the local area to check

the customer's history and the Credit Control and Approval Department will call customers directly to verify and confirm the information. The customer's history will be checked against the Company's black list and credit information of the customer will be checked at the credit bureau prior to credit approval. In the event that the customer defaults on payment beyond the period specified by the Company, the Company's policy is to follow up and seize the collateral under the contract with the Company without delay. The Company will negotiate with the customer using reasonings and ask the customer or the person who has possession over the vehicle at that time to sign a memorandum regarding delivery of vehicle or a letter requesting for return of hire-purchased vehicle and agreement to be responsible for any damages, together with delivering the vehicle. The conditions of the collateral shall be inspected and a photo of the collateral at that time shall be taken as evidence.

**(2.4) Risk of the value of assets held for sale is lower than the outstanding debt or inability to sell assets held for sale**

The Company has assets held for sale due to breach of contract and non-payment of outstanding balance by customers. As a result, the Company has assets held for sale in order to repay outstanding debts of such customers. The Company, therefore, cannot guarantee that: (1) There will be no damage to the vehicle used as collateral while in the customer's possession. Any damage to the vehicle may result in a significant impairment in the value of the vehicle; (2) The value of the collateral through auction sale will cover the outstanding debts under each contract. The value will depend on conditions, age and popularity of the brand, model, market conditions, and demand for such vehicle at that time; (3) In the event that there is outstanding debt after the auction sale, the Company may have additional expenses from following up on the outstanding debts or may incur legal costs and if the Company cannot claim the customer or the guarantor to pay the difference of the outstanding debt, or in the event that the Company expects that the cost of debt collection will be higher than the expected cash inflow, the Company may consider not to follow up on the debt. As a result, the Company will incur a loss from the sale of assets held for sale.

However, the Company has a strict policy for credit analysis and debt collection by comprehensively considering important factors to assess the borrower's qualifications and the conditions of the collateral, including but not limited to purpose and suitability of the use of the vehicle, the main address of the borrower, occupation, brand, model, year of production, and market price of the car etc. In addition, the Company has auction channels through: (1) the Company's 7 auction centers in Chiang Mai, Chiang Rai, Khon Kaen, Nakhon Ratchasima, Phrae, Suphan Buri, Phitsanulok; and (2 ) online auction. Target customers include juristic persons and individuals.

**(2.5) Risk of malfunction, interruption or damage to information technology system during business processes**

The Company has invested and developed information technology system for use in various business processes. The business processes include credit analysis, record of customer information, calculation of installment payment, preparation of loan contracts, debt collection and monitoring of debt, management and storage of contract information, sale of collateral, accounting and finance

management, human resources management, and legal proceedings. The Company will use information from such information technology system to prepare a report for the management (Management Report) and financial statements and analysis of the Company's operating performance and financial positions.

If the information technology system malfunctions, is interrupted or damaged due to the Company's business operations, or events beyond the control of the Company such as natural disaster, network problem, power outage, hardware problem, cyber security threats etc. Such event may cause data loss, inability to access information in the information technology system, or data leakage. As a result, efficiency in the Company's business operations will decrease, creating delays or interruptions, which may cause financial loss or resulting in lack of confidence in the Company's business operations from customers, and adversely affect the Company's reputation. Such factor may have a negative impact on the Company's business, operating performance, financial positions, and business opportunities.

However, the Company has a policy to maintain information security in order to prevent any damage that may occur to the Company's information technology system. The efficiency of the information technology system is checked. The information technology security is regularly reviewed and improved to be in line with the changing environment, including establishing a business continuity plan and an IT disaster recovery plan (IT DRP) with a rehearsal on implementation of the plans to respond to emergencies at operational level. The right to access information and information systems is determined according to the authorities and responsibilities of each level of employees. Password is determined for access and the Company has personnel with expertise to inspect, improve and control operations of the information technology system in order to prevent and solve any problems that may arise within a reasonable time and limit any damages.

#### **(2.6) Risk of reliance on senior management and key personnels with expertise and experience in various fields in the business**

The Company relies on a team of senior management with experience and expertise in the industry in managing the Company's business, including professional management team in the financial industry, loan service business and other industries for a long period of time. If the Company is unable to motivate and retain senior management and key personnel or unable to recruit replacement or additional personnel within a suitable time period for such change, there might be a negative impact on the Company's business, operating performance, financial positions, and business opportunities.

The Company has established a succession plan and a career development program to develop potential personnel within the organization and recruit potential personnel from outside the Company for executive-level personnel and other key positions so that the Company is able to recruit key personnel to replace them within an appropriate period of time. In addition, the Company has allocated compensation suitable for the knowledge and capabilities of each position of which the Company believes that it can be compared with other operators in a similar industry.

The Company relies on personnel with expertise and experience in operating the Company's business in multiple processes, including but not limited to data analysis for credit approval, valuation of collateral, debt collection, and preparation and analysis of financial, accounting and legal information etc. The Company's inability to recruit or retain personnel with knowledge and



expertise may have a negative impact on its operations. Such circumstance may result in incorrect credit analysis and consideration, inaccurate assessment on the customer's ability to repay debt or appraised value of the asset is not in accordance with conditions of the asset etc.

The Company cannot guarantee that it will be able to recruit or maintain personnel with skills, knowledge, expertise and experience that is sufficient and suitable for the Company's current operational needs or can support future business expansion plans. The recruitment or development of personnel which does not keep up with the Company's needs in expanding the business according to the strategic plan or the inability to recruit personnel to replace important positions which may suddenly retire, relocate or resign may cause the Company's operations to be inconsistent, inefficient or interrupted, or the Company may incur additional costs by offering additional compensation and benefits to attract and retain key personnel with experience and competence. Such factors may have a negative impact on the Company's business, operating performance, financial positions, and business opportunities.

However, the Company is determined to continually recruit and develop the quality of its personnel to increase their capabilities. The recruitment and selection of employees will be based on educational qualifications, knowledge, relevant training courses, and skills related to the job position. In addition, the Company has an annual training plan in each department to transfer knowledge to employees and requires personnel at all levels to attend regular trainings on knowledge and skills relating to their operations. Performance assessment are carried out to acknowledge strengths and weaknesses of the personnel, including adjusting the method of development and improvement of competence as appropriate. To attract and retain qualified and competent personnel in its business operations, the Company has established a fair compensation and welfare structure in line with the responsibilities and expertise of personnel and can compete with businesses in the same industry. The Company also creates a good working atmosphere and work motivation such as rewarding employees for good performance, annual bonus payment and other welfare etc.

**(2.7) Risk of fraud by employee in the Company's main activities such as credit analysis and approval, payment installment, cash storage, and debt collection etc.**

The Company has opened branches to support the provision of loan and installment payment services by customers for fast and efficient services that can compete with other service providers. The Company's main activities will occur at the branches, including such credit analysis and approval, acceptance of installment payment, cash storage, debt collection, and custody of assets etc. Such activities may provide an opportunity for fraud such as credit approval for non-qualified individual, embezzlement or forgery of documents etc.

The Company has a strict policy and measures to prevent fraud by employee and continually communicate such policy and measures to its personnel so that its personnel understand the measures and penalties for fraud. The Company has established internal control measures in each operating process. There is a separation of duties of branch employees and the Credit Control and Approval Department. The approval authority is determined according to the procedures under the operating manual. The loan application, supporting information, and customer identification are checked

every time before credit approval. There is also a check on cash on hand at the end of the day at each branch.

In addition, the Company has engaged KPMG Phoomchai Business Advisory Limited (“KPMG”) as its internal auditor whose role is to regularly and independently audit the operations of branches and departments. There is a random check on the branch operations. The results of the audit will be reported directly to the senior management and the Audit Committee for acknowledgment. There are channels for reporting whistleblowing. The Company’s internal and external stakeholders may directly report any clue or complaint to the Office of the Corporate Secretary via comment box, mail, telephone at 1361, email [whistleblower@hengleasing.co.th](mailto:whistleblower@hengleasing.co.th) or through the Company’s website [www.hengleasing.com](http://www.hengleasing.com). A report on risk of corruption is also prepared to monitor such risk and the senior management and the Risk Management Committee is reported in order to reduce opportunities for corruption and corruption can be detected in a timely manner.

The Company has been certified by the Thai Institute of Directors (IOD) to be a member of the Private Sector Collective Action Coalition Against Corruption (CAC). Such certification is valid for a period of 3 years, effective on 31 March 2021.

#### **(2.8) Risk of loss or damage to loan contract or collateral document due to theft, fire or other natural disasters**

The Company keeps original loan contracts, vehicle registrations and land title deeds which are collaterals of the contracts at the Company’s head office and makes copies of such contracts and stores them in the Company’s information system to increase efficiency in information management and provide access of information to employees for operations. However, the Company cannot guarantee that the original loan and collateral contracts or information stored in the Company’s information system will not be damaged or lost due to occurrence of the abovementioned factors in the future as the abovementioned events are beyond the control of the Company.

The Company is highly aware of the importance of contracts and collateral documents and has established a policy and procedures for keeping contract and collateral documents. The Registration and Contracts Unit is responsible for controlling completeness and overseeing storage of loan contracts and collateral documents. Documents are systematically stored in designated room for storage of contracts and collateral documents. Copies of contracts and collateral documents are also stored in the Company’s information technology system and the information is regularly back up on the Company’s redundant servers. There are regular audits and improvements of the information system to maintain system efficiency.

### **(3) Financial risks**

#### **(3.1) Risk of reliance on credit from financial institutions and obligations to comply with financial covenants as stipulated in the loan agreements**

The Company currently has 2 main sources of funds to support its loan services business which include loans from financial institutions and funds from the Company’s shareholders. The risk of being

reliance on any one financial institution is mitigated by procuring funding from 6 commercial banks in Thailand. The Company has good relationship with such financial institutions and the Finance Department is required to monitor the status of the business in maintaining financial ratios and regularly report to the relevant executives to ensure that the Company is able to comply with financial covenants under the existing loan agreements with financial institutions. In addition, after the initial public offering (IPO), the Company has additional sources of funds from offering of its ordinary shares. Part of the proceeds from the IPO is intended to be used as a source of funds for supporting operations and growth of the Company's business.

### **(3.2) Risk from difference in credit term and borrowing period (Mismatch fund)**

The Company's loan service business requires a high amount of capital. The Company's main sources of fund for loan services include short-term and long-term loans from financial institutions, shareholders' capital, proceeds from capital raising in the stock market, and cash flow from operations. The Company may not have sufficient liquidity to meet due dates of loans or other liabilities at all times. There are factors that may negatively affect efficiency of the Company's cash flow management, including changes in macroeconomic conditions, financial markets, and government policies relating to the Company's business operations, both directly and indirectly, efficiency in credit analysis, collection and monitoring of the Company's debts etc., which may cause the Company's loan services not being in accordance with the strategic plans or goals. The Company's cash flow from operations may not be sufficient to repay loans from financial institutions or there may be a period that does not correspond to the due date of loan, which negatively affects the Company's liquidity.

Inefficient capital and liquidity management may result in the Company not being able to procure funds to support the Company's business operations and business expansion plan at appropriate cost and conditions, or may not able to procure additional funds at all, which may have a negative impact on the Company's business, performance, financial positions, and business opportunities.

The Company's liquidity management policy includes: (1) preparation of monthly cash flow projections; (2) closely monitoring of debt collection and cash flow from operations; (3) procurement of funds from bank loans in accordance with the Company's lending plan; (4) procurement of funds at the level that is in line with the Company's loan growth so that the Company has sufficient funds to repay short-term and long-term loans under the loan agreements. In addition, reports on the Company's cash flow analysis shall be prepared on a regular basis. The Company is confident that it can manage sufficient cash level to support its business operations and repay loans from financial institutions. In the past, the Company has always had a good relationship with financial institutions and never faced any financial problem nor defaulted on loan repayment.

### **(3.3) Risk of interest rate fluctuations while the Company's interest income from loans with vehicle registration as collateral and personal loans is subject to the maximum interest rate as prescribed by the Bank of Thailand**

Finance cost is an important cost in the Company's business operations because the Company's main income is from interest on loans and the interest rate cannot be adjusted during the contract term.

In addition, the Bank of Thailand supervises personal loan with vehicle registration as collateral, personal loan without vehicle registration as collateral, and regulated retail loan for occupation. The Bank of Thailand also imposes a maximum interest rate of which the Company can charge its customers, while short-term and long-term loans from financial institutions, which is the Company's main source of funding, charge floating interest rates. The Company cannot guarantee that it can maintain the current loan interest rate or will be able to find funding at a better interest rate. The increase in borrowing rates may be caused by changes in the Bank of Thailand's interest rate policy, changes in credit policy of commercial banks or changes in the Company's risks etc.

In the event that the interest rate increases, the cost of borrowing will be higher. This causes a decrease in the nominal spread between interest income and interest expense. In addition, this may affect financial stability and ability to pay off loans by debtors who have other debt obligations with floating interest rates. This can result in higher default rates and lower average debt repayments, which may have a negative impact on the Company's business, performance, financial positions and business opportunities.

#### **(4) Compliance risks**

##### **(4.1) Risk of failure to comply with applicable laws, regulations, and announcements**

The Company operates: (1) hire purchase; (2) regulated personal loan with vehicle registration as collateral; (3) mortgage loan; (4) regulated personal loan without vehicle registration as collateral; (5) regulated retail loan for occupation; and (6) non-life and life insurance broker to retail customers under the service mark "Heng Leasing" through the Company's branches. The Company's business is subject to various applicable laws and regulations, which have different limitations, obligations, and criteria in respect of business activities. The Company's business operations are under the supervision of relevant agencies such as the Ministry of Finance, the Bank of Thailand, the Office of the Consumer Protection Board, the Anti-Money Laundering Office, the Office of Insurance Commission, the Department of Business Development, Ministry of Commerce, National Credit Bureau Co., Ltd., and the Department of Provincial Administration, Ministry of Interior, and other related agencies. Such agencies may impose penalties against the Company and its personnel if it is found that any business operations violates applicable laws, rules, regulations and requirements or is in a manner that may cause an offense against any obligation as prescribed by the laws, including public or non-public accusations, fine, proceeding, or in severe cases, there might be a suspension or revocation of the relevant business license or legal action may be taken against the Company.

The regulatory agencies under the relevant laws will continually revise and amend the regulations, particularly the Bank of Thailand. There will also be an inspection on the Company's operations which may result in an exercise of discretion whether the Company has fully complied with the applicable laws, announcements, standards or practices, and conditions under its licenses (collectively, the "Applicable Laws"). As a result, the Company may have to change its work procedures and/or policies to comply with the Applicable Laws and/or orders of the regulatory agencies. This may significantly affect the Company's operating performance and business operations.

The Company gives importance to and is aware of the aforementioned risk. Therefore, the Company has established a compliance unit with specialized knowledge to supervise, control and monitor the operations of various departments within the Company to be in accordance with the laws. The Compliance Unit is assigned to analyze impacts, plan and assess key risks associated with compliance with the Applicable Laws, including setting guidelines for control measures, recommendations and preventive measures to reduce the risk to an acceptable level and to continuously develop the organization's risk management system to be effective. The Compliance Unit also keeps track of amendments to laws, regulations and announcements relating to the Company's business operations. If necessary, the Company may hire an external legal advisor to provide legal advice and opinions so the Company is able to continue its business operations according to the laws on an ongoing basis.

**(4.2) Risks relating to compliance with personal data protection laws for which the Company's operating procedures shall be adjusted in accordance with such laws upon enactment**

The Personal Data Protection Act B.E. 2562 (2019) ("PDPA"), which is effective from 28 May 2019 onwards, provides that any information that makes an individual identifiable, whether directly or indirectly, shall be deemed as personal data. The right of owner of the personal data shall be protected, including certain other rights in relation to his/her personal data. From 1 June 2021 onwards, the Personal Data Controller (including the Company) will have a duty to comply with the process of collecting, using or disclosing personal information in accordance with the procedures and requirements prescribed under the PDPA. The relevant agencies under the PDPA will enact additional relevant regulations to ensure full compliance with the PDPA. Therefore, the Company will have additional obligations to comply with the PDPA in collecting, using or disclosing personal information. Since the Company's business operations require collection and processing of a large quantity of customer data in the normal business operations, which may cause an increase in resources and costs and the Company may have to significantly change its relevant operations and/or policies. In the event that the Company fails to comply with such existing and future laws, or the Company understands that it has complied with such laws, but in fact it has not fully complied, or the Company receives any complaint from customer who is the owner of personal data, the Company may have to indemnify the owner of personal data or be punished by the laws. In such case, the Company may require additional resources to handle the complaint, resulting additional costs. In addition, such event may significantly affect the Company's reputation and operating performance.

However, the Company realizes the importance of complying with the PDPA and has appointed the personal data protection working group and the Personal Data Protection Officer. The Company has sent the Personal Data Protection Officer and the relevant employees to attend trainings with various agencies. In addition, the Company has assigned the personal data protection working group to study the PDPA from various sources for a better understanding of such laws and to prepare for the Company's duties relating to the handling of personal information when the PDPA becomes effective. In this regard, the Company has established a personal data protection policy regarding compliance with the PDPA and the Board of Directors has considered and approved such policy. The Company's personal data protection policy will come into effect from 1 June 2021 onwards.

#### **(4.3) Risk of corruption**

In addition to economic, social and environmental risks, the Company takes into account a preventive measure for risk of corruption, which is important to every step of the Company's operations. The Company has conducted an assessment on risk of corruption to identify, assess, and prevent such potential risk and ensure that the risk is handled and managed promptly. The Company's executives from all departments have a duty to cooperate in providing information on risk of corruption that may occur in their departments. The Risk Management Department reviews expenses and related documents for disbursement to government agencies on a quarterly basis. Channels are available for reporting wrongdoings by internal and external stakeholders. Any clue or complaint can be directly reported to the Office of the Corporate Secretary via comment box, mail, telephone at 1361, email [whistleblower@hengleasing.co.th](mailto:whistleblower@hengleasing.co.th) or through the Company's website [www.hengleasing.com](http://www.hengleasing.com). A report on risk of corruption is also prepared to monitor such risk and the senior management and the Board Committee is reported in order to reduce opportunities for corruption and corruption can be detected in a timely manner.

The Company has been certified by the Thai Institute of Directors (IOD) to be a member of the Private Sector Collective Action Coalition Against Corruption (CAC). Such certification is valid for a period of 3 years, effective on 31 March 2021.

#### **(5) Risk from business environment**

**Risk of credit assistance measures to support customers affected by the Covid-19 outbreak announced by the Bank of Thailand that may affect the Company's cash inflow and the ability to repay debts**

With the spread of Covid-19 in the year 2020, the Bank of Thailand announced an extension on credit assistance measures to support borrowers. Therefore, the Company implemented measures to assist borrowers. In respect of hire purchase loans, the Company offered borrowers who joined the program to pay each installment in a decreased amount by 50% for a period of 6 – 12 months. In respect of regulated personal loans with vehicle registration as collateral and long-term loans, the Company offered borrowers who joined the program to each installment in a decreased amount by 30.0% for a period of 6 – 12 months. However, the aforementioned measures affect the Company's cash inflow and the Company cannot guarantee that, after the end of the assistance measures, borrowers will have the ability to repay their debts similar to before the Covid-19 pandemic. The borrowers' decreasing ability to repay debts may result in the Company's failure to collect debts as targeted and the Company may have to set additional allowance of expected credit loss. However, the Company has set management overlay to cover risks that may occur after the aforementioned measures have ended, including closely monitoring the status of borrowers participating in the assistance measures. According to the Company's policy, debt collection report is prepared every day at the end of the day and at the end of the month to manage efficiency of debt collection in a timely manner and reduce risk of non-performing loan (NPL).

## 2.2.2 Risk to investment by securities holders

The investment in the Company's shares can cause investment risks to shareholders because the return on investment may not meet shareholders' expectation and is subject to share prices, share liquidity, and investment conditions. In addition, return in the form of dividend is subject to the Company's operating results from time to time. Therefore, shareholders may receive more or less return on investment than expected. The Company has identified key risks and risk management. However, the Company has other risks that may occur in addition to the risks identified. Shareholders should study the risks and use their careful discretion when making investment decisions by accepting that the Company may not be able to prevent all risks. Other factors such as local and international economic conditions, political situation, capital inflows and outflows, change in government's policy, and other unknown events may affect the Company's operating results and dividend payments. The Company's risk factors can be summarized as set out below.

### (1) Risk of having a group of major shareholders influencing management policy

After the initial public offering, the four groups of shareholders consisting of Thaweeheng Group, Pattanasin Group, Mit Eua Aree Group, and Sinpranee Group will hold shares in the Company in the approximated proportion of 50.5%, 11.1%, 9.8% and 7.6% of the paid-up capital after the initial public offering respectively. Certain shareholders from the groups of shareholders hold the position of the Company's director and/or member of the sub-committee and/or executive. The proportion of shareholding and/or the position in the Company as director and/or member of the sub-committee and/or executive may result in influence over the Company's management or control over almost all of the votings at the shareholders' meeting, whether such matters is an appointment of director or matters requiring a majority votes of the shareholders, except for matters requiring the votes of not less than three-fourths of the total votes by the laws or Company's Articles of Association. Therefore, other shareholders may not be able to gather sufficient votes for check and balance at the shareholders' meeting.

However, minority shareholders may exercise their voting rights to oppose matters such as offering of newly issued shares or warrants to a specific person at an offering price below 90% of the market price or delisting of securities from the stock exchange etc.

In addition, the Company's management structure has clearly defined the scope of duties and responsibilities of the various committees and has established the Audit Committee, consisting of 3 independent directors to be a mechanism for reviewing the Board of Directors' performance, including appointing an independent director as the Chairman of the Board of Directors. Measures for connected transactions with director, major shareholder, controller, and those with potential conflicts of interest have been determined. Any person with conflict of interest shall not have the right to approve or vote on such transaction to equally and fairly treat shareholders and persons with conflict of interest.

### (2) Risk of volatility of the Company's ordinary shares, liquidity and trading volume

Post-IPO price of the Company's ordinary shares, liquidity and trading volume may fluctuate depending on a number of factors, which is beyond the Company's control such as:



- Economic conditions, capital markets, and local and international politics
- Changes to conditions which affect the industry, general economic conditions or stock market or other events or factors
- Natural disaster including earthquake, tsunami, fire, flood, drought, epidemic or other similar events
- Volatility of exchange rates and changes in currency exchange policy enforced by the Bank of Thailand
- Interest rate volatility
- Changes in relevant laws and regulations
- Changes in taxation
- Issuance of, or change in, the Company's estimated performance and recommendations to buy or sell the Company's ordinary shares by analysts
- Difference between the actual financial and operating results and the financial and operating results expected by investors and analysts
- Changes in valuation and share prices of listed companies that operate a business similar to the Company
- Announcement of information of other companies that are in the same industry as the Company
- Sale or selling of a substantial number of shares by the existing shareholders
- Volatility of stock prices in the stock market
- Litigation and investigations by government agencies
- Other risks that may affect the Company's financial positions and operating performance

The above factors and other factors may result in the market price, demand for purchase of the Company's ordinary shares being significantly volatile, which may limit or prevent investors from selling the Company's ordinary shares at a reasonable price and may have a negative impact on the liquidity of the Company's ordinary shares.

(3) Risk of the Company or its major shareholder selling the ordinary shares after this initial public offering and such sale may have a negative impact on the market price of the Company's shares

According to the regulations of the Stock Exchange of Thailand Re: Listing of Ordinary Shares or Preferred Shares as Listed Securities B.E. 2558 (2015) (as amended), the Company's shares in the aggregate amount of 55% of its paid-up capital after the completion of the initial public offering, including shares held by the Company's executives and shareholders holding more than 5% of the paid-up capital or shares held by other former shareholders, if the aggregate amount of shares held by the Company's executives and shareholders holding more than 5% of the paid-up capital is less than 55% of the paid-up capital, sale of such shares shall be prohibited for a period of 1 year from the date on which the Company's shares are first traded on the Stock Exchange of Thailand. However, upon completion of 6-month period from the date on which the Company's shares are first traded on the Stock Exchange of Thailand, such shareholders may their shares that are subject to the



prohibition of sale in the amount of not exceeding 25% of all shares that are subject to the prohibition of sale. The shareholders shall be able to sell the remaining shares that are subject to the prohibition of sale of 75% upon completion of 1-year period from the date on which the Company's shares are first traded on the Stock Exchange of Thailand.

After the prohibition period for selling of such shares is over, investors might be affected from the potential decrease in the market price of shares due to sale of shares that were previously subject to the prohibition of sale. Sale of significant number of shares or expectation that a significant number of shares will be sold after the initial public offering (if any) may have a negative impact on the market price of the Company's shares. The Company cannot predict the impact on the market price of the Company's shares from the sale of shares or the anticipated sale of shares at any point in time in the future.

**(4) Ability of the Company to pay dividends in the future depending on profits, financial positions, cash flow, working capital requirements, and future capital expenditures**

The ability to pay dividends on the Company's shares is subject to its future operating performance. The operating performance depends on the success of implementing the strategic plan, financial factors, competition, factors relating to supervision by the relevant agencies, general economic conditions, and other specific factors related to the Company's industry. These factors are beyond the Company's control and past dividends are not a guarantee of future dividends. In addition, the Board of Directors may have a suggestion to decrease or refrain from paying dividends for a particular period as it deems appropriate or the Company may not be able to make profits in the future or the Board of Directors may not approve the dividend payment even if the Company is profitable.

According to the Public Limited Companies Act B.E. 2535 (1982) (as amended), if the Company still has accumulated losses, the Company may not pay dividend even though the Company generates net profit in such financial year. If the Company generates net profit in any year, the Company has a duty under the Public Limited Companies Act and its Articles of Association to allocate part of the annual net profit as reserve of not less than 5.0% of the annual net profit less the accumulated losses brought forward until such reserve is not less than 10.0% of the Company's registered capital. If the Company is unable to generate sufficient profit or if it considers appropriate, the Company may not pay dividends in the future.

**(5) Possible restrictions on the exercise of rights to purchase the Company's newly issued ordinary shares in the future for shareholders with a residence outside of Thailand**

Although public limited company is not required to offer the first right to purchase newly issued ordinary shares to the existing shareholders when issuing new ordinary shares, public limited company may issue instruments, including newly issued ordinary shares and other types of instruments such as warrants, transferable subscription rights (TSR) or convertible debentures from time to time by allocating to the existing shareholders in proportion to their shareholding. In the event that the Company offers or grants the right to ordinary shareholders to purchase newly issued ordinary shares

or any other rights, the Company has the right to exercise its discretion in offering such instrument and may not offer such instrument to ordinary shareholders who reside outside of Thailand. Subject to the applicable laws, the Company may be prohibited from offering instruments to shareholders in certain countries, unless relevant procedures have been undertaken. For instance, the Company may not offer such rights to ordinary shareholders who are U.S. Persons according to regulations under the United States Securities Act of 1933 (as amended) unless: (a) there is a securities offering registration form according to the United States Securities Act; or (b) it is an offer for sale of the right to shareholders which falls under exceptions according to the United States Securities Act. Compliance with securities laws or other regulatory requirements in certain countries may prevent investors from exercising their rights to subscribe instrument in proportion to their shareholding and may reduce the shareholding of such investors. The Company is not obliged to apply for registration of its ordinary shares in any country in order for foreign investors to exercise their rights to subscribe the newly issued ordinary shares in proportion to their existing shareholding in the future.



### 3. Sustainability Development



#### About this report

Heng Leasing and Capital Public Company Limited developed this report as the first report of sustainable development to transparently expose the company's aim and motivation about the significant information and sustainable development performance to all stakeholders. Accordingly, this report covered the operations and development pertaining to ESG: environment, social and corporate governance, happening during the period from 1 January to 31 December 2021.



Framework of the development

The company has exposed the information in the form of One Report according to the sustainability assessment of the Stock Exchange of Thailand, which includes 19 topics in the assessment. In addition, the report was developed according to the Global Reporting Initiative G4: GRI. It includes the significant indicators of sustainability, indexed in the end section of the report to facilitate information accessibility. Besides, the company has aimed to achieve the United Nation’s Sustainable Development Goals: SDG. Therefore, the strategies for growth and development plan have been set to the direction and vision for those goals, which shall be described in details in this report.

Scope of the report

According to the consideration of business involvement, information readiness, and performance of main operation of the company for this year and 3-year projection, this report was framed to mainly cover commercial business as well as the company’s subsidiaries and secondary businesses in the company’s group.

The “56-1 One Report of Year 2021” is downloadable via <https://investor.hengleasing.com/th/home>

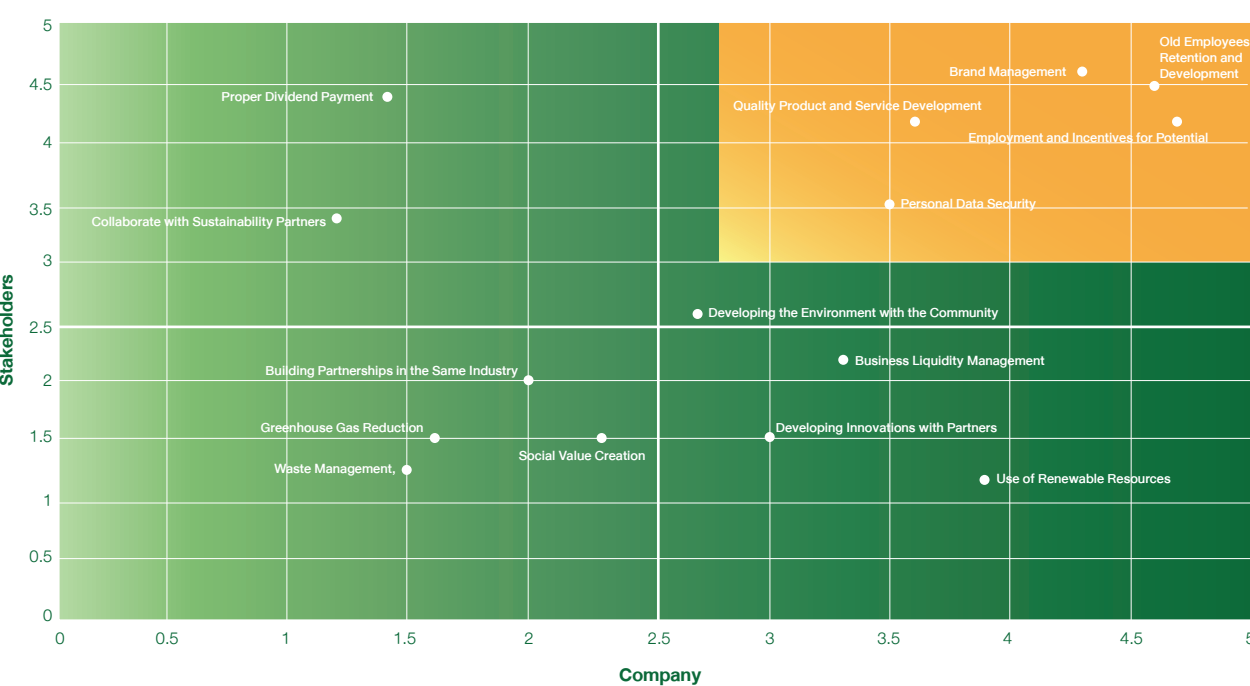
For more information, the person in charge for the report is reachable at

Miss Natthanan Kittiphonsombun “Corporate Secretary Office” Heng Leasing and Capital Public Company Limited 69 Moo 7, San Sai Noi Sub-district, San Sai District, Chiangmai Province 50210 Tel. 02-1539582 ext. 8010 , 8021 , 8022 E-mail: CS\_Heng@hengleasing.co.th

Assessment of significant aspects and identification of sustainability

The sustainability issue significantly impacted in both positive and negative ways on the process of decision-making, operation, performance of the company, as well as the stakeholders in short medium and long terms. This result covered issues of environment, social and governance.

Assessment of significant aspects



The Company has prioritized the top 3 sustainability issues as follows:

#### 1. Retention and development of existing employees

The company has always realized that the employees are an important mechanism in driving the organization to the goals as planned. Therefore, the company would support the employee's growth and development in their royal mindsets and affiliation with the company. The company shall provide knowledge enhancement for the employees to grow develop expertise in their career paths.

#### 2. Brand management

Since the company has officially registered in the Stock Exchange of Thailand for the first year, the company aimed to grow in the domestic market and would emphasize on branding. We continued brand development which included building customers and brand relationship with corresponding concerns; brand awareness, brand preference, brand loyalty and brand advocacy. This was to put the brand into trust-worthy, reliable and memoizable brand to the perception of the customers.

#### 3. Customer security

The company strictly attaches great importance to legal compliance, particularly the personal data and protection laws, which shall be fully enforced in midyear of 2022. As recently, the company has studied and prepared personal data protection and improved information technology as well as provided the training for the employees to fully comprehend this issue. With high determination, the company would follow the guidelines required by law and in accordance with international standards.

### 3.1 Sustainability Management Policies and Goals

#### Sustainable management policy

The company has a policy to operate business in accordance with sustainable development guidelines as of UN Sustainable Development Goals 2030 (SDG 2030) by creating a balance of economy, society, environment, and cooperate governance, as part of business strategies for short-term and long-term goals for stability and suitability. The corresponding actions showed through the realization of responsibility and the creation of values with all stakeholders as formed by this guideline.

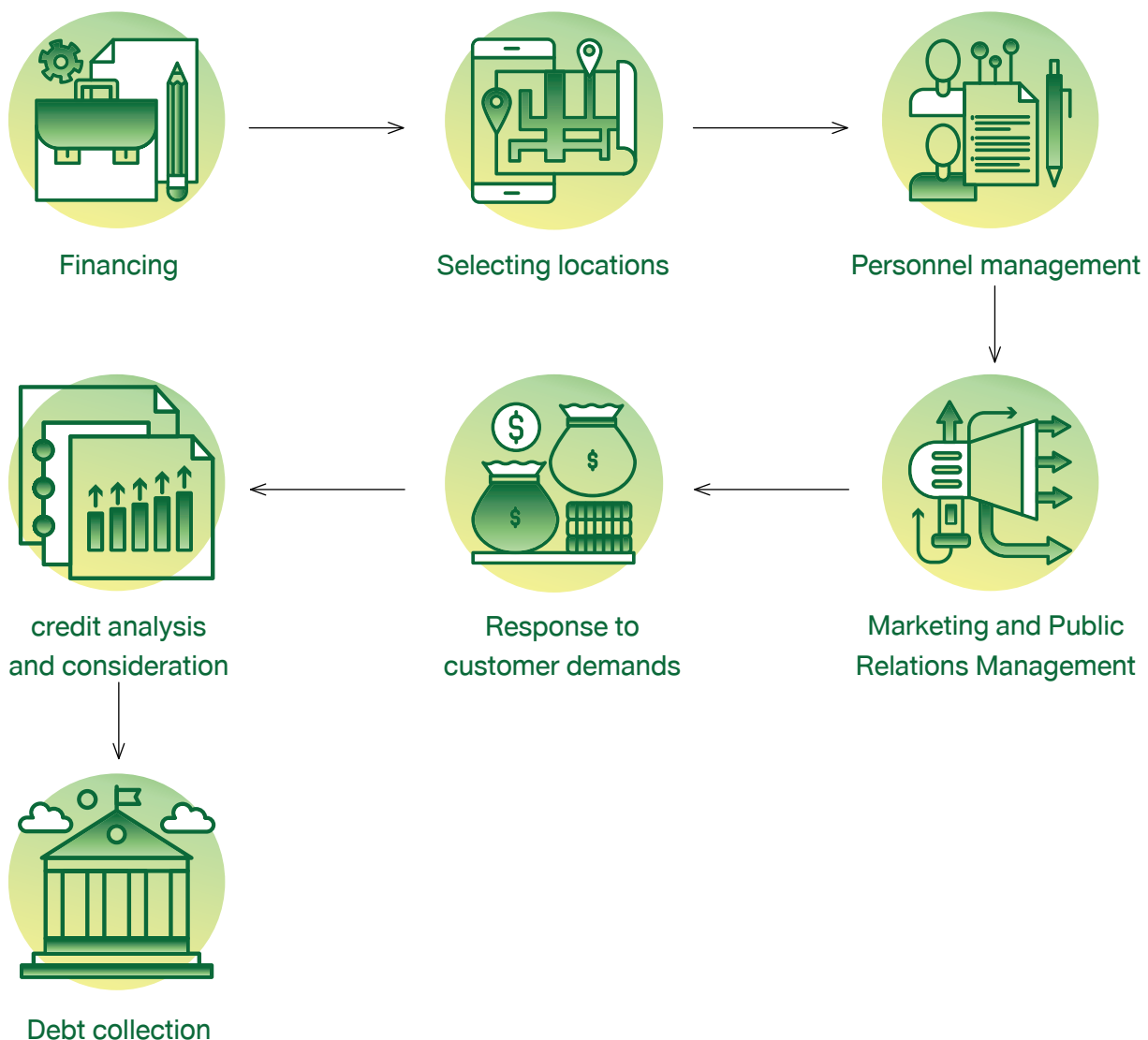
1. Taking into account the balance of the economy, society, environment, and cooperate governance, which includes all stakeholders involving in the growth of business sustainability.
2. Creating the awareness of the sustainable management policy as well as supporting all actions applied towards sustainability in order to reduce the impact to the operations along the value chain.
3. Continuously promoting the development of innovation and technology in the operation in order to achieve the benefits to sustainable society and environment.
4. Disclosure of policies, management guidelines, and operation with transparency as well as being a good model for behavioral change towards the sustainability culture of the business.

5. Adhering to human rights by creating equality and equality to inside and outside of the organization, as well as being respectful to all stakeholders with fairness following the fundamentals of human dignity, no racism, no discrimination based on ethnicity, genders, language or religious belief.

## 3.2 Management of Effects Towards Stakeholders in the Business Value Chain

### 3.2.1 Business value chain

In the business value chain management process, the company paid high attention in every process, obtain the effective management of the business value chain. Regarding this matter, the company has arranged the process of seeking suitable funding sources, selecting the corresponding personnel and location of the establishment, training for employees, public relation for customer accessibility to our services based on their demands. When a customer would like to apply for a company loan, the company undertook the credit analysis and loan consideration according to personal data, which were securely kept based on security standards. Also, for the following up process of debt repayment, the company would proceed with legal standards and fairness for the customers.



**Primary Activities** are the 6 core activities in the business value chain which are involved continuously based on context of the business—the details are shown below in the table.

Activities in the business value chain	Identification of related activities	Identification of stakeholders
1. Financing	<ul style="list-style-type: none"> <li>Provision of funds from financial institutes or other source of funding with reasonable costs</li> <li>Profits from business operation</li> </ul>	<ul style="list-style-type: none"> <li>Creditors</li> <li>Shareholders</li> <li>Customers</li> </ul>
2. Selecting locations	<ul style="list-style-type: none"> <li>Consideration of proper locations which also suit the business operation</li> <li>Consideration of expenses, which had to be in accordance with market prices</li> </ul>	<ul style="list-style-type: none"> <li>Partner/lessor</li> <li>Employees who were in charge of location finding</li> </ul>
3. Personnel management	<ul style="list-style-type: none"> <li>Supplying local employees</li> <li>Employee training</li> <li>Consideration of employees' per diem payment and benefit</li> </ul>	<ul style="list-style-type: none"> <li>Employees</li> <li>Partners/Recruiters</li> </ul>
4. Marketing and Public Relations Management and Response to customer demands	<ul style="list-style-type: none"> <li>Consideration of marketing and PR strategies targeting what customers need</li> <li>Marketing communication</li> <li>Development of products and innovation</li> <li>Evaluating customers' satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Communities</li> <li>Employees</li> <li>Shareholders</li> </ul>
5. credit analysis and consideration	<ul style="list-style-type: none"> <li>Setting credit/loans criteria</li> <li>Credit analysis</li> <li>Assessing credit risks</li> </ul>	<ul style="list-style-type: none"> <li>Customers</li> <li>Employees</li> <li>Governmental agency</li> </ul>
6. Debt collection	<ul style="list-style-type: none"> <li>Acceptance of credit service payment</li> <li>Debt collection</li> </ul>	<ul style="list-style-type: none"> <li>Governmental agency</li> <li>Employees</li> <li>Partners</li> <li>Customers</li> </ul>

### 3.2.2 Value Chain and Stakeholder Analysis

The company valued the rights of all stakeholders, including internal stakeholders, such as shareholder and employees, and external stakeholders, such as partners and customers. The company realized that all support and stakeholders 'opinions could benefit the business operation as well as the development of the company. Therefore, the company shall comply with applicable laws and regulations, including the policies about the stakeholders with concerns about their rights and legal commitments in accordance with the agreement with the company. We shall not violate the rights of

all stakeholders and always have concerns toward the rights of them, as stated in the summarized table below.

Stakeholders	Channel of participation	Expectation of stakeholders	Response towards the expectation of stakeholders
Employees	<ul style="list-style-type: none"> <li>• All levels of employee meeting</li> <li>• Reporting information, clues and complaints</li> <li>• Survey of employees' satisfaction</li> <li>• Establishment of committees as stated by laws</li> </ul>	<ul style="list-style-type: none"> <li>• Stability and advancement in career paths</li> <li>• Reasonable compensation and fair to work/tasks</li> <li>• Obtaining adequate and appropriate welfare</li> <li>• Communicating needs, opinions and complaints</li> <li>• Development of knowledge and skills</li> </ul>	<ul style="list-style-type: none"> <li>• Selecting local employees to generate income for the people in the areas</li> <li>• Training for knowledge development</li> <li>• Internal activities of the company</li> <li>• Arrangement of the activities so that the employees could engage in social giving and environment caring</li> <li>• Development of innovation to enhance effectiveness of working</li> </ul>
Shareholders	<ul style="list-style-type: none"> <li>• Shareholders meeting</li> <li>• Analysts meeting</li> <li>• Disclosure of information</li> <li>• Contacting Investor Relations</li> <li>• Reporting information, clues and complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting business with transparency and efficiency</li> <li>• Stable business, continuous growth, good returns</li> <li>• Equitable treatment of all shareholders</li> <li>• Recognizing information correctly complete and up-to-date</li> </ul>	<ul style="list-style-type: none"> <li>• Organizing the management structure under good corporate governance</li> <li>• Conduct business with prudence for sustainable growth</li> <li>• concrete risk management and anti-corruption in all cases</li> <li>• proper dividend payment</li> </ul>
Customers	<ul style="list-style-type: none"> <li>• Providing credit loan services through branches or loan services via online channels</li> <li>• Reporting information, clues and complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Receiving suggestion and services reasonably and in-time</li> <li>• Keeping information of the customers confidentially and properly</li> <li>• Solving problems, healing and listening to suggestions with willingness, fairness and promptness</li> </ul>	<ul style="list-style-type: none"> <li>• Development of products and services including benefits to meet the customers' needs</li> <li>• Properly providing services with willingness according to customers' needs</li> <li>• Listening to customers' complaints of channels</li> <li>• Providing customers to assess the services of the company</li> </ul>



Stakeholders	Channel of participation	Expectation of stakeholders	Response towards the expectation of stakeholders
Customers (continue)	<ul style="list-style-type: none"> <li>Survey of satisfaction in services or products</li> </ul>	<ul style="list-style-type: none"> <li>Developing quality in sale and service presentation of the sale representatives to be in accordance with market conduct</li> </ul>	<ul style="list-style-type: none"> <li>Supporting the anti-corruption policies continuously</li> <li>Development of Legal retention of customer information</li> </ul>
Partners	<ul style="list-style-type: none"> <li>Offering sale services</li> <li>Conducting agreement</li> <li>Reporting information, clues and complaints</li> </ul>	<ul style="list-style-type: none"> <li>Transparent and verifiable procurement</li> <li>Fair contract/agreement</li> <li>Developing partners to achieve sustainable growth with the company</li> </ul>	<ul style="list-style-type: none"> <li>Process of partner selection and partner performance evaluation</li> <li>Setting clear and transparent criteria with non-discriminatory</li> <li>Supporting the anti-corruption policies continuously</li> <li>Building good relationship with partners</li> </ul>
Creditors	<ul style="list-style-type: none"> <li>Agreeing in contracts</li> <li>Meeting with the creditors</li> <li>Reporting information, clues and complaints</li> </ul>	<ul style="list-style-type: none"> <li>Conducting as stated in the contracts</li> </ul>	<ul style="list-style-type: none"> <li>Fair and transparent treatment towards the creditors in accordance with rules and signed contracts</li> <li>Management of financial liquidity</li> </ul>
Business rivals	<ul style="list-style-type: none"> <li>Reporting information, clues and complaints</li> <li>Attending meetings of related associations of business operation</li> </ul>	<ul style="list-style-type: none"> <li>Business operations with fair and transparent competition</li> </ul>	<ul style="list-style-type: none"> <li>Operating in accordance with the Company's Code of Conduct</li> <li>Establishing business partnership for development with others business in the same industries</li> </ul>
Society, Community and Environment	<ul style="list-style-type: none"> <li>Arranging activities for community, society and environment</li> <li>Reporting information, clues and complaints</li> </ul>	<ul style="list-style-type: none"> <li>Collaboration in community and social development</li> <li>Supporting community's activities</li> <li>Operating business with cares toward society community and environment</li> </ul>	<ul style="list-style-type: none"> <li>Arranging activities for community, society and environment</li> <li>Collaborating in activities which shall reduce or controls impact to the environment</li> <li>Promoting the accessibility of financial services</li> </ul>

Stakeholders	Channel of participation	Expectation of stakeholders	Response towards the expectation of stakeholders
Public sector	<ul style="list-style-type: none"> <li>• Arranging meeting to hear policies and practical guideline for good corporate governance</li> <li>• Receiving check with government agencies</li> <li>• Reporting information, clues and complaints</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting work following the rules and related laws</li> <li>• Operating the business with responsibility</li> </ul>	<ul style="list-style-type: none"> <li>• Conducting work following the rules and related laws</li> </ul>

### 3.3 Sustainability Management in Environmental Dimension

#### 3.3.1 Environmental policies and practices

##### Environmental management

The company has paid attention in environmental cares by operating the business under laws and rules related to environmental cares strictly and determinedly. Besides, the company also concerned about the energy usage and natural resources being used wisely. As for employees, we would supported them to gain conscience and participation in environmental concerns. We would set the short-term goal as natural resources being used wisely and effectively, whereas the long-term goal as renewable energy being used in replacement to reduce greenhouse gas and impact to the environment.

##### Environmental practices

- Create the awareness of using natural resources wisely and effectively, maintaining the environment, and not to harm or destroy society and environment
- Operate the business with environmental concerns and follow the rules and laws about the environment strictly
- Promote the use of environmental-friendly products to reduce impact to natural resources
- Support and collaborate with other agencies who work on environmental conservation and effective use of natural resources

Therefore in 2021, the company has arranged the training to the employees about the Green Label Thailand. This training was facilitated by the Thai Environmental Institute. We aimed to promote the use of environmental-friendly products to reduce impact to the natural resources and to use them wisely and effectively.

### 3.3.2 Results of environmental performance

In 2021, the company has undertaken 5 projects; 1 main project of implementation and 4 supporting projects as follows.

No.	Project	Fireproof length (meters)	Heng's employees as volunteers	No.	Project	Fireproof length (meters)	Heng's employees as volunteers
1.	Project implementation of 1 <sup>st</sup> Heng Leasing's volunteering to prevent and to solve smog and wildfire problems	10,000 meters	38 people	6 hours	228 hours	12 communities	550 people
2.	Supporting in the project that prevent and prevent smog and wildfire problem and PM 2.5 dust in San Sai District, Chiang Mai	1,000 meters	4 people	3 hours	12 hours	22 communities	546 people
3.	Supporting drinking water and participating in the fireproof establishment project in the National Park Doi Suthep-Pui	2,000 meters	5 people	4 hours	20 hours	3 communities	95 people
4.	Supporting the fireproof establishment and forest fire surveillance project in San Lom Joy Village	1,000 meters	4 people	3 hours	12 hours	5 communities	196 people

No.	Project	Fireproof length (meters)	Heng's employees as volunteers	No.	Project	Fireproof length (meters)	Heng's employees as volunteers
5.	Supporting the fireproof establishment to reduce smog problem in Mae Hea District, Chiang Mai	2,000 meters	5 people	3 hours	15 hours	7 communities	195 people
Total		16,000 meters	56 people	19 hours	287 hours	49 communities	1,582 people





The implementation of 1st Heng Leasing's volunteering to prevent and to solve smog and wildfire problems for the community



“

The company has been aware of the critical wildfire occurrence which happens annually during summer time in December to April. This occurrence destroyed forest area swiftly and caused the air pollution. The company therefore initiated the project called “Heng Leasing’s Volunteering to Prevent and to Solve Smog and Wildfire Problems for the Community”. This project supported the activities related to wildfire and smog problems by supplying resources to prevent the spread of the fire and proving volunteering group called “Heng ASA” to help the community. They prepared the prevention and promoted the reduction of open-air firing. They collaborated with the community to regain good environment and ecosystem to the forest. And consequently, this would result to better quality of life for people in the community.

”

## Target group

People in the community, particularly the ones who reside near the occurrence of wildfire. This project was firstly implemented in Doi Suthep-Pui, Chiang Mai, in the National Park, which is considered to be most important forest area of Northern part of Thailand. The area still retained the abundance of plants and wildlife, covering 3 districts in Chiang Mai, which are Muang, San Sai, and Sa Mueng Districts.

## Objectives

To follow the environmental policies and practices in environmental cares and conservation as well as to promote community development for social benefits, to create the awareness for the employees, to educate the employees about wildfire problem, smog problem, and how to prevent them.

## Project period

February 2021 (This was the first time running the project. However, the project shall be continued with supports to help prevent wildfire and smog problem in the next year).

## Project implementation

1. Posting the PR in the head quarter to recruit volunteers to help build fireproof which could prevent spread of wildfire and air pollution
2. Preparing the materials and equipment necessary for fireproof building, such as lawn mower, air blower, sprayer, rake and broom

These materials and equipment were given to support the community and volunteers to help build fireproof. After the fireproof building in Mong Village in Doi Pui, the company gave all the materials and equipment to other 12 communities through the Lom Hai Jai of Chiang Mai Association.

3. Participating in the project of fireproof and wildfire surveillance of 2021 during 5-7 February 2021  
In the support to the project, the company's employees volunteered to build fireproof on 5 February 2021 in Mong Village, Suthep, Muang District, Chiang Mai.
4. Supporting other fireproof building and wildfire extinguishing projects in other areas in Chiang Mai during January to March 2021

## Project summary

1. The company supported the materials and equipment for fireproof building, such as lawn mower, air blower, sprayer, rake and broom, as value of approx. 100,000 Baht for 12 communities.
2. The company sent the volunteers to help building fireproof of length 10,000 meters at Mong Village, Doi Pui.

## Efficient use of energy and resources

As in current situation with climate change and global warming, we realized that this could affect human being and overall ecosystem around the world. The international problem has been the interest of several sectors, including agencies, both from public and private sectors. Therefore, the company supported and promoted consciousness and awareness towards the use of energy and resources. This was considered to be the mission that all departments had to collaborate to conserve and use them effectively.

## Practices

1. Strictly follow the guideline, laws, and regulation related to the use of energy and resources.
2. Develop consciousness in effectively and economically using the resources
3. Consider and review the environmental policies regularly
4. Support the use of technology which helps conserve energy and resources in the business operation
5. Support the activities for the employees to gain their responsibilities for the environment

The company developed an environmental project which marked as the starting point for using energy and resource wisely and effectively. Moreover, the company has developed consciousness of all employees, which facilitated them to be bound to action with worth use of natural resources.

## Project “Goal Paperless”

The company saw the critical issue in reducing use of paper. Therefore, we had the software which helps recording documents and reducing the use of paper. This software facilitated the meeting invitation, documentation, as well as the information recorded about the company's board. We have used this software send the related documents to the board instead of using paper. Moreover, everything

shall be recorded electronically. This was also helpful in document editing and adjusting. Moreover, the security control of document accessibility was limited to the company’s board and some other people with permission. In the future, the company has planned to adapt this project to other subsidiaries.

In 2021, the company set a target to reduce the use of paper for meetings of the Board of Directors and sub-committees by reducing it to 50,000 sheets or equivalent to 7,900 baht from the normal amount of paper usage of around 94,750 sheets or equivalent money 14,970.5 baht. By the end of 2021, the paper usage was be reduced by up to 83,000 sheets by using only 11,750 sheets of paper or equivalent to 1,856.5 baht, making this project a success of 166% from the target set. and accounted for savings of up to 13,114 baht from normal usage

Heng Collaboration for Energy Conservation

Target group

all departments in the head quarder

Objectives

- 1. To promote the economically use of electricity to support the awareness of global warming
- 2. To create the culture of use with awareness of electricity

Project period

Year 2020 – 2021 and extendable

Project implementation

We communicated to all employees in the headquarter to turn off the light and electrical appliances which were not necessary to use during the lunch break. Also, the company installed the solar cell which could generate 40 kilowatts solar energy to be used in replacement of electrical energy.



Goals

To reduce electricity bill 10% in the headquarter



## Project summary

For the year 2020										
Type	Actual usage quantity (Units)	Average cost (Baht/unit)	Actual amount used (Baht)	Electricity output from solar + measure to turn off air conditioning during 12.00pm – 1.00pm during Monday-Saturday (Units)	Average cost (Baht/unit)	Amount from electricity production + measure (Baht)	Actual quantity of electricity charged (Units)	Average cost (Baht/unit)	Actual payment to PEA (Baht)	% Decrease
Electricity bill	352,379.98	4,464,433.31	1,573,176.92	50,969.13	4,464,433.31	227,548.28	301,410.85	4,464,433.31	1,345,628.64	14.46

For the year 2021										
Type	Actual usage quantity (Units)	Average cost (Baht/unit)	Actual amount used (Baht)	Electricity output from solar + measure to turn off air conditioning during 12.00pm – 1.00pm during Monday-Saturday (Units)	Average cost (Baht/unit)	Amount from electricity production + measure (Baht)	Actual quantity of electricity charged (Units)	Average cost (Baht/unit)	Actual payment to PEA (Baht)	% Decrease
Electricity bill	373,452.41	4,332,708.48	1,618,060.42	47,100.28	4,332,708.47	204,071.78	326,352.13	4,332,708.47	1,413,988.64	12.61



## Payoff

The company realized the critical issue in using electricity more effectively. Therefore, we supported the use of solar energy to reduce carbon dioxide gas which later on was the cause of green house effect. The headquarter installed the solar cell system and continued using it since 2020. In 2020 and 2021, we successfully reduced the cost of electricity bill for 50,969.13 baht and 47,100.20 baht respectively.

## 3.4 Sustainability Management in Social Dimension

The company realized the critical issues about responsibility to community and society. We supported the growth of people in the community as the way to sincerely payback to the society. Therefore, we had developed policies to help others in the society, including activities of local community engagement and development. We also responded to other events which might have social or environmental impacts. As for the executives and employees, we supported all actions which expressed their cares and responsibility to society and environment.

### 3.4.1 Environmental Management Policy

- operate the business legally and neither participate nor support both directly or indirectly with illegal firms or persons who violated the laws.
- coordinate in information giving for any disclosable information in order to prevent economic damage which may occur.
- allocate the budget to continuously support society at good cause.
- promote and cultivate mindsets to all executives and employees to be aware of responsibility towards environment, society and community.
- promote the development of quality of life of people residing around the company

### 3.4.2 Results of social performance

#### 1. 1<sup>st</sup> Project Heng ASA Sending Warmth with Financial Literacy Training



“The company has social policies related to sharing, giving back, and showing responsibility to the society. Therefore, we initiated the 1st project Heng ASA Sending Warmth with Financial Knowledge Training to give the warm 500 blankets to the society and also to engage in the community and provide them fundamental financial knowledge for them to have basic literacy to solve personal or within community debt problem.”

#### Target group

Secondary students and other interested people in the area. We targeted the project at Kanlaya Niwatana District. Due to this new district established in 2009, there are only about 12,000 people with different ethnic groups living in the area, surrounded by mountains and having cold weather throughout the year. Nonetheless, this area still wanted the support for people in many ways, including knowledge and skills. We arranged the training so that

they could have skills to survive and solve the financial problems they might experience in the future.

#### Objectives

To provide knowledge in financial literacy to the community, to alleviate people's suffering from coldness, to distribute winter gear and blankets donated by other northern Thais, which reflected to the culture of giving kindness and sharing to one another.

#### Project period

In December 2021 (The first initiation has been established this year, but next year we shall continue in the financial literacy training)

#### Project implementation

1. Posting PR news to recruit the volunteering people to join Heng ASA
2. Opening donation at the headquarter and 32 branches
3. Arranging training session for financial literacy and aware of proper financial planning
4. Donating 500 blankets and other winter gear

## Project summary

1. There were 272 people who joined the training session, including both students and other people who were interested in the topic.
  2. We successfully gave 500 blankets and other necessary winter gears to the community.
- 
2. Collaborating with partners in business development

### Project Collaboration HENG x WONGNAI

This initiated project for business collaboration between our Heng Leasing and Capital Public Company Limited and Wongnai Media Co. Ltd. happened with the objectives to uplift the restaurant business owners and entrepreneurs to be able to systematically operate their business and be strong competitors in the market. This project began in Northern part; Chiang Mai, Chiang Rai and Lumpun provinces. If the implementation in testing phase is successful as planned, the company would extend the target to 420,000 restaurants from Wongnai.



## 3. Employees

The company has policy to promote loyalty and affiliation with the company by encourage them to learn and adopt the value of self-development and enthusiastic attitude. We set the organizational value to be H-E-N-G; where N stands for New Idea and G stands for Growth. This intention aimed to promote the attitude of dare to think and dare to do, to create new things for themselves, for colleagues, and for beloved customers more effectively. This would eventually help the company grow and extend with higher profits every year sustainably.

### 3.1 Training and orientation

The company had the annual training plan corresponding to continuous human resource and business development of each department of the company. The internal and external training was done to facilitate the employees to be able to work smoothly according to their roles and positions. We also supported them to grow in their career paths and cultivated work attitudes, good behaviors in accordance with the company's values.

As for new employees, the company focused on knowledge and skills transferring. We had curriculum that follows company's compliance and preparation of on-boarding phase for the new employees.

- **Anti-Corruption Organization**

We emphasized on mindset of anti-corruption in any cases. The guideline of the company was to provide channels and how to report cases, to whistleblow, and to help prevent such cases happening in the company.

- **Corporate Governance with Fair Market Conduct**

We emphasized on service minds of employees at the branches or employees who had to deal with customers to treat the customers with fairness following the thinking framework “No lies, No force, No disturbance, and No bothering”. This shall be set as the good culture for good services provided to the customers.

- **Personal Data Protection Act (PDPA)**

The company emphasized on the employees’ realization about PDPA (Personal Data Protection Act). This included the definition of citizen right, impact information, legal punishment, as well as guideline for the employees to comply with the company’s policy and operational framework.

For the new employees in the branch operation group, the fundamental learning included topics as service mind, market strategy, and credit/load services. We also had operational manual for service cases; loan service, debt collection, and administrative and financial documents for branches. In addition, we also had re-skill and refresh knowledge curriculum to reduce the chance of making mistakes during work. For example, guideline for consent request, techniques in checking KYC, protocol to check loan approval request, car checking, registration process, negotiation for debt collection, life insurance broker exam, verified broker examination and extension, safety in workplace, etc.

In 2021, the company has set a target to organize training for 933 new employees, with a total of 933 participants, representing 100% of new employees attended the orientation as we have set goal. Due to the pandemic of Covid-19, the company arranged training in forms of on-site and online conference, as well as e-learning, to ensure that the employees could access to training to fulfill knowledge and boost their potentials. There were 910 employees out of 1,774 employees or 51.27% who passed the training of 49 internal curriculums and 25 external curriculums (record from December 2021). The average time spent on training was 25 hours per employee per year.

### 3.2 Employees’ satisfaction

The company surveyed the employees’ satisfaction for 2021 with goal to achieve 70% of the employees. However, after the survey, the result turned out to be 88.86% responding employees, which is 18.86% more than expectation. The top 3 satisfaction topics were as shown below.

1. the performance of duties of a supervisor
- 2) Other opinions towards the company
- 3) Job satisfaction

By employees participating in a satisfaction survey. The Company targeted the number of employees taking the satisfaction survey to be 100%. The total number of employees participating in the satisfaction survey was at 82%, which was less than the target by 18%. The Company will continue to find ways to develop employee satisfaction to become a happy workplace for employees.

In the year 2021, employee turnover rate was 3.34% of the total number of employees. This was due to the change in strategy to expand branches. Most of the employees who resigned are at the operational level and, therefore, did not affect the management structure and business operations.

The statistics about sickness/disease as a consequence form work in year 2021 (shown in ratio compared to total number of employees)

Information details	unit	Jan – Dec 2021					total
		Gender		Location			
		Male	Female	Headquarter	Bangkok and vicinity	Upcountry	
Occupational Diseases Rate: ODR	people	3	3	0	0	6	6
Sick leaves	Days	2,085	1,520	414	-	3,191	3,605
hours off-work due to sickness unrelated to work	Day*8 hours	16,680	12,160	3,312	-	25,528	28,840
Injury/accident from work	people	3	3	1	-	5	6

**Remark:** : 1) The numerical value obtained from the calculation is based on the standards (International Labor Organization: IOL) : ILO-OSH 2001

2) The injury leading to time off from work is the injury caused 1 day off or more (count started from the day of incidence)

3) Injury severity rate (formerly known loss rate)

4) Working hours calculation is based on the employee self-service system for full-time and contracted employees, valid from Jan – Dec 2021. The working hours includes over time working, employees' resignation during the year, which can be calculated from the real working hours during the employee status.

### 3.3 Customer Satisfaction Survey

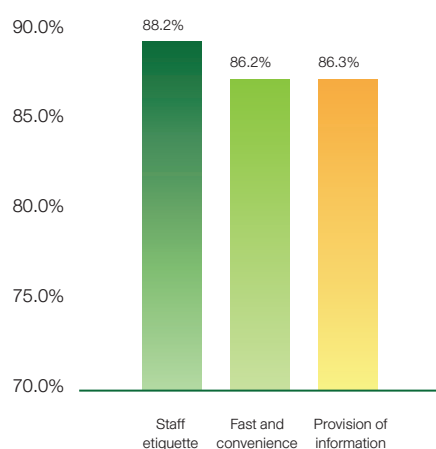
The vision of the company is to strive to be the favorite financial service provider in each locality and we are determined to serve customers with honesty, transparency, sincerity and fairness. Therefore, the importance of service to customers is the main priority. The company will have a random satisfaction survey. This will be an after-sales service for two groups: general customers and vulnerable customers (aged 60 years and over) in order to improve the service even further. In 2021, the company has randomly surveyed the satisfaction of service users, which can be summarized as follows:

Customer groups in a random survey	1. General customer group 3,852 people 2. Fragile customer groups 1,959 people
Survey topics	1. Staff maners 2. Convenience and speed of service 3. Accuracy of information

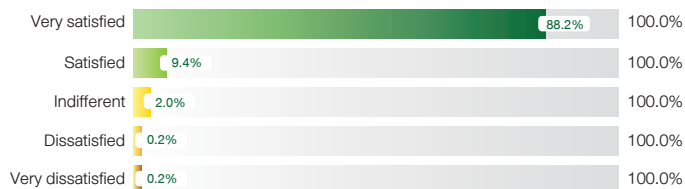
#### Satisfaction Level Of 2021 Survey

##### General Customer Group

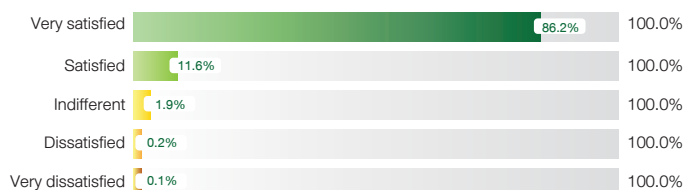
The level of customer satisfaction (percentage)



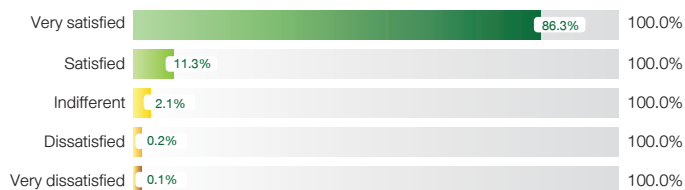
##### Staff etiquette



##### Fast and convenience



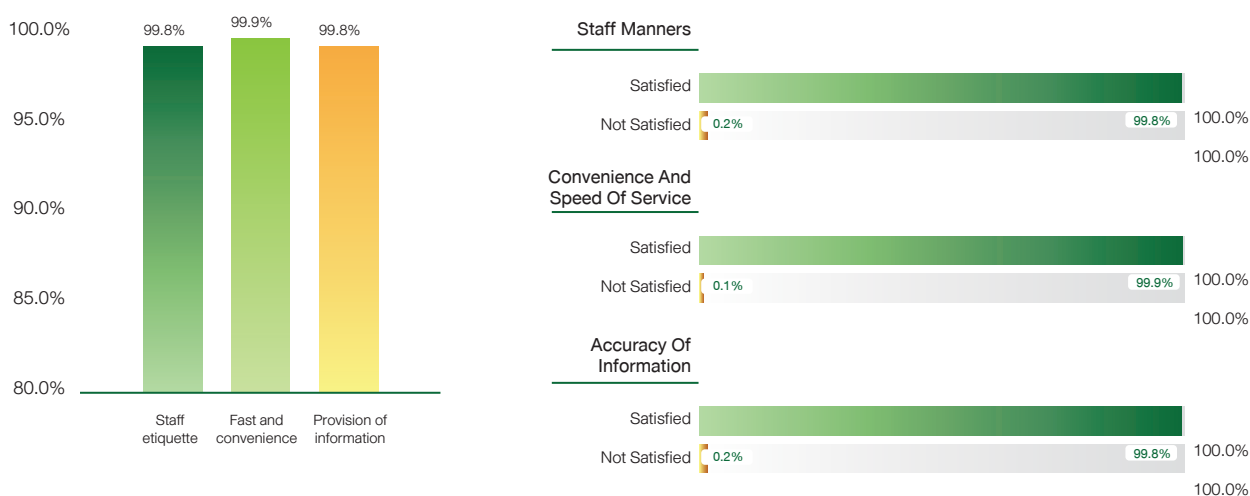
##### Provision of information





## Fragile Customer Groups

The level of customer satisfaction (percentage)



\* Because of Fragile Customer Groups satisfaction measurements are designed not to be as complex as general customers.

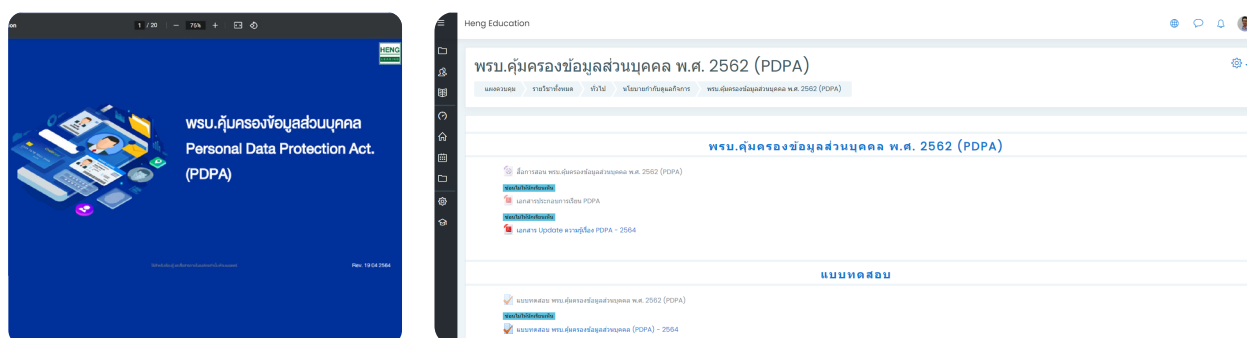
## 3.4 Promoting the potentials of employees and executives

### Project Development of Talents to Own Strengths (Strengths Finder 2.0)

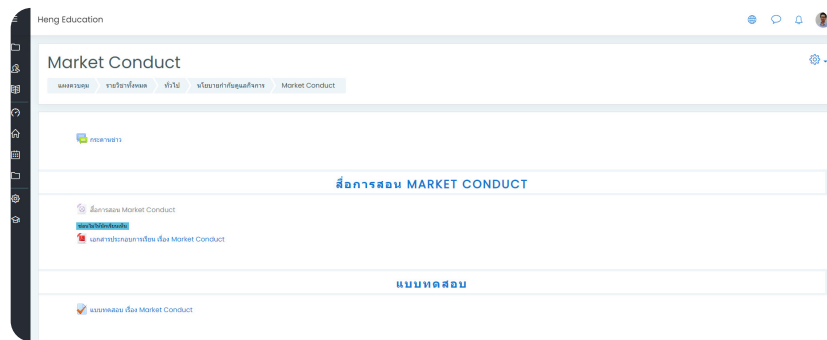
The company gave supports in potential enhancement of employees and executives. They could find a way to turn their outstanding characters to be strengths which could be applied to collaborative work or management. The company firstly focused on the employees who passed the training and would like to take the skills further for work skill enhancement. There were 19 employees joining this project from several departments.

## 4. Compliance with relevant rules and laws

The company paid attention to strict compliance with rules and laws, in particular the laws below.



4.1 Personal Data Protection Act This act will be fully enforced by midyear of 2022. In the past, the company prepared to follow the personal data protection act by researching the details as well as preparing information technology system to securely store personal data. We also arranged training for knowledge of this Act and also appointed the committee as the Data Protection Officers (DPO) to take care of cases according to this Act. There were 1,290 employees joining the training of PDPA and undertaking the knowledge exam. Among them, there were 1,281 employees or 99.30% who passed the knowledge exam.



4.2 Corporate Governance with Fair Market Conduct The company was licensed to engage in credit business for personal loans and retail loans under supervision of Bank of Thailand. Besides the management system and fair services providing, the company must concern about customers' privacy and international standardized measures to maintain the security of personal data. As in 2021, there were 1,381 employees joining the training about fair market conduct management. Among them, 1,368 employees or 99.06% passed the exam.

4.3 Setting Compliance Unit It was established to be the coordinating unit with other monitoring units pertaining to complying with laws and regulation, to set the announcement and publicized information which could benefit the business and directly enforce the business operation so that the company could ensure correct and legal operation. Besides, its duty includes monitoring and reporting to the supervisors and having responsibility for providing legal advice, as well as checking the contracts to avoid the contrary to the relevant laws.

In the year 2021, no offenses were found, and no fines were imposed for any violation, breach of contract or violation of social and environmental laws.

## 5. Branding

In 2019, the company produced market research to find concrete identity of “Heng Leasing”. This research covered the perspectives from more than 500 customers and focus group with representatives of executives and employees. The research has been concluded to main vision of the company, “The most admired financial”, “Localized financial service providers”. Later, we have developed the corresponding core value as “HENG”; H-Honesty, E-Excellence, N-New Ideas, and G-Growth. This shall be the value that we would like the employees to keep in mind as it will be the DNA of Heng Leasing’s people. The mission to give financial services corresponding to customers’ needs with international standards professionally and perhaps beyond their expectation, so that they can rely on us for their optimal benefits from our quality products and risk management. We always keep striving for better quality and sustainable growth.

Branding was highly significant for the company. We continuously developed our brand with goals to engage brand with the customers, form brand awareness, brand loyalty, and finally brand advocacy. The company believed that every employee could be the company’s brand ambassador. This was the main reason for us to recruit local employees so that we could blend well and truly comprehend the customers’ living, so that we could say that our customers and us “speak the same language”.



Beside communicating through the employees as our brand ambassadors, the company also communicated through external media. We set the design of communication with language and image adjustment to fit the local context. For example, we selected the occupation of the models in the ads to fit the local context. By the end of 2021, the company launched the commercial ad called “Dream chasers” to communicate to the customers and employees that our customers have their own dreams to pursue and loans can help them achieve those dreams. No matter how difficult it would be, the financial services could solve the problems and make dreams come true. This the identity of “Heng Leasing” brand.

## Social Assistance Project during Pandemic COVID-19

By end of 2019 – 2021, the pandemic of Covid-19 situation was critical, particularly in 2021. The company also deeply concerned about the citizen and expressed this into actions such as several occasions of donation and supports as follows.

### 1. Donation and assistance for the field hospital Thammasart Hospital 470 beds



Target group : medical staff and public

Objectives : assisting the situation of Covid-19 pandemic in Bangkok and its vicinity, helping gain better image in social contribution

Implementation : donating 100,000 baht to Thammasart Hospital for Covid-19 patient scanning and admitting

### 2. Donation of necessary equipment to the field hospital in Chiang Mai Province

Target group : medical staff and public

Objectives : assisting the situation of Covid-19 pandemic in Chiang Mai

Implementation : providing 300 packs of drinking water (3,600 bottles) and other medical equipment of value 20,000 baht which included the medical gloves, leg covers, blackbuckets and trashbags, duct tapes for the field hospital.



3. Supporting survival bags of 250 bags for the project Homkan-Panhua To help people who got affected by the pandemic



Target group : Chiang Mai Municipality (taking a role as distributors to distribute the goods to other locations)

1. 4 district offices;  
Nakon Phink, Wila, Meng Rai, Sri Wichai, to distribute the goods to people who needed
2. Field hospital in Chiang Mai
3. Homeless people

Objective : To manage donated goods and its distribution, to make sure that the goods would be delivered to affected people

Implementation : - the employees helped organizing survival bags  
- handling 100 packs (1,200 bottles) of drinking water and 250 survival bags



## 4. Management Discussion and Analysis (MD&A)

### Overview of Operating Performance Analysis

The Company is a non-financial institution operator who provides: (1) hire purchase loan; (2) regulated personal loan with car registration as collateral (pledge of car registration); (3) mortgage loan; (4) regulated personal loan without car registration as collateral; (5) regulated retail loan for occupation (“Nano Financing”); and (6) non-life and life insurance brokers to general retail customers. As of 31 December 2019, 2020, and 2021, the Company’s total receivables were Baht 8,038.3 million, Baht 8,276.8 million, and Baht 9,180.5 million respectively. During the year 2019 – 2021, the Company’s main loans included hire purchase loans, which accounted for 82.7%, 71.2% and 59.9% of total receivables respectively, and loans with car registration as collateral, which accounted for 17.0%, 24.0% and 31.8% of total receivables respectively.

In the year 2019, the Company’s total receivables increased by Baht 421.2 million or 5.5%, which grew according to the Company’s business plan. In the middle of 2019, the Company focused more on regulated personal loans, and in the year 2020, the Company’s total receivables increased by Baht 238.5 million or 3.0% mainly due to the Company’s focus on providing: (1) regulated personal loan with car registration as collateral; (2) mortgage loan; and (3) unsecured loan according to the Company’s business plan to increase variety of products and services to meet the needs of various customer groups and increase the yield on loan for the Company. In general, regulated personal loans with car registration as collateral and unsecured loans have higher interest rates (Yield on loan) than hire purchase loans. However, due to the uncertainty of the Covid-19 pandemic, the Company is more cautious in considering new loan approvals for customers with certain occupations whose repayment capabilities may be affected by the Covid-19 pandemic and has adjusted the annual loan target. As a result, the Company’s total receivables increased by Baht 903.7 million or 10.9% from the end of 2020 which was a significant increase.

Overall, the Covid-19 pandemic has temporarily affected the Company’s operations. The Company has adjusted the work procedures for the safety of employees and customers such as temporary closure of some affected branches for 1-2 days to clean and disinfect when there is a risk, accepting installment payments via QR code to reduce cash exposure, opening car auctions through online channels instead of auctions in the auction yard, restricting access in and out of office buildings, and planning work from home for support employees who can work from home. However, the Company believes that the abovementioned adjustment of action plans to cope with the Covid-19 pandemic does not significantly affect the operations of the Company.

As of 31 December 2019, 2020 and 2021, the Company’s expected credit losses were Baht 504.1 million, Baht 543.5 million, and Baht 540.4 million or equivalent to 6.3%, 6.6% and 5.9% of the total receivables respectively. In the year 2019, the Company’s expected credit losses increased by Baht 236.3 million or 88.2% mainly due to the fact that the Company had set aside an additional allowance for doubtful accounts in the year 2019 to accommodate the change of Thai Financial

Reporting Standard 9 (“TFRS 9”) which was effective on 1 January 2020. The Company has been careful considering various factors which may affect the loan quality in the future. The consideration included the impact of the Covid-19 pandemic that has slowed down the economy and may affect debtors’ ability to repay after and/or termination of assistance measures to debtors affected by the Covid-19 pandemic according to the Bank of Thailand’s guidelines. In this regard, the Company will review the additional provision (Management Overlay) every quarter if it considers that such event still affects the trend of the Company’s loan quality in the future.

For the financial year ending 31 December 2019, 2020 and 2021, the Company’s total revenues were Baht 1,743.4 million, Baht 1,590.0 million and Baht 1,644.4 million respectively. The Company’s main income is interest income which accounted for 89.3%, 91.2% and 89.5% of total revenues or equivalent to interest rates of 19.9%, 17.8% and 16.9% respectively. Due to the uncertainty of the Covid-19 pandemic, the Company is more cautious in considering new loan approvals for customers with certain occupations whose repayment capabilities may be affected by the Covid-19 pandemic and has adjusted the annual loan target. The Company has provided assistance to debtors affected by the Covid-19 pandemic in accordance with the Bank of Thailand’s guidelines such as extending repayment period, reducing the interest rate of loan receivables to no more than 22% per annum, and reducing the interest rate ceiling of regulated personal loans with car registration as collateral from 28.0% to 24.0% etc. In respect of interest income and interest expense in the year 2018 - 2020, the Company’s interest rate difference is approximately 13.1% – 14.2%.

For the financial year ending 31 December 2019, 2020 and 2021, the Company’s total expenses were Baht 1,509.3 million, Baht 1,91.5 million, and Baht 1,100.9 million respectively. The Company’s main expenses are service and administrative expenses, which equivalent to operating expenses to total income (Cost to Income) of 48.4%, 51.6% and 54.2% of total revenues respectively.

For the financial year ending 31 December 2019, 2020 and 2021, the Company’s net profit were Baht 188.7 million, Baht 318.1 million, and Baht 353.8 million or equivalent to net profit margin of 10.8%, 20.0% and 21.5% respectively. The Company had a return on equity of 6.2%, 9.4% and 8.5%, respectively.

The management discussion and analysis of the Company’s operating performance and financial position during the past 3 years referred to information from the financial statements according to the following details:

- The management discussion and analysis for the financial year ending 31 December 2018 referred to information from the financial statements for the year ending 31 December 2019.
- The management discussion and analysis for the financial year ending 31 December 2019 and 2020 referred to information from the financial statements for the year ending 31 December 2020.

## Important Accounting Policies

### Revenue recognition

#### **(1) Loan interest income**

##### Accounting policies implemented before 1 January 2020

The Company recognizes interest income from hire purchase contracts, and the loan agreement on an accrual basis under the effective interest method throughout the contract period.

The Company stops recognizing interest income for debtors that are overdue for more than 3 installments from the due date. Interest income is subsequently recorded on a cash basis until the outstanding debt is received until the remaining installments are not more than 2 installments.

Direct income and expenses incurred from borrowing are recognized through an allocation to be recognized using the effective interest rate method and presented as a deduction from interest income from hire purchase/loan agreements over the term of the contract, to reflect the actual rate of return of the contract

##### Accounting policies that have been implemented since 1 January 2020

From 1 January 2020, the Company has recognized interest income from hire purchase contracts/loans on an accrual basis under the effective interest method throughout the contract period calculated from the gross book value of Accounts receivable under hire purchase contracts/loans

For receivables under hire purchase contracts/loans with subsequent credit impairment, the Company recognizes interest income under the effective rate method, calculated from the net book balance (accrual net of allowance for profit, expected credit loss) of the debtor

Direct income and expenses incurred from hire purchases/loans are recognized by apportionment to be gradually recognized under the effective interest rate method and presented as a deduction from interest income from hire purchase contracts/loans throughout. The term of the contract to reflect the actual rate of return on the contract.

#### **2) Fee and service income**

Fees and service income is recognized on an accrual basis, except for fees that are included as part of the effective interest rate, and income from late penalties is recognized on the amount actually received.

### Expense recognition – interest expense

Interest expenses are expensed on an accrual basis.

Accounts receivable under hire purchase contracts/loans

Hire purchase receivables are stated at the hire purchase contract value net of the balance of deferred hire purchase interest income, net of direct income and expenses incurred initially from deferred hire purchase.



Loan receivables represent only principal and accrued interest. It is presented net of direct income and expenses incurred initially in deferred lending

#### Allowance for expected credit losses of financial assets/allowance for doubtful accounts

##### Accounting policies implemented before 1 January 2020

The Company records allowance for doubtful accounts for hire purchase receivables/loans based on estimated losses that may not be collected from receivables, taking into account the current status of outstanding receivables. Balance after deducting interest from hire purchase contracts/deferred loans (net of direct income and direct expenses incurred at the outset from hire purchase / loans) and after deducting collateral, which the collateral is calculated by referring to the appraised value after deducting discounts according to the Company's criteria and for debtors that Overdue more than 90 days and the legal transfer debtor will consider the allowance for doubtful accounts without deducting collateral.

	(%)
Normal accounts receivable .....	1
Account receivable not more than 30 days .....	1
Accounts receivable 31 – 90 days .....	2
Accounts receivable more than 90 days past due .....	100
Legal transfer debtor .....	100

*In addition,  
the Company has  
considered additional  
provisions taking  
into account the  
potential additional  
losses.*

Increase (decrease) allowance for doubtful accounts is recorded as expenses during the year in the statement of comprehensive income. The Company has a policy to write off receivables from the accounts when the Company have followed up on demands to pay the debt as appropriate for the case with evidence of clear follow-up and no debt repayment.

##### Accounting policies implemented from 1 January 2020 onwards

TFRS 9 requires an entity to estimate the impairment of expected credit losses in lieu of realization of losses in accordance with the former accounting policy. This financial reporting standard recognizes impairment based on the expected credit loss model.

The Company applies a general approach in calculating the expected credit losses of financial assets such as hire purchase/loan receivables. The expected loss is estimated to be the probable value of a weighted credit loss over the expected life of the financial asset based on the present value of all expected cash flows, which is based on historical loss experience by group of assets that the Company considers that credit risk has a common nature, such as the type of collateral, contract period and other

related factors and so on and updated with current observable data plus future forecasts that are supportive and reasonable if proven to be statistically correlated and managerial increment because the model may not support it (management overlay).

The Company categorizes its financial assets into a three-stage approach to measure allowance for expected credit losses. Financial asset classification is based on changes in credit quality from the date of initial recognition as follows:

Stage 1: Financial assets that do not have a significant increase in credit risk (Performing)  
The Company measures the expected credit loss allowance equal to the expected credit loss over the next 12 months.

Stage 2: Financial assets with a significant increase in credit risk (Under-Performing)  
The Company will recognize an expected credit loss an amount equal to the expected credit loss over the expected life of the financial asset.

Stage 3: Credit Impaired Financial Assets Anticipated credit losses are recognized for an amount equal to the expected credit loss over the expected life of the financial asset.

Allowance for expected credit losses that increase (decrease) is accounted for as an expense during the year in profit or loss in the statement of comprehensive income. the have followed up on demands to pay the debt as appropriate for the case with evidence of clear follow-up and no debt repayment

The Company has adopted this group of financial reporting standards. The Company recognizes the cumulative effect of adopting this financial reporting standard for the first time by adjusting to retained earnings or other components of equity. Shareholders as of 1 January 2020 and without retrospectively adjusting the prior year's financial statements presented for comparative purposes.

### Property foreclosed

Foreclosed assets are assets seized from hire purchase receivables and loan receivables and are stated at the lower of cost or realizable value. Less allowance for impairment (if any). Gains (losses) on disposal of foreclosed assets are recognized as gains or losses in the statement of comprehensive income when they are sold. Impairment losses (if any) are recognized as an expense in profit or loss in the statement of comprehensive income.

### Lease agreement

#### Accounting policies implemented before 1 January 2020

Leases in which substantially all the risks and rewards of ownership are transferred to the Company. As a tenant, it is a finance lease. Finance leases are capitalized at the lower of the fair value of the leased assets or the present value of the minimum lease payments. The lease obligation less finance charges is recognized as a liability. The interest element of the finance cost is charged to profit or loss

over the lease period and assets acquired under finance leases are depreciated over the useful life of the leased assets.

Leases that do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in the income statement using the method of operating lease. straight line for the duration of the lease

#### Accounting policies that have been implemented since 1 January 2020

Thai Financial Reporting Standard No. 16 (“TFRS 16”) supersedes Thai Accounting Standard No. 17 Leases and Related Accounting Standard Interpretations. This IFRS establishes the principles for the recognition, measurement, presentation and disclosure of leases. and requires the lessee to recognize assets and liabilities for all leases with a lease term of more than 12 months unless the underlying asset is of low value.

At the inception of the lease, the Company will assess whether the contract is a lease or consists of a lease whether the contract is a lease or consists of a lease. if the contract provides for the right to control the use of the identifiable asset for a period of time in exchange for consideration.

The Company uses a single accounting method for recognizing and measuring all leases except for short-term leases and leases where the underlying asset is undervalued. The Company recognizes the lease liability on the basis of the lease payments and license assets which shows the right to use the underlying asset

However, as of the date the lease contract is effective, the Company The right-use asset is recognized at cost less accumulated depreciation and accumulated impairment losses and adjusted by re-measurement of the lease liability, where the cost of the right-of-use asset comprises the amount of the liability. According to the lease contract from the initial measurement The initial direct cost incurred, the amount paid under the lease, on the commencement date or prior to the commencement date. and deducted with the incentives under the lease received.

Depreciation of right-of-use assets is calculated by reference to their costs on the straight-line basis over estimated lease periods or estimated useful lives of the assets, whichever is shorter, as follows:

Building	1 - 10 years
Equipment	4 - 5 years
Vehicle	7 years

If ownership of the underlying asset is transferred to the Company at the end of the lease term or the cost of the asset is included in the exercise of options, depreciation is calculated on the estimated useful life of the asset.

The Company adopted TFRS 16, recognizing the cumulative impact of the adoption of this TFRS for the first time, adjusting to retained earnings as at 1 January 2020 (if any). and does not retrospectively adjust the previous year’s financial statements for comparison. However, such change in accounting policy has no effect on retained earnings as of 1 January 2020.



## Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

The Company has adopted Financial Reporting Standard No. 9 Financial Instruments, and Thai Financial Reporting Standard No. 16, Lease Agreements which are effective for financial statements with accounting periods beginning on or after 1 January 2020 for the first time. Such financial reporting standards have been revised or made available to make them consistent with International Financial Reporting Standards. It mainly clarifies accounting practices and provides accounting practices to users of the standard.

The Company has chosen to adjust the cumulative effect of the change in accounting policy by adjusting to retained earnings as at 1 January 2020 and not restating the prior period financial statements for comparative purposes under the Financial Reporting Standard No. 16 regarding the lease agreement has no effect on retained earnings as of 1 January 2020:

	(Million baht)
Recognition of expected credit losses on financial assets .....	55.4
Less: Related Income Tax .....	(11.1)
Impact on retained earnings from the adoption of Financial Reporting Standards for Financial Instruments .....	44.3

*Temporary relief measures for businesses providing assistance to debtors affected by the situation affecting the Thai economy and COVID-19.*

In 2020, the Bank of Thailand (“BOT”) has issued measures to help small and medium-sized debtors affected by the economic downturn, trade war and drought, including the coronavirus epidemic situation. 19 (“COVID-19”) in accordance with the guidelines in the Bank of Thailand’s Circular Letter Re: Guidelines for Providing Assistance to Debtors Affected by Situations Affecting the Thai Economy and the BOT’s circular letter regarding measures to provide assistance to debtors during the two stages of the COVID-19 outbreak.

In order to be in line with the BOT’s regulations, the Company has a policy to assist the Company’s debtors with important details as follows:

### (1) Measures to provide assistance to debtors during the Covid-19 outbreak, Phase 1 (effective on 15 April 2020)

Type of loan	Characteristics of debtor	Assistance measure, Phase 1
Hire purchase receivables	<ul style="list-style-type: none"> <li>- Receivables overdue not more than 90 days as of 1 March 2020</li> <li>- Debtor must have at least 6 outstanding installments</li> </ul>	<ul style="list-style-type: none"> <li>- Reduce installments by suspending principal payments and extending the repayment period for 6 months</li> <li>- Debtors can apply for assistance during 15 April 2020 – 30 April 2020</li> </ul>
Loan receivables	<ul style="list-style-type: none"> <li>- Receivables overdue not more than 90 days as of 1 March 2020</li> <li>- Debtor must have at least 6 outstanding installments</li> </ul>	<ul style="list-style-type: none"> <li>- Reduce payment by 30% – 35% of the installment by extending the repayment period for 6 months</li> <li>- Debtors can apply for assistance during 15 April 2020 – 30 April 2020</li> </ul>

(2) Measures to provide assistance to debtors during the Covid-19 outbreak, Phase 2  
(effective on 1 August 2020)

Type of loan	Characteristics of debtor	Assistance measure, Phase 2
Hire purchase receivables	<ul style="list-style-type: none"> <li>- Receivables overdue not more than 90 days as of 1 March 2020</li> <li>- Debtor must have at least 6 outstanding installments</li> </ul>	<ul style="list-style-type: none"> <li>- Reduce payment by 50% of the installment by extending the repayment period for 6 months, but not exceeding 12 months</li> <li>- Debtors can apply for assistance from 1 August 2020 – 30 June 2021 (formerly, the final date was 31 December 2020)</li> </ul>
Loan receivables	<ul style="list-style-type: none"> <li>- Receivables overdue not more than 90 days as of 1 March 2020</li> <li>- Debtor must have at least 6 outstanding installments</li> </ul>	<ul style="list-style-type: none"> <li>- Reduce payment by 30% of the installment by extending the repayment period for 6 months, but not exceeding 12 months</li> <li>- Interest rate of not more than 22% per year</li> <li>- Debtors can apply for assistance from 1 August 2020 – 30 June 2021 (formerly, the final date was 31 December 2020)</li> </ul>

(3) Measures to provide assistance to debtors during the Covid-19 outbreak, Phase 3  
(effective on 17 May 2021)

The Company determines the qualifications of the debtor. and measures of assistance as well as measures to assist debtors during the outbreak of COVID-19 Phase 2.

Accounting Guidelines Re: Temporary Relief Measures for Businesses Providing Assistance to Debtors Affected by the Thai Economy.

The Federation of Accounting Prof. only affecting the situation that affects the Thai economy, including the COVID-19 situation, the economic situation, the trade war and the drought BOT No. BOT. ForNorSor. (23) Vor. 276/2563 Re: Guidelines for Providing Assistance to Debtors Affected by Situations Affecting the Thai Economy and Circular of the BOT No. The Bank of Thailand's Ministry of Finance (01) Vor. 380/2563 Re: Measures to provide additional assistance to debtors during the epidemic of COVID-19 or any other measures as additionally prescribed by the Bank of Thailand.

The accounting guidelines were published in the Government Gazette on 22 April 2020 and are effective for businesses providing assistance to debtors affected by the circumstances mentioned above. During the period between 1 January 2020 and 31 December 2021 or until the Bank of Thailand changes and to comply with such changes There are guidelines for considering debtors who meet the conditions under the BOT's easing measures as follows:

- Non-performing debtors (Stage 1 or Stage 2) from 1 January 2020
- Non-performing receivables (Stage 3)

Effective from 1 January 2019, unless the entity can prove that non-performing debtors incurred prior to 1 January 2019 are non-performing debtors affected by economic conditions.

The Company has joined the project to provide assistance to debtors who are affected according to the guidelines of The Bank of Thailand for debtors who meet the conditions under the BOT's easing measures. Therefore, the following accounting practices are used:

- (1) Classify non-performing debtors (Non-NPL comprising Stage 1 or Stage 2) as a class that does not have a significant increase in credit risk (Performing or Stage 1) immediately. If analyzing the debtor's position and business, it is seen that the debtor is able to comply with the debt restructuring contract. without having to wait to follow up on compliance with debt restructuring conditions and it shall be deemed that such debt restructuring is a preventive debt restructuring, which is not a problematic debt restructuring No. ForNorSor. (01) Vor.380/2563 to maintain the debtor's debt classification as before taking the measure.
- (2) Non-performing debtors (NPLs) can be classified as those that do not have a significant increase in credit risk (Performing or Stage 1) if the debtor is able to make consecutive payments under the debt restructuring contract as 3 months or 3 payment periods, whichever is longer.
- (3) adopting guidelines for considering significant increases in credit risk by the Bank of Thailand According to the attachment of the aforementioned circular, it will be used as a preliminary guideline in considering the change of classification to Stage 2.
- (4) The effective interest rate that is recalculated to be the rate calculated on the present value of the restructured loans under the BOT's assistance guidelines, if the restructuring results in the original effective interest rate not reflected. The estimated cash flows that will be received from the loan have been made. In this regard, if it is to provide assistance to debtors according to the guidelines in the BOT circular No. ForNorSor.(01) Wor. 380/2563 re: the business recognizes interest income during the period of suspension of repayment by using the new calculated effective interest rate or the BOT's regulations.
- (5) The weight of the forward-looking information arising from the transient crisis is considered to be less than the weight of the data that reflects the ability to pay debts from past experience. Where an entity uses a conventional method to measure the expected credit loss.

In addition, on 19 June 2020 and 14 May 2021, the BOT issued additional circulars of the BOT No. BOT. ForNorSor. (01) Vor. 648/2563 and BOT. Vor.480/2564, respectively, regarding measures to provide additional assistance to small debtors during the COVID-19 outbreak, phase 2 and phase 3, respectively, by the Company has entered the project to help the affected debtor and has chosen the accounting practice issued by the Federation of Professions on Temporary relief measures for businesses providing assistance to debtors affected by the situation affecting the Thai economy.

## Management Discussion and Analysis

### (1) Revenues

The below table illustrates the Company's revenues.

Revenues	For the financial year ending 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
Hire purchase interest income	1,336.6	76.7	1,033.2	65.0	825.9	50.2
Loan interest income	220.3	12.6	417.1	26.2	645.4	39.3
<b>Total interest income</b>	<b>1,556.9</b>	<b>89.3</b>	<b>1,450.3</b>	<b>91.2</b>	<b>1,471.3</b>	<b>89.5</b>
Fee and service income <sup>(1)</sup>	155.6	8.9	102.6	6.5	105.0	6.4
Other income <sup>(2)</sup>	30.9	1.8	37.1	2.3	68.1	4.1
<b>Total revenues</b>	<b>1,743.4</b>	<b>100.0</b>	<b>1,590.0</b>	<b>100.0</b>	<b>1,644.4</b>	<b>100.0</b>

**Remarks:** : (1) Fee and service income mainly consists of insurance commission, collection fee, late penalty fee, and fee for issuing a termination letter.

(2) Other income mainly consists of recovered bad debts.

As of 31 December 2019, 2020, and 2021, the Company's total revenues were Baht 1,743.4 million, Baht 1,590.0 million, and Baht 1,644.4 million respectively. The revenues can be explained as set out below.

The Company's revenues consist of interest income, fee and service income, and other income with details as follows:

#### (A) Interest income

The following table illustrates the Company's interest income classified by type of loan service.

Interest income	For the financial year ending 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>1. Interest income from secured loans</b>	<b>1,556.2</b>	<b>100.0</b>	<b>1,401.1</b>	<b>96.6</b>	<b>1,320.7</b>	<b>89.8</b>
• Hire purchase	1,336.6	85.8	1,033.2	71.3	825.9	56.1
• Regulated loan with vehicle registration as collateral	219.6	14.1	367.3	25.3	479.3	32.6
• Mortgage loan	-	-	0.6	0.0	15.5	1.0
<b>2. Interest income from unsecured loans</b>	<b>0.7</b>	<b>0.0</b>	<b>49.2</b>	<b>3.4</b>	<b>150.6</b>	<b>10.2</b>

Interest income	For the financial year ending 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
• Regulated personal loan without vehicle registration as collateral	-	-	6.2	0.4	24.2	1.6
• Nano financing	0.7	0.0	43.0	3.0	126.4	8.6
<b>Total interest income</b>	<b>1,556.9</b>	<b>100.0</b>	<b>1,450.3</b>	<b>100.0</b>	<b>1,471.3</b>	<b>100.0</b>

**Remark:** : (1) Interest income from loans with vehicle registration as collateral.

For the financial year ending 31 December 2019, 2020 and 2021, the Company's total interest income were Baht 1,556.9 million, Baht 1,450.3 million, and Baht 1,471.3 million respectively. The changes in interest income can be analyzed as follows:

#### Hire purchase interest income

For the financial year ending 31 December 2019, 2020 and 2021, the Company's hire purchase interest income were Baht 1,336.6 million, Baht 1,033.2 million, and Baht 825.9 million or equivalent to 85.9%, 71.2%, and 56.1% of the total interest income respectively. This was mainly due to a decrease in the amount of receivables under hire purchase contracts because the Company focused more on regulated personal loan after the receipt of a license to operate regulated personal loan under supervision of the Ministry of Finance in the middle of 2019.

#### Interest income from regulated personal loan with vehicle registration as collateral

The Company received a license to operate regulated personal loan under supervision of the Ministry of Finance on 13 June 2019. For the financial year ending 31 December 2019, 2020 and 2021, the Company's interest income from regulated personal loans with vehicle registration as collateral were Baht 219.6 million, Baht 367.3 million, and Baht 479.3 million or equivalent to 14.1%, 25.3%, and 32.6% of the total interest income respectively. This was due to the Company being more focused on regulate personal loans with vehicle registration as collateral to acquire the group of customers with financing needs who have their own vehicles to be used as collateral for borrowing under the programs "Heng changes a car to money" and "Motorcycle loan project" after the receipt of a license to operate regulated personal loan under supervision of the Ministry of Finance.

#### Interest income from mortgage loan

In the 2020, the Company began to expand its loan products to increase the variety of collaterals and increase the Company's competitiveness. For the financial year ending 31 December 2020 and 2021, the Company had interest income from mortgage loans in the amount of Baht 0.6 million and Baht 15.5 million or equivalent to 0.0% and 1.1% of total interest income under "Heng's land and house loan program."

### Interest income from regulated personal loan without vehicle registration as collateral

For the financial year ending 31 December 2020 and 2021, the Company's interest income from regulated personal loan without vehicle registration as collateral were Baht 6.2 million and Baht 24.2 million or equivalent to 0.4% and 1.6% of total interest income respectively. This type of loan focuses on customers with regular income. The maximum loan limit is 1.5 times of salary and not more than Baht 45,000 per person under "Heng's ready to use personal loan program."

### Interest income from nano financing

The Company was granted a license to operate retail loan for occupation under supervision of the Ministry of Finance on 11 March 2019. For the financial year ending 31 December 2019, 2020 and 2021, the Company's interest income from nano financing were Baht 0.7 million, Baht 43.0 million, and Baht 126.4 million or equivalent to 0.0%, 3.0%, and 8.6% of total interest income respectively because the Company focused on providing retail loan for occupation (non-recurring income). The maximum loan limit is not more than Baht 20,000 per person under "Heng's nano financing program" after the receipt of a license to operate retail loan for occupation under supervision of the Ministry of Finance.

### (B) Fee and service income

Important fee and service income includes insurance brokerage, collection fee, late penalty fee, and fees for issuing a termination letter. For the year ending 31 December 2019, 2020 and 2021, the Company's fee and service income were Baht 155.6 million, Baht 102.6 million, and Baht 105.0 million or representing 8.9%, 6.5% and 6.4% of total revenue respectively. This was mainly due to the provision of assistance to debtors affected by the Covid-19 pandemic situation and the adjustment on the Company's policy for fee collection from customers, which is in accordance with the Company's marketing plan.

### (C) Other income

Other income mainly consists of recovered bad debts. For the year ending 31 December 2019, 2020 and 2021, the Company's other income were Baht 30.9 million, Baht 37.1 million, and Baht 68.1 million or representing 1.8%, 2.3%, and 4.1% of total revenue respectively. This was mainly due to receipt of payment after the Company has written off accounts receivable in accordance with the guidelines of the Ministerial Regulation No. 186 and No. 374 in the Revenue Code such as money received from debtor under a court order etc.

## (2) Expenses

The following table illustrates the Company's expenses:

Expense	For the financial year ending 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
Service and administrative expenses	714.8	57.6	710.3	72.5	790.8	77.6
Expected credit losses	-	-	182.0	18.6	177.6	17.4
Bad debts and doubtful accounts	392.3	31.6	-	-	-	-
Loss on impairment and disposal of assets	134.6	10.8	87.0	8.9	50.8	5.0
<b>Total expenses</b>	<b>1,241.7</b>	<b>100.0</b>	<b>979.3</b>	<b>100.0</b>	<b>1,019.2</b>	<b>100.0</b>

For the financial year ending 31 December 2019, 2020 and 2021, the Company's total expenses were Baht 1,241.7 million, Baht 979.3 million, and Baht 1,019.2 million respectively. The Company's main expenses are service and administrative expenses.

## (3) Finance cost

For the financial year ending 31 December 2019, 2020 and 2021, the Company's finance cost were Baht 267.6 million, Baht 212.2 million, and Baht 184.8 million or accounting for 15.3%, 13.3%, and 11.2% of total revenue respectively. This was mainly due to the management of financial costs, whereby the Company was able to find a source of loans with lower financial costs. In addition, the policy interest rate has decreased.

## (4) Net profit

Based on the above operating performance, for the financial year ending 31 December 2019, 2020 and 2021, the Company's net profit were Baht 188.7 million, Baht 318.1 million, and Baht 353.8 million or equivalent to net profit margin of 10.8%, 20.0% and 21.5% respectively. The Company's net profit has increased due to cost management and improved quality of loan portfolio.

## Financial Position Analysis

### (1) Assets

As of 31 December 2019, 2020 and 2021, the Company's total assets were Baht 7,983.7 million, Baht 8,242.2 million, and Baht 9,701.9 million respectively. The main assets of the Company are hire purchase receivables and loan receivables.



### (A) Hire purchase receivables and loan receivables

The following table illustrates the Company's hire purchase receivables and loan receivables:

Total receivables – net	As of 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
Hire purchase receivables – net	6,188.9	82.1	5,451.9	70.5	5,168.9	59.8
Loan receivables – net	1,345.3	17.9	2,281.4	29.5	3,471.2	40.2
<b>Total receivables – net</b>	<b>7,534.2</b>	<b>100.0</b>	<b>7,733.3</b>	<b>100.0</b>	<b>8,642.1</b>	<b>100.0</b>

The following table illustrates the Company's hire purchase receivables and loan receivables classified by type of loan:

Total receivables – net	As of 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Secured loans</b>	<b>8,018.6</b>	<b>99.7</b>	<b>7,920.3</b>	<b>95.7</b>	<b>8,574.2</b>	<b>93.4</b>
• Hire purchase	6,649.7	82.7	5,895.1	71.2	5,501.7	59.9
• Regulated personal loan with vehicle registration as collateral	1,368.9	17.0	1,988.4	24.0	2,917.5	31.8
• Mortgage loan	-	-	36.8	0.5	155.0	1.7
<b>Unsecured loans</b>	<b>19.7</b>	<b>0.3</b>	<b>356.5</b>	<b>4.3</b>	<b>606.3</b>	<b>6.6</b>
• Regulated personal loan without vehicle registration as collateral	-	-	74.7	0.9	118.1	1.3
• Nano financing	19.7	0.3	281.8	3.4	488.2	5.3
<b>Total receivables</b>	<b>8,038.3</b>	<b>100.0</b>	<b>8,276.8</b>	<b>100.0</b>	<b>9,180.5</b>	<b>100</b>
Less: Allowance for doubtful accounts / Allowance for expected credit losses	(504.1)	(6.3)	(543.5)	(6.6)	(540.4)	(5.9)
<b>Total receivables – net</b>	<b>7,534.2</b>	<b>93.7</b>	<b>7,733.3</b>	<b>93.4</b>	<b>8,640.1</b>	<b>94.1</b>

Overall, the epidemic situation of COVID-19 has affected the Company's operations. temporary, which the company has adjusted the work procedures for the safety of employees and customers, such as temporarily closing some branches that are affected for 1-2 days in order to clean and disinfect when there is a risk of receiving payment via QR code in order to reduce Touching cash, opening car auctions through online channels instead of auction house auctions, restricting access to the work-from-home office building for support workers who can work from home.

However, the Company believes that the above-mentioned changes in the operational plan to cope with the COVID-19 epidemic situation will not significantly affect the Company's operations.

The following table presents receivables under hire purchase agreements and receivables from loan agreements of the Company classified by type of collateral.

Total receivables – net	As of 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	Million Baht	%	Million Baht
pickup truck	4,550.4	56.6	4,435.3	53.6	4,193.4	45.6
passenger car	2,133.0	26.5	2,219.8	26.8	2,845.9	31.0
agricultural vehicles	445.9	5.5	365.1	4.4	375.5	4.1
van	308.7	3.9	312.5	3.8	339.2	3.7
truck	355.8	4.4	279.8	3.4	310.0	3.4
motorcycle	219.5	2.7	268.4	3.3	355.1	3.9
Other cars	5.3	0.1	2.6	0.0	0.1	0.0
house and land	-	-	36.8	0.4	155.0	1.7
unsecured	19.7	0.3	356.5	4.3	606.3	6.6
<b>Total receivables</b>	<b>8,038.3</b>	<b>100.0</b>	<b>8,276.8</b>	<b>100.0</b>	<b>9,180.5</b>	<b>100.0</b>
Less: Allowance for doubtful accounts / Allowance for expected credit losses	(504.1)	(6.3)	(543.5)	(6.6)	(540.4)	(5.9)
<b>Total receivables – net</b>	<b>7,534.2</b>	<b>93.7</b>	<b>7,733.3</b>	<b>93.4</b>	<b>8,640.1</b>	<b>94.1</b>

Most of the Company's receivables is a secured debtor which accounted for 93.4 - 99.8% of total debtors.

The following table shows the hire purchase receivables and loan receivables of the Company classified by aging of outstanding debts and allowance for doubtful accounts for the year 2019 and classified by credit risk and allowance for credit losses expected for the year 2020 and 2021.

Total receivables – net		As of 31 December					
Financial reporting standards for the year 2019	Financial Reporting Standard No. 9 for the year 2020	2019		2020 <sup>(1)</sup>		2021	
		Million Baht	%	Million Baht	%	Million Baht	%
Not yet due	Stage 1	5,391.5	67.1	6,442.7	77.8	7,938.5	86.5
Overdue less than 30 days		885.9	11.0				
Overdue 31 - 90 days	Stage2	1,411.8	17.6	1,530.0	18.5	927.5	10.1
Overdue 91 - 180 days	Stage3	124.9	1.6	304.0	3.7	314.5	3.4
Overdue 181 - 365 days		127.6	1.6				
Overdue for more than 365 days		20.2	0.3				

Total receivables – net		As of 31 December					
Financial reporting standards for the year 2019	Financial Reporting Standard No. 9 for the year 2020	2019		2020 <sup>(1)</sup>		2021	
		Million Baht	%	Million Baht	%	Million Baht	%
Debtor transferred by laws		76.4	1.0				
<b>Total receivables</b>		<b>8,038.3</b>	<b>100.0</b>	<b>8,276.8</b>	<b>100.0</b>	<b>9,180.5</b>	<b>100.0</b>
Allowance for doubtful accounts / Allowance for expected credit losses		(365.5)	(4.6)	(543.5)	(6.6)	(540.4)	(5.9)
Allowance for Doubtful Accounts – An increase in the allowance for uncollectible debts.		(138.6)	(1.7)	-	-	-	-
<b>Less: Allowance for doubtful accounts / Allowance for expected credit losses</b>		<b>(504.1)</b>	<b>(6.3)</b>	<b>(543.5)</b>	<b>(6.6)</b>	<b>(540.4)</b>	<b>(5.9)</b>
<b>Total receivables – net</b>		<b>7,534.2</b>	<b>93.8</b>	<b>7,733.3</b>	<b>93.4</b>	<b>8,640.1</b>	<b>94.1</b>

**Note :** (1) The Company has adopted Financial Reporting Standard No. 9 Financial Instruments This is effective for financial statements with accounting periods beginning on or after 1 January 2020 for the first time.

As of 31 December 2019, 2020, and 2021, the Company has debtors overdue more than 90 days or debtors with credit impairment, non-performing loans or non-performing loans were 349.2 million baht, 304.0 million baht and 314.5 million baht or accounted for 4.3%, 3.7% and 3.4% of total debtors, respectively.

As of 31 December 2019, 2020 and 2021, the Company had an allowance for doubtful accounts or allowance for expected credit losses in the amount of Baht 504.1 million, Baht 543.5 million, and Baht 540.4 million or equivalent to 6.3%, 6.6% and 5.9% of total receivables respectively. In the year 2019, the Company's allowance for doubtful accounts increased by Baht 236.3 million or 88.2% in line with the Company's loan growth. The Company has set aside additional allowance for doubtful accounts for uncollectible debts (General Reserve) to support the change of Financial Reporting Standards 9, which became effective from 1 January 2020. The Company has carefully considered various factors that may affect the quality of loans in the future. This includes the impact of Covid-19 that has caused a slow down in the economy and may affect the debtor's ability to repay after and/or at the end of measures to help debtors affected by the Covid-19 pandemic according to the Bank of Thailand's guidelines. The Company will review management overlay every quarter if it considers that such events will still affect the outlook of the Company's loan quality in the future.

Currently, the Expected Credit Loss Model that the Company uses to set aside allowance for doubtful accounts for all loan types is based on historical loss experience of secured loans which is hire purchase loans and loans with vehicle registration as collateral (loans that the Company provides services before receiving a letter of approval from the Bank of Thailand) that the company considers that there is sufficient information and is suitable for preparing the model.

In addition, the Company considers other credit information that the Company has just started providing services and considers that there is still limited availability in such modeling. At present, the expected credit loss model of other loans It is based on similar historical loss experience data for leasing and vehicle-registered loans. In the future, when there is enough information, the company will review the Expected Credit Loss Model based on the information of each loan type.

The following table lists the key receivable quality ratios.

Significant receivable quality ratio	As of 31 December		
	2019	2020	2021
	%	%	%
Ratio of non-performing loans to total receivables	4.3	3.7	3.4
The ratio of allowance for doubtful accounts or allowance for expected credit losses to total receivables	6.3	6.6	5.9
- Allowance for doubtful accounts or allowance for expected credit losses	4.5	6.6	5.9
- Allowance for Doubtful Accounts – An increase in the allowance for uncollectible debts.	1.7	-	-
Bad debt ratio to total receivables	1.9	2.4	2.0
The ratio of allowance for doubtful accounts or allowance for expected credit losses to non-performing loans (Coverage Ratio)	144.4	178.7	171.8
Bad debt and doubtful debt ratio or expected credit loss to total receivables (Credit Cost)	4.9	2.2	1.9

As of 31 December 2019, 2020 and 2021, the Company has amortized bad debt equal to Bath 156.0 million, 202.5 million and 187.6 million or equal to 1.9%, 2.4% and 2.0% of total receivables, respectively under the policy to write off accounting receivables in accordance with the guidelines of the Ministerial Regulation No. 186 and No. 374 in the Revenue Code.

As of 31 December 2019, 2020 and 2021, the Company has allowance for doubtful accounts or allowance for expected credit losses of 144.4 percent, 178.7% and 171.8 percent of non-performing loans. Generate income according to the Company's accounting policy.

In addition, as of 31 December 2021, the Company recorded a management overlay to accommodate the impact of the COVID-19 situation.

As of 31 December 2019, and 2020 and 2021, the Company had bad debt expenses and doubtful accounts or expected credit losses of 5.0%, 2.2% and 1.9% of total receivables, respectively, by reducing down due to the quality of the company's debtor management more efficient

## Property foreclosed

The following table shows the value and amount of the Company's properties foreclosed.

Property foreclosed - net	As of 31 December					
	2019		2020		2021	
	Baht Million	Vehicles	Baht Million	Vehicles	Baht Million	Vehicles
pickup truck	29.9	244	10.5	114	6.7	83
passenger car	18.4	171	10.5	125	10.6	103
motorcycle	1.3	77	0.9	34	1.0	34
Other Vehicles <sup>(1)</sup>	2.7	19	1.3	7	1.6	13
<b>Property foreclosed - net</b>	<b>52.3</b>	<b>511</b>	<b>23.2</b>	<b>280</b>	<b>19.9</b>	<b>233</b>

**Note :** (1) Other vehicles such as vans, trucks, and agricultural vehicles, etc.

As of 31 December 2019, 2020 and 2021, the Company's assets foreclosed were Baht 52.3 million, Baht 23.2 million and Baht 25.7 million, or equivalent to 0.7%, 0.3% and 0.2% of total assets.

## Land, buildings and equipment

As of 31 December 2019 and 2020 and 2021, the Company has land, plant and equipment equal to Baht 177.6 million, Baht 139.0 million and Baht 138.3 million or equivalent to 2.2%, 1.7% and 1.4% of total assets, respectively, mainly consisting of ( 1) Leasehold buildings and improvements Furniture and office equipment, computers and license assets.

The Company has adopted Financial Reporting Standard No. 16 Re: Lease Agreement for the first time since 1 January 2020. However, the change in accounting policy has no effect on retained earnings as of 1 January 2020 of the Company.

As of 31 December 2020 and 2021, the Company recorded rights-to-use assets equal to Baht 113.2 million and Baht 132.5 million, or equal to 1.4% and 1.4% of total assets, respectively, which consisted of buildings, office equipment and vehicles that the Company rented for use as a head office and a branch including renting vehicles for use in the Company's business operations

## (2) Liabilities

The following table shows the Company's liabilities:

Liabilities	As of 31 December					
	2019		2020		2021	
	Baht Million	%	Baht Million	%	Baht Million	%
long term loan	3,043.6	65.0	3,101.6	65.0	3,527.5	72.2
Short-term loans from financial institutions	1,394.4	29.8	1,402.3	29.4	1,028.6	21.1
<b>Total loans from financial institutions</b>	<b>4,438.0</b>	<b>94.8</b>	<b>4,503.9</b>	<b>94.4</b>	<b>4,556.1</b>	<b>93.3</b>
lease liabilities	-	-	100.4	2.1	122.7	2.5

Liabilities	As of 31 December					
	2019		2020		2021	
	Baht Million	%	Baht Million	%	Baht Million	%
other liabilities	246.1	5.2	166.9	3.5	207.6	4.2
<b>total liabilities</b>	<b>4,684.1</b>	<b>100.0</b>	<b>4,771.2</b>	<b>100.0</b>	<b>4,886.4</b>	<b>100</b>

As of 31 December 2019, 2020, and 2021, the Company has total liabilities of Baht 4,684.1 million, Baht 4,771.2 million and Baht 4,886.4 million, respectively. The main liabilities of the Company are loans from financial institutions.

#### Loans from financial institutions

The following table shows the Company's loans from financial institutions.

Loans from financial institutions	As of 31 December					
	2019		2020		2021	
	Baht Million	%	Baht Million	%	Baht Million	%
short term loan	1,394.4	31.4	1,402.3	31.1	1,028.6	22.6
Long-term loans - due within one year	1,556.1	35.1	1,307.4	29.0	2,166.5	47.5
<b>Total</b>	<b>2,950.5</b>	<b>66.5</b>	<b>2,709.7</b>	<b>60.1</b>	<b>3,195.1</b>	<b>70.1</b>
Long-term loans - net of portion due within one year	1,487.5	33.5	1,794.2	39.9	1,361.0	29.9
<b>Total loans from financial institutions</b>	<b>4,438.0</b>	<b>100.0</b>	<b>4,503.9</b>	<b>100.0</b>	<b>4,556.1</b>	<b>100.0</b>

Most of the Company's loans are from various financial institutions divided into long-term loans, overdrafts and promissory notes from commercial banks. As of 31 December 2019, 2020 and 2021, the Company has short-term loans and long-term loans due within one year equal to Baht 2,950.5 million, Baht 2,709.7 million and Baht 3,195.1 million, or equivalent to 66.5%, 60.1% and 70.1% of loans from financial institutions, respectively, and the Company's net long-term loans due within one year equal to Baht 1,487.5 million, Baht 1,794.2 million and Baht 1,361.0 million, or equivalent to 33.5%, 39.9% and 29.9% of loans from financial institutions, respectively, which are in line with the contractual installments of the Company's debtors. The Company uses loans from financial institutions as aforementioned to support loan expansion according to the Company's business growth plan.

#### (A) Liabilities under lease agreements

The Company has adopted the Financial Reporting Standard No. 16 Re: Lease Agreements for the first time since 1 January 2020. The Company recorded liabilities under lease agreements, as at 31 December 2020 and 2021, equal to Baht 100.4 million and 122.7 million, or equivalent to 2.1% and 2.5% of total liabilities, respectively.

### (3) Shareholders' equity

Shareholders' equity	As of 31 December					
	2019		2020		2021	
	Million Baht	%	Million Baht	%	Million Baht	%
Issued and paid-up capital	3,009.2	91.2	3,009.2	91.2	3,810.0	79.1
Premium	-	-	-	-	715.4	14.9
Retained earnings	290.4	8.8	461.9	8.8	290.1	6.0
<b>Total shareholders' equity</b>	<b>3,299.6</b>	<b>100.0</b>	<b>3,471.1</b>	<b>100.0</b>	<b>4,815.5</b>	<b>100.0</b>

As of 31 December 2019, 2020, and 2021, the Company's shareholders' equity were Baht 3,299.6 million, Baht 3,471.1 million, and Baht 4,815.5 million respectively.

### Analysis of liquidity and sources of funds

The following table shows the Company's cash flows.

Cash flow	As of 31 December		
	2019	2020	2021
	Baht Million	Baht Million	Baht Million
Net cash provided by (used in) operating activities	303.1	347.3	(221.1)
Net cash provided by (used in) investing activities	(21.4)	(33.9)	(39.7)
Net cash provided by (used in) financing activities	(371.4)	(308.4)	736.0
<b>Cash and cash equivalents net increase (decrease)</b>	<b>(89.7)</b>	<b>5.0</b>	<b>475.2</b>

#### (1) Net cash received from (used in) operating activities

For the fiscal year ended 31 December 2019, the Company had net cash received from operating activities equal to Baht 303.1 million, mainly from cash received interest 1,587.5 million baht and cash received from sale of foreclosed assets Baht 398.5 million, which some net with hire purchase receivables increased by Baht 759.2 million and loans to borrowers increased by Baht 328.6 million.

For the fiscal year ended 31 December 2020, the Company had net cash received from operating activities equal to Baht 347.3 million, mainly due to cash received interest of Baht 1,415.9 million and receivable under hire purchase contract decreased by Baht 275.3 million, partially net, and loan debt increased by Baht 995.0 million.

For the six-month period ended 31 December 2021, the Company had net cash from operating activities equal to Baht (221.1) million baht, mainly due to cash received interest of Baht 1392.8 million baht, partially net of increased loans to customers of Baht 1,301.4 million.

#### (2) Net cash received from (used in) investing activities

For the fiscal year ended 31 December 2019, the Company had net cash used in investing activities equal to Baht 21.4 million, mainly due to cash paid for purchases of building improvements



and equipment, netting of Baht 20.0 million baht of which it is a renovation of 5 branches and to improve the auction yard of seized cars and to invest in servers to increase the efficiency of information technology systems and cash for purchasing intangible assets of Baht 1.4 million.

For the fiscal year ended 31 December 2020, the Company had net cash used in investing activities equal to Baht 33.9 million, mainly due to net cash paid for building improvements and equipment of Baht 29.9 million for 106 branches and cash paid for intangible assets of Baht 4.0 million to invest in computer software and network software to support branch expansion.

For the six-month period ended 31 December 2021, the Company had net cash used in investing activities equal to Baht 89.7 million, mainly from cash paid for purchases of building improvements and equipment, net of Baht 36.5 million.

### (3) Net cash received from (used in) financing activities

For the fiscal year ended 31 December 2019, the Company had net cash used in financing activities equal to Baht 371.4 million, mainly due to net long-term loan repayment of Baht 283.5 million baht, cash for interest payments of Baht 247.5 million and repayment of loans from related persons of Baht 189.9 million, partially net of cash received from the call for shares of Baht 324.8 million.

For the fiscal year ended 31 December 2020, the Company had net cash used in financing activities equal to Baht 308.4 million, mainly due to cash payment of interest Baht 189.8 million and cash dividend payment of 114.3 million baht, partially net of cash received from long-term borrowings of Baht 50.4 million.

For the six-month period ended 31 December 2021, the Company had net cash used in financing activities equal to Baht 736.0 million, mainly due to capital increase in listing in the Stock Exchange of Thailand and repayment of advance loans.

## **Presentation of information from the financial statements and key financial ratios that reflect the financial position and operating results of the Company's core business with comparative data for the past 3 years.**

### Significant financial ratios

The following table presents the Company's key financial ratios.

significant financial ratios	As of 31 December		
	2019	2020	2022
	%	%	%
interest earned ratio	19.9	17.8	16.9
interest expense ratio	5.8	4.7	4.0
interest margin ratio	14.1	13.1	12.9
net profit margin	10.8	20.0	21.5
Return on Equity	6.2	9.4	8.5
Debt to Equity Ratio (times)	1.4	1.4	1.0

For the fiscal year ended 31 December 2019 and 2020 and 2021, the Company has interest income, equal to 19.9%, 17.8% and 16.9% of average net receivables since in the middle of 2019, the Company has received a letter of approval to operate a personal loan under supervision from the Ministry of Finance, the Company therefore focuses on providing more loans with vehicle registration as collateral. The interest rate is charged as prescribed by the Bank of Thailand, and in the year 2020 onwards, the Company's interest rate has decreased compared to the year 2018 - 2019 due to supporting debtors who affected by the situation of COVID-19 in 2020 and 2021.

For the fiscal year ended 31 December 2019 and 2020 and 2021, the Company has interest expenses, equal to 5.8%, 4.7%, and 4.0% of average interest-bearing liabilities, respectively. In 2020, the Company's interest expense has decreased compared to the year 2019 - 2021 due to the management of financial costs by the Company and the Company can procure a loan source with lower financial costs.

For the fiscal years ended 31 December 2019, 2020 and 2021, the Company's net profit margin is 10.8%, 20.0% and 21.50%, respectively. In 2021, the Company's net profit margin has increased when compared to the years 2019 - 2020. This was mainly due to a decrease in expected credit losses in accordance with the Financial Reporting Standard No. 9. However, in the second quarter of 2021, the Company's net profit margin has decreased from 2020 mainly due to measures to help debtors who affected by the situation of COVID-19 in accordance with the Bank of Thailand's guidelines and the Company recorded a management overlay to support the impact of the aforementioned COVID-19 situation.

For the fiscal years ended 31 December 2019, 2020 and 2021, the Company's return on equity equals 6.2%, 9.4% and 8.5%, respectively. For the year 2020 and 2021, the Company's return on equity has increased compared to the year 2019 because the Company's profitability has increased from the previous year based on net profit margins of 20.0% and 21.5%, respectively.

For the fiscal years ended 31 December 2019 and 2020 and 2021, the Company's debt to equity ratios were 1.4 times, 1.4 times, and 1.0 times, respectively, reflecting the Company's strong capital structure which is lower than the debt to equity ratio that the Company's lender financial institutions determined at 3.50 times, causing the Company to believe that the debt to equity ratio will be reduced which can support borrowing from financial institutions including other debt instruments funding sources as well as expanding credits to the Company's debtors in the future.



## 5. General Information and Other Important Information

### 5.1 General Information

#### 1. Heng Leasing and Capital Public Company Limited

Company name	:	Heng Leasing and Capital Public Company Limited
Type of business	:	Non-bank financial institution which provides: (1) hire purchase; (2) regulated personal loan with motor vehicle registration collateral; (3) mortgage loan; (4) personal loan which is not loan with motor vehicle registration as collateral; (5) regulated retail loan for occupation; (6) non-life and life insurance brokers for retail customers
Company registration number	:	0107564000120
Head office address	:	69 Moo 7, San Sai Noi Sub-district, San Sai District, Chiangmai Province 50210
Website	:	<a href="https://www.hengleasing.com/">https://www.hengleasing.com/</a>
Telephone	:	1361 or 02-153-9587
Fax	:	053-350-490
Par value	:	1.0 Baht
Registered capital As of 31 December 2021	:	3,810.0 Million Baht
Paid-up capital As of 31 December 2021	:	3810.0 Million Baht

#### 2. Securities Registrar

Company name	:	Thailand Securities Depository Co., Ltd.
Head office address	:	The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Din Daeng, Din Daeng, Bangkok 10400
Telephone	:	02-009-9999
Fax	:	02-009-9991

### 3. Auditor

Company name	:	EY Office Company Limited
Head office address	:	193/136-137, 33 <sup>rd</sup> Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110
Telephone	:	02-264-9090
Fax	:	02-264-0789

### 4. Internal Auditor

Company name	:	KPMG Phoomchai Business Advisory co., Ltd.
Head office address	:	1, Empire Tower, 48 <sup>th</sup> Floor, South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
Telephone	:	02-677-2000
Fax	:	02-677-2222

### 5. Law Firm

Company name	:	Charin & Associates co., Ltd.
Head office address	:	57 Park Ventures Ecoplex Building, floor 16, Room No. 1609-1610, Wireless Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	:	02-108-2344
Fax	:	02-108-2303

### 6. Financial Advisor

Company name	:	Kasikorn Securities Public Company Limited
Head office address	:	400/22, Floor 1, 3, 11 and 19, Kasikorn Bank Building Phahonyothin Road, Samsennai, Phayathai, Bangkok 10400
Telephone	:	02-796-0000
Fax	:	02-796-0177

## 5.2 Other Important Information

### 5.2.1 Other information that may have a significant impact on investors' decision-making

-None-

### 5.2.2 Restriction on foreign shareholders in the event that the Company has a policy to ask for a resolution of the shareholders' meeting for offering of newly issued shares or transferable share subscription rights

-None-

## 5.3 Legal Disputes

The Company is not a party to the following cases:

1. Cases that may have a negative impact on the Company's assets (cases under which the dispute amount is higher than 5% of the Company's shareholders' equity, as the case may be, as of the end of the latest financial year);
2. Cases that significantly affect business operations but unable to assess the impact in numbers;
3. Cases that are not arising from normal business operations.

## 5.4 Secondary Market

If the Company has securities listed on the stock exchange of other countries, please specify the name of the stock exchange of the other countries and specify whether such other stock exchanges are the main stock exchanges.

-None-

## 5.5 Financial Institutions that are in Regular Contact (Only if the Company has issued debt securities)

-None-



## Section 1

### Corporate Governance



## 6. Corporate Governance Policy

### 6.1 Overview on Corporate Governance and Guidelines

#### 6.1.1 Policy and Guidelines for the Board

The Company has prepared a corporate governance policy in writing to propose to the Board of Directors' meeting for approval. The Corporate Governance Manual is intended to serve as guidelines for directors, executives, and employees to comply with such policy. The Company shall arrange to review such policy on a yearly basis. Details are shown in the management and governance policy as an efficient and socially responsible company. and business ethics

#### 6.1.2 Policy and Guidelines Related to Shareholders and Stakeholders

The Company has set important policies and guidelines concerning shareholders and stakeholders. for proper treatment of shareholders and stakeholders covering from the promotion of the exercise of shareholders' rights Equitable treatment of shareholders Responsibilities to Stakeholders Oversight of the Use of Insider Information, revention of conflicts of interest Anti-Corruption Reporting information, complaints, or clues, details of which appear in the management and governance policies as an efficient and socially responsible company.

### 6.2 Code of Conduct

The Company has the intention to operate the Company's business with transparency, ethics and responsibility to stakeholders. as well as society and the environment. The company has prepared a business ethics manual which has been approved by the Board of Directors and requiring directors, executives, and employees to strictly comply with as well as public relations to be understood throughout the organization in order to promote compliance with the Company's business ethics as follows:

- (a) Code of conduct relating to responsibilities to shareholders
- (b) Code of conduct relating to responsibilities to customers
- (c) Code of conduct relating to responsibilities to competitors
- (d) Code of conduct relating to responsibilities to employees
- (e) Code of conduct relating to responsibilities to social and environment

## 6.3 Significant Changes and Development in Policies, Practices and Corporate Governance System in the Past Year

### 6.3.1 Information on significant changes and development relating to the review of policies, practices and corporate governance system or the charter of the Board of Directors in the past year

- The Company has complied with the Corporate Governance Code 2017 and the Board of Directors has a process to review implementation of the Corporate Governance Code 2017 and apply them to suit the business context at least once a year.
- Certified as a member of the Thai Private Sector Collective Action Against Corruption (CAC).
- The Company encourages shareholders to exercise their right to propose agenda or question for the annual general meeting of shareholders and nominate candidate for the position of director in advance.

### 6.3.2 In the case that the Company has not yet implemented any principles of Corporate Governance Code 2017, the reasons shall be recorded as part of the Board of Directors' consideration and review without the need to disclose the review results under this report form.

Voting for appointment of directors by cumulative voting

The Company appoints directors by majority vote and shareholders have votes equal to the number of shares held. In addition, the Company has set other methods in taking care of the rights of shareholders such as encouraging shareholders to use the right to propose meeting agenda or nominate a person to be appointed as director in advance.

#### Preparation of integrated report by the Company

The Company has prepared Form 56-1 One Report according to the regulations of the Stock Exchange of Thailand. Therefore, users can access detailed information, both financial and non-financial information through submission by the Company to shareholders prior to the date of the shareholders' meeting and users can download the information from the Company's website

### 6.3.3 The Company may disclose information regarding practices on other matters in accordance with the principles of good corporate governance to support various assessments

The Company has adopted the guidelines in accordance with the principles of good corporate governance to ensure that it has created sustainable values to the business.

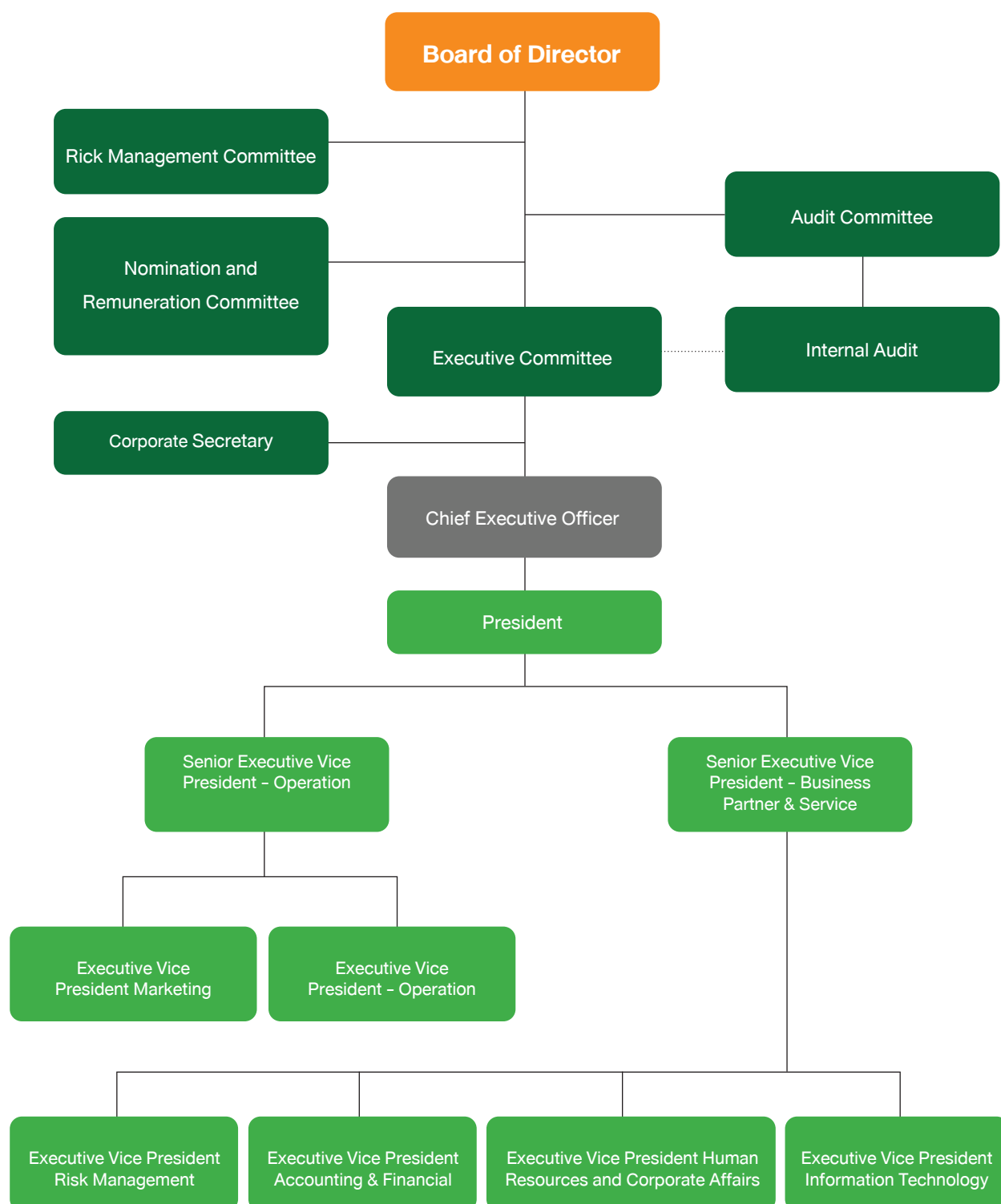




## 7. Corporate Governance Structure and Important Information Concerning Sub-Committee, Executives, Employees and Others

### 7.1 Governance Structure

Heng Leasing and Capital Public Company Limited's management structure as of 24 April 2021, are as follows:



## 7.2 Information on the Board of Directors

### Structure of the Company's directors

The structure of the Company's directors consists of the Board of Directors and 4 sub- committees, namely 1) the Audit Committee; 2) the Risk Management Committee; 3) the Nomination and Remuneration Committee; and 4) the Executive Committee.

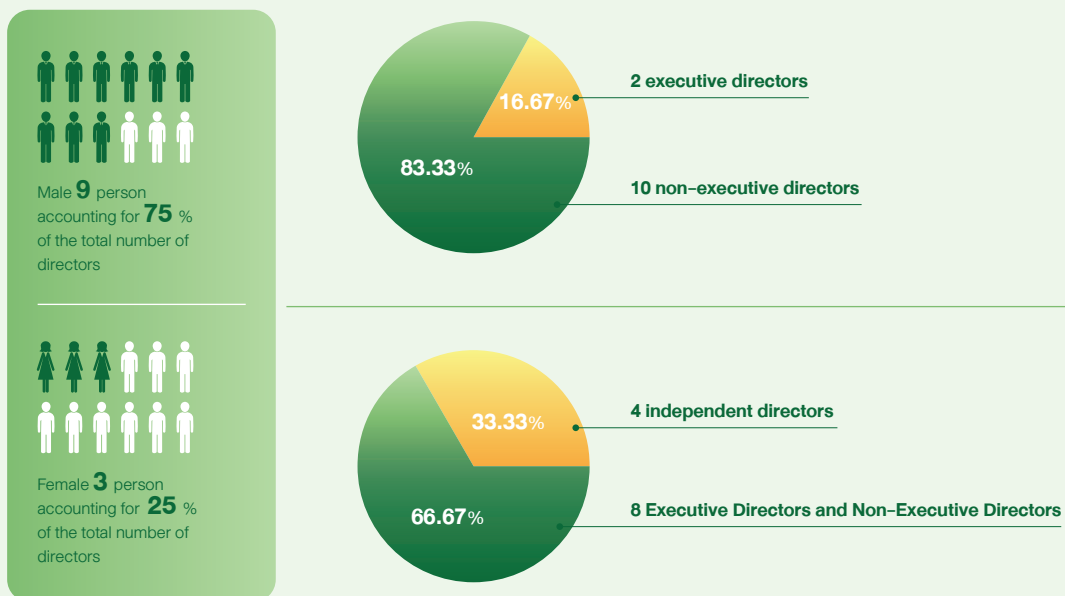
#### 7.2.1 Composition of the Board of Directors

According to the Company's Articles of Association, the Board of Directors shall:

1. consist of at least 5 directors, but not more than 12 directors;
2. consist of at least 3 independent directors (good corporate governance principles of the Company require the number of independent directors to be at least one-third of the total number of directors);
3. have at least half of the total number of directors residing in Thailand.

According to the affidavit issued by the Department of Business Development, the Ministry of Commerce on 21 December 2021

The Company's Board of Directors consists of 12 members including:



### 7.2.2 Information on the Board of Directors and each controlling person of the Company

As of 31 December 2021, the Board of Directors of the Company consists of 12 members, the details of which are as set out below.

Name	Position
1. Professor Dr. Surapon Nitikraipot	Independent Director/Chairman of The Board of Directors
2. Mr. Nutchdhawattana Silpavittayakul	Independent Director/Chairman of the Audit Committee/ Member of the Nomination and Remuneration Committee
3. Assistant Professor Dr. Chaiwuth Tangsomchai	Independent Director/Chairman of the Risk Management Committee/ Member of the Audit Committee
4. Mr. Natthirutt Wanwimonphong	Independent Director/ Chairman of the Nomination and Remuneration Committee/ Member of the Audit Committee/ Member of the Risk Management Committee
5. Mrs. Sutharntip Phisitbuntoon	Director/Chairman of the Executive Committee
6. Mr. Wichai Suphasathitkul	Director/Vice Chairman of Executive Director
7. Mr. Patpong Patong	Director/Executive Director/ Member of the Risk Management Committee
8. Mr. Bunthid Supasatitkul	Director/Executive Director/ Member of the Nomination and Remuneration Committee
9. Mr. Parinya Supasatitkul	Director/Executive Director
10. Ms. Thapanattsamon Paisanteerakorn	Director/Executive Director
11. Mr. Thanassorn Ratanasirisap	Director/Executive Director
12. Miss Varita Laothamatas <sup>(1)</sup>	Director/Executive Director

**Remark** : (1) Appointed by the Board of Directors' Meeting No. 4/2021 held on 14 August 2021 as director in replace of Mr. [Somrit Puntharat] who passed away on 2 August 2021.

Miss Natthanant Kittiphonsombun acts as the Corporate Secretary. She was appointed by Board of Directors' Meeting No. 1/2021 held on 24 April 2021.

### 7.2.3 Authorities, Duties and Responsibilities of the Board

Authorities, Duties and Responsibilities of the Board of Directors Set out by reference to the Public Limited Companies Act B.E. 2535, the Securities and Exchange Act B.E. 2535, the regulations of the Stock Exchange of Thailand and the Company's Articles of Association.

The Board of Directors Meeting No. 1/21 (after transformation) on 24 April 2021 resolved to approve the scope, powers, duties and responsibilities of the Board of Directors as follows:

1. The Board of Directors has the authorities, duties, and responsibilities in managing and operating the Company's business in accordance with the laws, objectives, and Articles of Association of the Company as well as the resolutions of the shareholders' meeting with honesty, due care, and for the interests of the Company.
2. To determine or change the signing conditions to sign and bind the Company, including the names of authorized directors who have the authority to sign and bind the Company.
3. To consider and approve appointment and determination of roles and duties of various sub-committees as appropriate and necessary to support the operations of the Board of Directors.
4. To set organizational structure and determine the positions (Organization Chart) of the Company, including improvements as deem appropriate.
5. To appoint the Corporate Secretary to assist the Board of Directors in performing various tasks in order to comply with the relevant laws, announcements, and regulations.
6. To review, examine and approve directions, strategies, business plans, and major business policies of the Company proposed by the management.
7. To determine goals, guidelines, policies, business plans, and budgets of the Company, including monitoring and supervision and administration and management of the Company and its subsidiaries (if any) to be in accordance with policies, visions, missions, plans, budgets, and the relevant laws, including other relevant announcements, regulations, and rules of the Capital Market Supervisory Board, SEC Office, and SET, such as connected transactions, acquisition or disposal of important assets, to the extent that it is not contrary to or inconsistent with other laws, as well as establishing an internal control system and internal audit that is sufficient and appropriate.
8. To prepare balance sheets and income statements of the Company at the end of the accounting period which has been audited by the auditor and presented to the shareholders' meeting for consideration and approval.
9. To continuously monitor operations in accordance with plans and budgets.
10. To ensure that the Company has an appropriate and efficient accounting system and provides reliable financial reporting and auditing, as well as providing an internal control system and an internal audit system that is sufficient and appropriate.
11. To establish framework and policies for determination of salary, salary increase, determination of bonus, compensation, and rewards for the Company's employees.
12. To consider and approve acquisition or disposal of assets, investment in new business, and any other acts to be in accordance with the applicable laws, notifications, rules, and regulations.
13. To consider and/or provide opinion on connected transactions and/or entry into connected transactions (in case the transaction size does not need to be approved by the shareholders' meetings) of the Company and its subsidiaries (if any) to be in accordance with the relevant laws, notifications, rules, and regulations.
14. To consider and approve interim dividend payment to the Company's shareholders and report to the next shareholders' meeting for acknowledgment.
15. To ensure that there is no conflict of interest between stakeholders and the Company.

16. To review processes and policies for risk management and performance monitoring.
17. To establish a mechanism for receiving complaints and taking action in case of reasonable evidence.
18. To determine policies relating to corporate governance, social responsibility, anti-corruption, and effective implementation of such policies.
19. To consider and review policies relating to the management of market conduct to ensure fair treatment to customers at least once a year.
20. To arrange a shareholders' meeting as an annual general meeting within 4 months from the end of the Company's fiscal year.
21. To consider setting a risk management policy to cover the entire organization and supervise that there is a system or process for risk management with supporting measures and control methods to appropriately reduce the impact on the Company's business.
22. To prepare the annual report of the Board of Directors and be responsible for preparation and disclosure of financial statements to represent the financial positions and operating results in the past year and present to the shareholders' meeting for consideration and approval.
23. To consider and approve other important matters related to the Company or matters deemed appropriate for taking such action for optimal benefits to the Company and all groups of stakeholders are treated fairly.
24. To assign one or more directors or any other person to perform any act on behalf of the Board of Directors. However, the authorization of such power shall not be a delegate or sub-authorization that enables the director or the person who is authorized by the director, to approve transactions of his/hers or any person who may have conflicts of interest or have a stake; or there may be a conflict of interest in any other manner with the Company or its subsidiaries (if any).
25. To appoint a person to be a director or management of the subsidiary or associated company at least in the number proportionate to the shareholding in a subsidiary or associated company in order to control the management in accordance with the Company's policy and conduct transactions according to the laws, including complete and accurate disclosure of information on financial positions, operating performance, connected transactions, and acquisition or disposal of significant assets.

## 7.3 Information on Sub-Committees

### 1) Audit Committee

As of 31 December 2021, the Company's Audit Committee consists of 3 independent directors who were appointed by the Board of Directors' Meeting No. 1/2021 held on 24 April 2021, the details of which are as set out below.

Name	Position
1. Mr. Nutchdhawattana Silpavittayakul	Chairman of the Audit Committee/Independent Director
2. Assistant Professor Dr. Chaiwuth Tangsomchai	Member of the Audit Committee/Independent Director
3. Mr. Natthirutt Wanwimonphong	Member of the Audit Committee/Independent Director

Mr. Nutchdhawattana Silpavittayakul and Mr. Nutthirutt Wanwimonphong are members of the Audit Committee with sufficient knowledge and experience to review the reliability of the Company's financial statements.

Miss Natthanan Kittiphonsombun was appointed as the Secretary of the Audit Committee by the Audit Committee's Meeting No. 4/2021 held on 14 August 2021.

### Authorities, Duties and Responsibilities of the Audit Committee

The Board of Directors Meeting No. 1/2021 (after conversion) on 24 April 2021 resolved to approve the duties and responsibilities of the Audit Committee as follows:

1. Review and ensure that the Company has accurate financial reporting and sufficiency of disclosure, accurate, and complete information.
2. Review and ensure that the Company has an appropriate and efficient internal control system and an internal audit system.
3. Review the audit report on the internal control system and risk assessment on corruption as proposed by internal audit company to ensure that such system has the least risks of occurrence of corruptions that would affect the financial positions and the operating performance of the Company and is suitable for the Company's business model.
4. Consider the independence of the Internal Audit Department and approve appointment, transfer, and dismissal of the Head of the Internal Audit Department or any other agency responsible for internal audit.
5. Review the Company's compliance with the laws relating to securities and exchange, notifications, rules and regulations of the SEC Office and the SET, and the laws applicable to the Company's business.
6. Select and nominate an independent person to act as the Company's auditor and offer compensation for such person, including attending meetings with the auditor without the management being present at least once a year.
7. Review connected transactions or transactions that may have a conflict of interest to be in accordance with the laws and regulations of the SET and ensure that such transactions are reasonable and for the optimal benefits to the Company.
8. Prepare report of the Audit Committee for submission to the Board of Directors, which shall be disclosed under the Company's annual report. The report must be signed by the chairman of the Audit Committee and must contain at least the following information:
  - (a) Opinion on correctness, completeness, and reliability of the Company's financial reports;
  - (b) Opinion on the adequacy of the Company's risk management system and internal control system;
  - (c) Opinion on compliance with the laws on securities and exchange, SET regulations or other laws related to the Company's business;
  - (d) Opinion on the suitability of the auditor;
  - (e) Opinion on transactions that may have a conflict of interest;
  - (f) The number of Audit Committee's meetings and attendance of each member of the Audit Committee;

- (g) Opinion or observation received by the Audit Committee during the performance of duties in accordance with the Charter of the Audit Committee;
  - (h) Other items that shareholders and investors should be aware of under the scope of duties and responsibilities assigned by the Board of Directors.
9. Report activities performed on a regular basis to enable the Board of Directors to be aware of the activities of the Audit Committee:
- (a) Minutes of the Audit Committee's meeting which clearly states the opinion of the Audit Committee on various matters;
  - (b) Report in relation to opinion on financial reports, internal audit, and internal audit process;
  - (c) Any other reports that the Board of Directors should be aware of.
10. In the performance of duties by the Audit Committee, if any of the following items or actions are found or suspected, which may have a material impact on the financial positions and the operating performance of the Company, the Audit Committee shall report to the Board of Directors for improvement and rectification within the period of time as the Audit Committee deems appropriate.
- (a) Transaction with conflict of interest;
  - (b) Suspicion or presumption of fraud, abnormality, or significant deficit in the internal control system;
  - (c) Suspicion of a possible violation of the laws on securities and exchange, SET regulations, or laws relating to the Company's business.

If the Audit Committee has reported to the Board of Directors matter that has a significant impact on the financial positions and the operating performance and has discussed with the Board of Directors and executives that improvements are required, at the end of the mutually specified period, if the Audit Committee finds that such remedial action has been neglected without justifiable reason, any member of the Audit Committee may report the findings to the SEC Office or the SET.

11. In the event that the auditor finds suspicious behavior where director, manager, or person responsible for the Company's operations has committed an offense as specified under the laws and has informed facts of such behavior to the Audit Committee to investigate the matter without delay, the Audit Committee shall report the preliminary results of the audit to the SEC Office, the SET, and the auditor within 30 days from the date of being notified by the auditor. Such suspicious behavior that should be reported and the methods in obtaining facts about the offense shall be in accordance with the notifications of the Capital Market Supervisory Board.
12. Consider and approve an annual budget, annual investment budget, manpower, and resources necessary performance of duties by the Internal Audit Department, including approving annual audit plan. Consider and approve a review of significant changes in the audit plan and supervise the operations of the Internal Audit Department to be in accordance with the approved annual audit plan and international standards for internal audit and assess the quality of performance by the internal audit on an annual basis. Attend meetings with the Head of the Internal Audit Department to discuss important issues at least once a year without the management being present.



13. Have the authority to invite the director, executive, head of department, or employee of the Company to discuss or answer the Audit Committee's questions.
14. The Audit Committee has the authority to seek an independent opinion from any other professional advisors as deemed necessary at the expense of the Company.
15. Participate in considering the results of the meeting of the Risk Management Committee prior to Presenting them to the Board of Directors on a quarterly basis.
16. Perform any other acts assigned by the Board of Directors and agreed by the Audit Committee such as reviewing financial and risk management policies, reviewing compliance with the Code of Conduct by the management, and jointly reviewing with the management important reports that must be presented to the public as required by the laws e.g. management discussion and analysis, etc.
17. Acknowledge complaints and whistleblowing of fraud or corruption, whether internally or externally, verify facts as informed by the investigation committee, and present the complaints to the Board of Directors to jointly consider penalties or solutions to such problems according to the anti-corruption policy.

## 2) Risk Management Committee

As of 31 December 2021, the Risk Management Committee of the Company consists of 3 directors appointed by the Board of Directors Meeting No. 1/21, convened on 24 April 2021 as follows:

Name	Position
1. Assistant Professor Dr. Chaiwuth Tangsomchai	Chairman of the Risk Management Committee/ Independent Director
2. Mr. Natthirutt Wanwimonphong	Member of the Risk Management Committee/ Independent Director
3. Mr. Patpong Patong <sup>(1)</sup>	Member of the Risk Management Committee

**Remark :** (1) Appointed by the Board of Directors Meeting No. 4/21, dated 14 August 2021 to take the position of the Risk Management Committee Member in place of Mr. Somrit Puntharat, who passed away on 2 August 2021.

Mr. Benjarong Khammanid as secretary of the Risk Management Committee Appointed by the Risk Management Committee Meeting No. 2/21 on 6 August 2021

### Scope of Duties and Responsibilities of the Risk Management Committee

The Board of Directors Meeting No. 1/21 (after conversion) on 24 April 2021 resolved to approve the scope, powers, duties and responsibilities of the Risk Management Committee as follows:

1. Determine policy and framework for risk management, acceptable risk level (Risk Appetite), and the highest level of risk acceptable for the organization (Risk Tolerance) and propose the risk management policy to the Board of Directors for approval. This must cover important types of internal and external risks. It must cover at least 5 risks as follows:
  - a) Financial Risk
  - b) Operational Risk

- c) Strategic Risk
  - d) Compliance Risk
  - e) Risk from Business Environment
2. Establish risk management strategies and action plans in accordance with the risk management policy, including the risk of corruption, which can be used to assess, monitor and supervise the risk management system or procedures to manage overall risks to be at an appropriate and acceptable level.
  3. Control, monitor, review, audit, assess risk management results, and supervise the Company to manage and operate in accordance with the risk management policy determined by the Company and comply with the prescribed regulations.
  4. Review the risk management report and take steps to ensure that the Company is managing risks appropriately and there is adequate risk management policy and system, including the efficiency of the system and compliance with the policy.
  5. Consider improvement, rectification, and comments on policy, plans, and procedures for risk management and present them to the Board of Directors for approval.
  6. Report the Company's risk status, guidelines for improvement, and results of operations to the Board of Directors on a quarterly basis.
  7. Supervise, support, and promote cooperation in the Company's risk management. Review adequacy of the policy and continuity of the risk management system for effective risk management.
  8. Having the authority to set up a working group to perform risk management duties and report to the Audit Committee.
  9. Provide recommendations on risk management to the Board of Directors and the management.
  10. Report to the Board of Directors' meeting important risk items, risk status assessment, and impact of risk on operations, including methods of prevention and requisite improvement. Any important matter that significantly affects the Company must be reported to the Board of Directors soonest possible.
  11. Perform any other tasks assigned by the Board of Directors.

### 3) The Nomination and Remuneration Committee

As of 31 December 2021, the Nomination and Remuneration Committee Consisting of 3 directors, details are as follows:

Name	Position
1. Mr. Natthirutt Wanwimonphong	Chairman of the Nomination and Remuneration Committee/ Independent Director
2. Mr. Nutchdhawattana Silpavittayakul	Member of the Nomination and Remuneration Committee/ Independent Director
3. Mr. Bunthid Supasatitkul <sup>(1)</sup>	Member of the Nomination and Remuneration Committee

**Remark :** (1) Appointed by the Board of Directors Meeting No. 4/21, dated 14 August 2021 to take the position of the Nomination and Remuneration Committee on behalf of Mr. Somrit Puntharat, who passed away on 2 August 2021.

Mr. Somchai Rattanakhamchuwong as the secretary of the Nomination and Remuneration Committee. Appointed by the Nomination and Remuneration Committee Meeting No. 4/21 on 4 November 2021

### Scope of Duties and Responsibilities of the Nomination and Remuneration Committee

The Board of Directors Meeting No. 1/21 (after conversion) on 24 April 2021 resolved to approve the scope, powers, duties and responsibilities of the Nomination and Remuneration Committee as follows:

#### Recruitment

1. Prescribe rules and procedures for nominating a person to take the position of the Company's director, member of subcommittees, and the Chief Executive Officer that are suitable to the specific nature of the Company, such as criteria for considering whether former director shall continue to hold the position for another term, criteria for recruitment announcement relating to the position of the Company's director, criteria for giving an opportunity to shareholders to nominate the Company's director, criteria for engaging recruitment companies, criteria for considering persons from the list of professional directors or criteria for nomination of a suitable candidate by each of the Company's directors, etc., and disclose such policies, criteria, and methods for transparency.

2. Determine qualifications of the Company's director, member of sub-committees, and the Chief Executive Officers to be recruited in accordance with the structure, size, type, and suitability of the Company in terms of skills, experience, and capabilities relating to the core business or industry in which the Company operates.

3. Select and nominate persons with suitable qualifications and in accordance with the criteria and procedures prescribed for holding the positions of the Company's director, member of sub-committees, and the Chief Executive Officer and propose such persons to the Board of Directors' meeting and/or the shareholders' meeting for the appointment.

4. Prepare, review, and summarize the results of preparation of succession plan and continuity of management suitable for the positions of the Chief Executive Officer and senior management on an annual basis and report such results to the Board of Directors for acknowledgement.

#### Remuneration

1. Consider the structure, amount, form, and criteria for payment of remuneration and all types of benefits, whether monetary or non-monetary, as appropriate for the chairman of the Board of Directors, members of the Board of Directors and sub-committees, and the Chief Executive Officer with fairness and reasonableness in accordance with their responsibilities and the Company's operating performance. Such remuneration shall be comparable to payment of remuneration of other companies in the same industry and the Nomination and Remuneration Committee shall propose such remuneration to the Board of Directors' meeting and/or the shareholders' meeting for consideration and approval.
2. Be responsible for the Board of Directors with a duty to provide an explanation, answer questions regarding the remuneration of directors, members of sub-committees, and the Chief Executive Officer at the shareholders' meeting.

3. Review the appropriateness of rules and procedures for nomination and remuneration of the Company's directors, members of sub-committees, and the Chief Executive Officer according to the changing environment and circumstances of the Company.
4. Determine guidelines for performance assessment of the Board of Directors and sub-committees.
5. Be responsible for considering and approving guidelines for the assessment of the Chief Executive Officer's performance and the President on an annual basis, taking into consideration their duties and responsibilities and risks incurred.
6. Be responsible for providing an opinion on performance assessment results of the Chief Executive Officer and the President and report such assessment results to the Board of Directors for consideration.
7. Supervise the disclosure of principles and rationale for determination of remuneration for the Company's directors and the Chief Executive Officer according to the SET regulations under the Company's annual report.
8. Determine remuneration of the Company's directors, members of sub-committees, executive directors, and the Chief Executive Officer. The management and departments must report or present relevant information and documents to the Nomination and Remuneration Committee to support the performance of assigned duties by the Nomination and Remuneration Committee.
9. Perform any other tasks relating to nomination and remuneration of the Company's directors, members of sub-committees, and the Chief Executive Officer as assigned by the Board of Directors and/or the shareholders' meeting.
10. Perform any other tasks assigned by the Board of Directors.

#### 4) The Executive Committee

As of 31 December 2021 Executive Committee Consisting of 10 directors, details are as follows:

Name	Position
1. Mrs. Suthartip Phisitbuntoon	Chairman of the Executive Committee
2. Mr. Wichai Suphasathitkul	Vice Chairman of Executive Director
3. Mr. Patpong Patong	Executive Director
4. Mr. Bunthid Supasatitkul	Executive Director
5. Mr. Parinya Supasatitkul	Executive Director
6. Mr. Thanassorn Ratanasirisap	Executive Director
7. Ms. Thapanattsamon Paisanteerakorn	Executive Director
8. Ms. Chonchissa Ratanasirisap	Executive Director
9. Mr. Punsongpol Paisanterakorn	Executive Director
10. Miss Varita Laothamatas	Executive Director

Because of Mr. Somrit Puntharat, who is the Executive Director of the Company Passed away on 2 August 2021, the Board of Directors Meeting No. 4/21 on 14 August 2021 therefore considered and approved the change in the number of members of the Executive Committee from 11 persons to 10 persons. The said Executive Committee is consistent with the Company's Executive Committee Charter.

Miss Natthanan Kittiphonsombun as the secretary of the Executive Committee appointed by the Executive Committee Meeting No. 8/21 on 18 August 2021

### Scope of Duties and Responsibilities of the Executive Committee

The Board of Directors Meeting No. 1/21 (after conversion) on 24 April 2021 resolved to approve the scope, powers, duties and responsibilities of the Executive Committee as follows:

The Executive Committee has the authorities and duties to manage the Company's business in accordance with its objectives, Articles of Association, policies, rules, regulations, orders, and laws, including the laws on securities and exchange, notifications of the Securities and Exchange Commission, notifications of the Capital Market Supervisory Board, notifications of the Board of Governors of the Stock Exchange of Thailand, any other relevant notifications, rules, and/or regulations, and the resolutions of the Board of Directors' meeting and/or shareholders' meeting. In addition, the Executive Committee has duties to consider and scrutinize various considerations that will be presented to the Board of Directors for approval and/or consideration as stipulated in the Articles of Association or the orders of the Board of Directors and carry out orders of the Board of Directors from time to time.

1. Plan, prepare and present policies, directions, goals, business strategies, and annual plan of the Company to be in line with economic conditions and competition in the market, including other important policies such as anti-corruption policy for approval to the Board of Directors, and operate and manage the Company's business in accordance with the objectives, regulations, policies, and resolutions of the Board of Directors' meetings and/or the resolutions of the shareholders' meetings.
2. Formulate a business plan, annual budget, management structure, and authorizations of the Company for approval by the Board of Directors.
3. Control, supervise and monitor the Company's performance in accordance with policies, goals, business plans, business strategies, and budget and management powers as approved by the Board of Directors.
4. Have the authority to consider and approve expenditures for investment, procurement, borrowing from financial institutions, and other operations which are for the benefits of operating the Company according to its objectives within limits or authorization determined by the Board of Directors. Have the authority to provide recommendations or opinions on matters that exceed its limits or authorization determined by the Board of Directors regarding investment, procurement, and borrowing from financial institutions, and other operations for the benefits of operating the Company according to its objectives. Such actions must be subject to the notifications of the Board of Governors of the Stock

Exchange of Thailand, the SEC Office, the Capital Market Supervisory Board, or any other applicable laws.

5. Consider and approve amendments and changes in work regulations, orders, rules, and regulations relating to operations, control, and administration in all lines of work.
6. Consider and scrutinize the management's proposals and present goals, policies, business plans, and annual budgets of the Company to the Board of Directors for consideration and approval. This includes considering and approve changes in the annual budget expense during the absence of the Board of Directors' meeting and present it to the next Board of Directors' meeting for acknowledgement.
7. Consider and approve normal business operations of the Company according to investment budget or budget approved by the Board of Directors. The limit for each transaction shall be in accordance with the authorization manual approved by the Board of Directors.
8. Consider and report various matters to the Board of Directors within the specified period as follows:
  - (a) Quarterly and annual operating performance of the Company within the timeframe stipulated by relevant laws;
  - (b) In respect of fraud, violation of the laws, and other unusual actions, the Executive Committee will immediately report to the Board of Directors when detected or suspected;
  - (c) Other reports as the Executive Committee or the Board of Directors deems appropriate.
9. Review authorization matrix annually to propose to the Board of Directors for consideration and approval of amendments (if any).
10. Establish guidelines for annual performance assessment of the Chief Executive Officer and the President, taking into account duties and responsibilities and risks incurred, and present such guidelines to the Nomination and Remuneration Committee for approval.
11. Be responsible for performance assessment of the Chief Executive Officer and the President and report the assessment results to the Nomination and Remuneration Committee for approval.
12. Be responsible for considering and approving guidelines for annual performance assessment of the deputy the President and Executive Vice President, taking into account duties and responsibilities and risks incurred.
13. Be responsible for considering and approving the performance assessment results of the deputy the President and Executive Vice President.
14. Perform any other duties as assigned by the Board of Directors.
15. Delegate authorities and duties to the chairman of the Executive Committee and/or senior management of the Company according to the scope of authorities, duties, responsibilities as prescribed by the Executive Committee under the supervision of the Executive Committee.
16. Have the authority to authorize one or more persons to perform any particular action under the supervision of the Executive Committee, or may authorize such person to have authorities as the Executive Committee deems appropriate and within the time period as the Executive Committee deems appropriate. The Executive Committee may cancel, revoke, change or amend the authorized person or the authorization as deemed appropriate.

17. Assist the Audit Committee in finding facts or tasks assigned by the Audit Committee regarding fraud and corruption investigation, including review of the appropriateness of various systems and measures to be consistent with changes in business, rules, regulations and legal requirements.

In this regard, granting of authorities, duties, and responsibilities of the Executive Committee does not constitute an authorization or sub-authorization which allows delegate of the Executive Committee to approve items that he/she or person who may have a conflict of interest (according to the definition under the notifications of the Capital Market Supervisory Board and/or the SET and/or the relevant agencies), having interest or may have any other conflict of interest with the Company or its subsidiaries and/or related companies. The Executive Committee has no authority to approve such actions. Such matters must be proposed to the Board of Directors' meeting and/or the shareholders' meeting (as the case may be) for further approval, except for approval of transactions in the normal business operations and with normal trading conditions according to the notifications of the Capital Market Supervisory Board and/or the SET and/or relevant agencies

## 5) Corporate Governance and Sustainable Development Committee

The Company is in the process of establishing the Corporate Governance and Sustainable Development Committee in 2022.

## 7.4 Management

### 7.4.1 Management

Management Team Members as of 31 December 2021

Name	Position
1. Mrs. Sutharntip Phisitbuntoon	Chief Executive Officer
2. Mr. Wichai Suphasathitkul	President Acting Senior Executive Vice President of Corporate Management
3. Mr. Rapee Pruenglampoo	Executive Vice President - Operation/ Acting Senior Executive Vice President - Operation
4. Mr. Benjarong Kammanid	Executive Vice President Risk Management
5. Dr. Theerawat Thawanratphokin	Executive Vice President Accounting & Financial
6. Mr. Somchai Rattanakhamchoowong	Executive Vice President Human Resources & Corporate Service
7. Mr. Suphot Phuthong	Executive Vice President Information Technology
8. Mr. Sompop Pundrikabha	Executive Vice President Marketing
9. Ms. Natthanan Kittiphonsombun	Corporate Secretary/ Executive Vice President Head of Governance and Investor Relations



## Scope Of Duties And Responsibilities Of The Chief Executive Officer

The Board of Directors Meeting No. 1/2021 (after transformation) on 24 April 2021 resolved to approve the scope, powers, duties and responsibilities of the Chief Executive Officer as follows:

1. Manage the Company's business This includes supervising and controlling overall operations to ensure compliance with objectives, regulations, policies, regulations, requirements, orders, business strategies. goals and action plans Financial goals, budgets and resolutions of the Board of Directors' meeting and/or the resolutions of the shareholders' meeting of the Company
2. Acting Representative of the Company in business negotiations
3. Negotiate funding sources with financial institutions or various fund managers
4. Create a good image for the company and is accepted in the stock exchange
5. Seek business opportunities to create growth and sustainability for the company
6. Carry out the preparation and delivery of the Company's business policy. Including business plans and budgets to submit to the Board of Directors for approval, and to report progress according to the approved plans and budget to the Company's directors. and regular committees
7. Follow up and assess the performance of the management and report on the management performance. Progress of operations to the Board of Directors and sub-committees regularly
8. Operate or assign management powers in order to effectively and efficiently perform operations in accordance with the policies, plans and budgets approved by the Board of Directors, based on the principle of systematic internal control and has regular risk management
9. Follow up and report on the condition of the company's position and suggest options and strategies that are in line with the policy and market conditions.
10. Ensuring that there is good corporate governance
11. Be a leader and act according to the ethics and business ethics of the Company, including promoting, directing and monitoring management based on sustainability principles, social responsibility and comply with anti-corruption measures and practices
12. Have any powers, duties and responsibilities as assigned or according to the policy assigned by the Board of Directors and/or sub-committees
13. Chief Executive Officer can hold directorship in other companies, but must not be an obstacle to the performance of the Company's duties and that business must not be the same type of business or is it competing with the company's business and must receive approved by the Board of Directors before taking a director position in other companies

### 7.4.2 Policy and method for determining remuneration of directors and executives

The Nomination and Remuneration Committee's Meeting No. 1/2020 and the Board of Directors' Meeting No. 1/2020 held on 21 February 2020 considered the remuneration and welfare of the Company's directors, sub-committees, and executives for the year 2020, and the Nomination and Remuneration Committee's Meeting No. 1/2021 and the Board of Directors' Meeting No. 1/2021 held on 20 February 2021 considered the remuneration and welfare of the Company's directors, sub-committees, and executives for the year 2021, which consisted of meeting allowance, monthly compensation, salary

and other benefits. The meetings thoroughly considered appropriateness of the remuneration to duties and responsibilities of each director, operating results of the Company, and compared the remuneration with the rates of remuneration of directors, sub-committees, and other executives in the same industry and other listed companies in the same industry and was of the view that the remuneration of the Company's directors, sub-committees, and executives was at a competitive rate in order to attract qualified candidates to become the Company's directors in the future.

In addition, the Company has determined remuneration of the Chief Executive Officer and executives in accordance with performance of individual executives, which is also linked to the Company's performance, both short-term and long-term, reflecting good practices and guidelines and adherence to the standards of leading companies. Such remuneration must be competitive compared to other organizations in order to attract and retain executives, who are important to short-term and long-term success of the Company. The Board of Directors has a duty to consider and approve such remuneration.

### 7.4.3 Management compensation

#### (1) Monetary compensation

In the year 2021, there are a total of 9 executives at the level of Executive Vice President or above, who are considered the first 4 executives (according to the definition of the SEC) and receive compensation for performing their duties in the forms of salary, living expense, special pension, and bonus in the aggregate amount of THB 29,821,158. The management compensation has already complied with the terms of the Company's employment contracts.

#### (2) Other compensations

In 2021, executives at the level of Executive Vice President or equivalent or higher which is the first of 4 level of executives (according to the SEC definition) has received from their performance of duties, a total of 9 people received contributions to the Company's provident fund and company's social security fund with the total amount of Baht 779,826 by the remuneration of the management has performed according to the conditions of the Company's employment contract has expired (which such compensation is included in the executives at the level of Executive Vice President or equivalent or higher who retired from being an employee in 2021 and including the Chief Executive Officer and President).

In addition, the Company's executives receive other benefits and welfare according to the Company's regulations with the same as employees, such as healthcare benefits, health check-up benefits or other benefits related to medical treatment and health check of which the total amount is Baht 944,797 (which includes the remuneration for executives at the level of Executive Vice President or equivalent or higher who retired from being an employee in 2021 and including the Chief Executive Officer and President).

## 7.5 Employees

### Employees

As of 31 December 2021, the Company has a total of 1,768 employees, which can be classified into different lines of work as follows:

Line of Work	Number of employees classified by line of work (persons)			
	As of 31 December 2021			
	2018	2019	2020	2021
1. Credit Operations Department	985	952	1,206	1,475
2. Storage Operations Department	231	299	-	-
3. Branch Operations Department (Headquarters)	-	-	13	15
4. Credit Control and Approval Department	27	29	29	39
5. Property Auction Department	12	24	24	20
6. Information Technology Department	52	52	53	53
7. Marketing Department	50	27	27	27
8. Accounting and Finance Department	35	37	39	42
9. Internal Audit/Registration and Contract Department	35	30	30	35
10. Administration and Purchasing	34	39	30	27
11. Human Resources Department	16	13	17	22
12. Legal Department	11	12	15	15
13. Corporate Secretary Office	2	3	4	6
14. Management	3	1	1	2
<b>Total</b>	<b>1,493</b>	<b>1,518</b>	<b>1,488</b>	<b>1,778</b>

**Remark :** (1) In 2020, the Company has restructured its internal structure to clearly separate functions by integrating the Collection Department with the Credit Department and establishing the Branch Operations Department (Head Office).

The number of employees has increased in the year 2021 due to the expansion of the business by the Company by expanding branches in 2021, totaling 87 branches and gaining more employees during October - December 2021 in order to prepare to support the expansion of branches in 2022 according to the expansion of the business by the Company

Employee compensation (excluding management compensation) includes salary, wage, bonus, provident fund, and social security fund, the details of which are as set out below.

(Unit: Thai Baht)

Type of Employee Compensation	Year 2020	Year 2021
1. Salary	305,464,593	326,604,891
2. Bonus	27,322,481	33,395,134
3. Other types of compensation	84,010,005	84,911,665

**Remark :** Other types of compensation include provident fund contributions, social security contributions, and accident insurance (group).

### Provident Fund

In the year 2016, the Company established a provident fund under the management of Kasikorn Asset Management Company Limited.

### Labour Disputes

During the past 3 years, the Company did not have any major labor dispute which had a significant impact on the Company's business, financial positions, and operating performance.

### Human Resource Development Policy

The Company's policy is to have human resource development on a regular basis. The objective is to increase knowledge, skills and expertise, as well as efficiency in the performance of employees at all levels. Details of human resource development policy are as set out under the management and governance policy as an efficient and socially responsible company.

### Employee Compensation and Welfare Policy

The company determines the compensation of employees. consistent with the Company's performance It is assured that such compensation can be an incentive for employees to stay with the Company in a highly competitive labor environment. Employees will be offered reasonable compensation. To create continuous results and make the company sustainable growth

The company has regulations to manage the performance of personnel. By defining corporate KPIs, which consider a comprehensive perspective on operational dimensions from all parts of the organization. and summarized by the management The indicators have been set from the Chief Executive Officer level., President, Executive Vice President, Directors, Manager, and all employees respectively, each employee has his or her own indicators which are consistent with the department/ department and organization's indicators. The supervisor or supervisor provides advice and recommendations to the subordinates to improve their performance as well as to encourage, support and encourage. For dedication to work in connection with compensation and rewards from performance to employees

The Company has adjusted the rate of compensation to be close to other companies in the same industry fairly. The Board of Directors attaches great importance to employment, taking into account the ability of employees in various positions without discrimination and equal opportunities which takes into account the principles of fairness, equality, suitable qualifications. To promote career advancement and grow together with the Company in a sustainable manner by setting a policy for both short-term and long-term employee compensation that is consistent with the performance of the organization and linking the performance of employees according to the Balanced Scorecard. Details appear in the management and governance policy as an efficient and socially responsible company.

In addition to paying compensation, the company regularly reviews various compensation to be in line with the economic situation, such as travel expenses to work, etc.

### Welfare Arrangements for Employees

The company promotes the welfare and well-being of its employees by covering the employees' families. To be healthy strong health Welfare can be divided into 3 types as follows:

1. Employee welfare benefits such as merit-making benefits Welfare to make merit for the new house Marriage subsidy benefits Welfare for receiving maternity gifts Welfare for the funeral of direct relatives Welfare in the event of employee death
2. Funds such as provident funds Social Security Compensation Fund
3. Health and life insurance such as group accident insurance

### Human Resource Development

The Company realizes the importance of training and development of its personnel to enhance employees' knowledge and capabilities and enable employees to keep up with the changes and in line with the Company's strategy, the details of which are as set out under the management and governance policy as an efficient and socially responsible company.

In addition, the Company promotes and has created values to employees such as eagerness to learn and self-development. This is consistent with the organizational values that adhere to the general practice (HENG) in relation to G-Growth which means "progress" or passion to continuously learn and develop with an intention to produce results in a better way in order to expand and grow the business rapidly and has increasing and sustainable profits every year.



The important courses include corporate governance, environmental management, orientation for new employees, being an anti-corruption organization, provision of fair services to customers (Market Conduct), Personal Data Protection Act (PDPA), and risk management etc.

Due to the year 2021 of Covid-19 pandemic, the Company's policy is to provide ongoing development of personnel, including on-site training, online conference, and e-learning system to ensure that the Company's employees will gain knowledge and develop their potential to the fullest. In the year 2021, there were 910 employees out of 1,778 employees enrolled for trainings (employee information as of December 2021), accounting for 51.18% of the total number of employees.

## 7.6 Other Important Information

### 7.6.1 Person assigned to be directly responsible for supervision of accounts preparation, corporate secretary, outsourced internal auditor, head of compliance

#### 1) Person responsible for supervision of accounts preparation

Mr. Thakoon Wuttiornpong, Director of Accounting, is the person who is directly responsible for supervision of accounts preparation and overseeing the Company's transactions and payments to be efficient and in accordance with the Company's rules and regulations and accounting standards. Profile of the person assigned to be directly responsible for supervision of accounts preparation are as set out under Attachment 1.

#### 2) Corporate Secretary

Miss Natthanan Kittiphonsombun, Executive Vice President Head of Governance and Investor Relations, was appointed by the Board of Directors' Meeting No. 1/2021 held on 24 April 2021 as the Corporate Secretary. The duties and responsibilities of the Corporate Secretary are

as prescribed under the Securities and Exchange Act B.E. 2535 (1992). Profile of the Corporate Secretary are as set out under Attachment 1.

### 3) Head of Internal Audit

The Company has engaged KPMG Phoomchai Business Advisory Ltd. (“KPMG”) as internal auditor whereby Mr. Supachate Kunaluckkul acts as head of internal audit who reports to the Company’s Audit Committee. Profile of the head of internal audit are as set out under Attachment 3.

### 4) Head of Compliance

Miss Natthanan Kittiphonsombun, Executive Vice President Head of Governance and Investor Relations, acts as the head of compliance. Profile of the head of compliance are as set out under Attachment 1.

## 7.6.2 Information on head of investor relations and contact details

To ensure that the disclosure of important information is accurate, timely, transparent and verifiable, the Company has established the Investor Relations Department and Miss Natthanan Kittiphonsombun, Executive Vice President Head of Governance and Investor Relations, as a center for disclosure of important information to local and foreign shareholders and investors. Such information includes financial information such as operating performance and quarterly financial statements, quarterly management discussion and analysis (MD&A), and the Company’s strategy and future trends. The Company’s shareholders and investors shall be kept informed equally and on a regularly basis and the disclosure shall be complete and accurate.

Shareholder and investors may contact the Company for information via telephone, email, and by mail or access the information via the Company’s website at <https://investor.hengleasing.com/th/home> which contains important information for shareholders and investors in Thai and English languages or contact the Investor Relations Department.

<b>Telephone number</b>	02-153-9587 Ext. 9 or 1361 Ext. 9
<b>Fax</b>	053-350-490
<b>E-mail</b>	IR_Heng@hengleasing.co.th
<b>Letter</b>	Heng Leasing and Capital Public Company Limited Investor Relations No. 69, Moo 7, San Sai Noi Sub-district, San Sai District, Chiang Mai Province 50210
<b>Office hours</b>	Monday through Friday at 8 a.m. - 6 p.m.

### Investor Relations Activities

The management of rights and interests of shareholders to be in accordance with the laws, as well as strengthening good relationship with shareholders, will enhance the Company’s good image



and credibility to sustainably create higher values for its shareholders in a long term. Therefore, the Company has assigned the Office of the Corporate Secretary and the Investor Relations Department to disclose the organization's information, particularly financial and general information to shareholders, investors, analysts, investment rating agency, and regulators through various channels, including reporting to the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Company's website under the subject "Investor Relations" so that any person who is of interest can study the information conveniently. In addition, the Company also organizes various activities to disclose, clarify information and provide participants with an opportunity to ask questions. The Company also requires its high-level executives to participate in clarifying information. Such activities include providing information to investors and analysts and preparing press release which presents the Company's operating performance, the details of which can be summarized as follows:

1. participating once in SET Opportunity Day organized by the Stock Exchange of Thailand. There were an approximate of 20 analysts and investors attending the event.
2. providing information to investors. Due to the Covid-19 outbreak, the Company implemented social distancing measures. There was a total of 4 events organized by securities company with an approximate of 20 participants per event.
3. preparing 4 press releases presenting the Company's operating performance.

### 7.6.3 Audit fee

The Company pays the audit fee to EY Office Limited, which is the audit firm of the auditors for the year 2021, including any person or business related to the auditor and the audit firm, in the total amount THB 3,900,000.

The audit firm and the auditors do not have any relation or interest with the Company, its executives, major shareholders or related persons of executives and major shareholders. The auditors are independent and qualified as the Company's auditors. The auditors are in the approved list of the Securities and Exchange Commission. The 2021 Annual General Meeting of Shareholders resolved to approve the appointment of auditors and fix the audit fee for the year 2021 with details as set out below.

- Auditors
  1. Ms. Ratana Jala Certified Public Accountant (Thailand) No. 3734 and/or
  2. Ms. Somjai Khunapasut Certified Public Accountant (Thailand) No. 4499 and/or
  3. Ms. Wanwilai Phetsang Certified Public Accountant (Thailand) No. 5315 and/or
  4. Ms. Saranya Pludsri Certified Public Accountant (Thailand) No. 6768
- Audit fee for the year 2021
  1. Annual and quarterly audit fee of THB 3,300,000
  2. Compensation relating to IPO of THB 600,000
- Service fees other than audit fee
  - None -



## 8. Report on Key Performance in Corporate Governance

### 8.1 Report on Performance of Duties by the Board of Directors in the Past Year

In the year 2021, the Board of Directors reviewed the Company's policies and directions and supervised management and operations of the Company to be in accordance with goals, objectives, visions, strategies and directions of business operations. The management reported the operating results to the Board of Directors every quarter and the Board of Directors carefully reviewed such results for benefits of the shareholders under the framework of laws and Code of Conduct.

#### 8.1.1 Nomination, Development and Performance Assessment of the Board

##### Independent Directors

The Board of Directors has considered and appointed the Nomination and Remuneration Committee to nominate and select persons with knowledge, abilities and experiences that are beneficial to the long-term business operations. and in line with business directions and strategies and sustainable development to hold the position of the Company's director

##### (1) Qualifications of independent directors

- (a) Holding no more than 1% of the total number of shares with voting rights in the Company, parent company, subsidiary, associated company, major shareholder, or controlling person of the Company, including shares held by related persons of such independent director.
- (b) Not being or used to be a director who participates in management, employee, staff, advisor who receives a regular salary or controlling person of the Company, parent company, subsidiary, associated company, subsidiary of the same level, major shareholder, or controlling person of the Company, unless having been discharged from the aforementioned characteristics for at least 2 years before taking office as an independent director. Such prohibited characteristics do not include having been a government employee or advisor of a government agency, which is a major shareholder or a controlling person of the Company.
- (c) Not having a business relationship with the Company, parent company, subsidiary, associated company, major shareholder, or controlling person of the Company in a manner that may impede the exercise of one's independent judgment, including not being or having been a significant shareholder or a controlling person of a person having a business relationship with the Company, parent company, subsidiary, associated company, major shareholder or controlling person of the company, unless having been discharged from the aforementioned nature for at least 2 years and having no direct or indirect benefit or conflict of interest in terms of finance and management of the Company, its affiliates, associated companies, or individuals who may have a conflict of interest in a manner that would deprive them of their independence.

Such business relationship includes making transactions in the normal business operations, including renting or renting out property, items related to assets or services or providing or receiving financial assistance by accepting or lending, guaranteeing, and placing assets as collateral for liabilities and any other similar behavior in the same manner, which results in the Company or the contracting party having an obligation to pay the other party in the value of 3% of the Company's net tangible assets or from twenty million baht and above, whichever is lower. Calculation of such indebtedness shall be in accordance with the method for calculating the value of connected transactions under the notification of the Capital Market Supervisory Board regarding rules on connected transactions *mutatis mutandis*. Such consideration shall include debt incurred during a period of 1 year prior to the date of business relationship with the same person.

- (d) Having no blood relationship or by legal registration in the form of parent, spouse, sibling and child, including spouse of child of other director, executive, major shareholder or controlling person who will be nominated as director, executive or controlling person of the Company or its subsidiary.
- (e) Not being a director who has been appointed to represent and protect the interests of the Company's director, major shareholder, or shareholder who is related to a major shareholder. Independent directors must also be able to express their opinion or report independently in accordance with the tasks assigned without consideration of any interests and not being under influence of any person or group of persons, including not being under any circumstance that may coerce them into not being able to express a straightforward opinion.
- (f) Not being or having been an auditor of the Company, parent company, subsidiary, associated company, major shareholder or controlling person of the Company and is not a significant shareholder, controlling person, or partner of audit firm ("partner" means a person designated by the audit firm to sign audit reports on behalf of such juristic person) which has the auditor of the Company, parent company, subsidiary, associated company, major shareholder or controlling person, unless such nature has been terminated for at least 2 years before taking the position as an independent director.
- (g) Not being or having been a professional service provider of any kind, including legal or financial advisory services who receive service fees of more than 2 million baht per year from the Company, parent company, subsidiary, associated company, major shareholder, or controlling person and is not a significant shareholder, controlling person or a partner of that professional service provider ("partner" means a person designated by the professional service provider to sign professional service reports on behalf of such juristic person), unless such nature has been terminated for at least 2 years before taking the position as an independent director.
- (h) Do not conduct similar business and is not in significant competition with the business of the Company or its subsidiaries. Not being a significant partner in a partnership or being a director who takes part in the management, employee, staff, or an advisor who receives a regular salary or holding more than 1% of the total number of shares with voting rights of other companies which conduct similar business and being in significant competition with the business of the Company or its subsidiaries.

- (i) There is no other characteristic that prevents a person from expressing an independent opinion on the Company's operations. However, after being appointed as an independent director with the characteristics as specified above, independent directors may be assigned by the Board of Directors to make decisions about the business operations of the Company, parent company, subsidiary, associated company, same level subsidiary by having a decision in the form of a collective decision.

## (2) Nomination of Directors and the President & CEO

The Board of Directors selects directors by considering persons with various qualifications. both in terms of knowledge, ability and experience that can benefit the company which takes into account the elements of Board Diversity Policy including the proportion of independent directors and female directors (gender diversity) Racial and national diversity. including a variety of skills Knowledge, competence, experience and expertise in accordance with the Company's business strategy and related industries according to the Board Skills Matrix, without limitation or discrimination by gender, race, nationality, color, ethnicity or religion.

For the selection of executives, the Company considers those who have skills, knowledge, abilities, experience necessary and beneficial to the Company's business operations. and the performance of those who qualify Including having outstanding vision that can lead the organization to success

### Development of the Board of Directors

The Board of Directors and senior management attach importance to regularly attending trainings, seminars, and courses relating to improvement of knowledge and capabilities in performing the duties as a director (please refer to details of trainings of each director under Attachment 1). Most of the Company's directors (more than 75%) have a history of attending training with the Thai Institute of Directors (IOD) and other leading organizations/institutions. They have attended various seminars on related topics. The Company provides support to all directors as a channel to receive news and increase knowledge that can be applied in the position of director. In the year 2021, directors attended the following trainings/seminars.

Item	First Name - Lastname	Training Courses/Seminars in the Year 2021
1.	Prof. Dr. Chaiwuth Tangsomchai	- Successful Formulation and Execution of Strategy, (SFE), Thai Institute of Directors (IOD), Class of 37/2021
2.	Mr. Nutthirutt Wanwimonphong	- Preparing for the end of the Covid-19 pandemic: The crisis in 100 years. Opportunities and expectations after the Covid-19 pandemic.
3.	Mrs. Sutharntip Phisitbuntoon	- Digital Lending Experience (In-House Training) - Blockchain & Cryptocurrency (In-House Training) - Strengths Finder 2.0
4.	Mr. Wichai Suphasathikul	- Digital Lending Experience (In-House Training) - Blockchain & Cryptocurrency (In-House Training) - Strengths Finder 2.0

Item	First Name – Lastname	Training Courses/Seminars in the Year 2021
5.	Mr. Patpong Patong	<ul style="list-style-type: none"> <li>- Digital Lending Experience (In-House Training)</li> <li>- Blockchain &amp; Cryptocurrency (In-House Training)</li> </ul>
6.	Mr. Bunthid Supasatitkul	<ul style="list-style-type: none"> <li>- Digital Lending Experience (In-House Training)</li> <li>- Blockchain &amp; Cryptocurrency (In-House Training)</li> <li>- Strengths Finder 2.0</li> </ul>
7.	Mr. Parinya Supasatitkul	<ul style="list-style-type: none"> <li>- Digital Lending Experience (In-House Training)</li> <li>- Blockchain &amp; Cryptocurrency (In-House Training)</li> <li>- Strengths Finder 2.0</li> </ul>
8.	Miss Thapanattsamon Paisanteerakorn	<ul style="list-style-type: none"> <li>- Digital Lending Experience (In-House Training)</li> <li>- Blockchain &amp; Cryptocurrency (In-House Training)</li> </ul>
9.	Mr. Thanassorn Ratanasirisap	<ul style="list-style-type: none"> <li>- Digital Lending Experience (In-House Training)</li> <li>- Blockchain &amp; Cryptocurrency (In-House Training)</li> </ul>
10.	Miss Varita Laothamatas	<ul style="list-style-type: none"> <li>- Digital Lending Experience (In-House Training)</li> <li>- Blockchain &amp; Cryptocurrency (In-House Training)</li> </ul>

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

In order to comply with the good corporate governance principles, the Company has a policy for the Board of Directors to conduct self-assessment at least once a year to assist the Board of Directors to review the performance, issues and obstacles during the past year and to increase work efficiency of the Board of Directors.

The Company has assessed the performance of the Board of Directors for the year 2021 at the Board of Directors Meeting No. 2/2022 held on 18 February 2022. The evaluation criteria will be calculated as a percentage of the full score in each item. If the score is greater than 85% = excellent, the range of 75-85% = good, the range of 65-75% = fairly good, the range of 50-65% = fair, and less than 50% = should be improved in summary as follows:

1. Performance assessment form for the whole committee assessed in various fields as follows:
  - 1.1 Structure and Qualifications of the Board of Directors
  - 1.2 Board of Directors' meeting
  - 1.3 Roles, duties and responsibilities of the Board of Directors
  - 1.4 Other matters such as relationship with management, director's self-development and executive's development

In summary, the results of the assessment of the entire committee in the picture, including 4 items, were of the opinion that most of the actions were excellent and appropriate with an excellent average score equal to 95.37%

2. The individual director performance assessment form (self-assessment) by assessing various aspects as follows:

2.1 Structure and Qualifications of the Board of Directors

2.2 Board of Directors' meeting

2.3 Roles, duties and responsibilities of the Board of Directors

2.4 Responsibilities of the Board of Directors for the implementation of anti-corruption or corruption policies in the Company's supervision

In summary, the evaluation results of individual directors (self-assessment) in the 4 items, it found that most of the operations were excellent, appropriate, with an excellent average score of 96.17%.

3. Sub-committee Assessment form (assessment as the committee), this is a self-assessment with the same assessment criteria as the Board of Directors' assessment, to be used as a framework for reviewing the performance during the past year by presenting the results of the assessment to the meeting. The sub-committees consisted of 4 committees, totaling 4 topics, which were considered effective and strongly agreed with the following details

3.1 The Nomination and Remuneration Committee has an excellent average score equal to 96.49%

3.2 The Risk Management Committee has an excellent average score equal to 99.07%

3.3 The Audit Committee has an excellent average score equal to 97.02%

3.4 The Executive Committee has an excellent average score equal to 94.54%

4. Sub-committee Assessment Form (Self-assessment) details are as follows.

4.1 The Nomination and Remuneration Committee Committee has an excellent average score. equal to 99.31%

4.2 The Risk Management Committee has an excellent average score of 99.44%.

4.3 The Audit Committee has an excellent average score of 99.31%.

4.4 The Executive Committee with an excellent average score of 94.29%

5. Chief Executive Officer's Assessment Form

He has an excellent average score equal to 97.17%

6. The President's Assessment Form

He has an excellent average score equal to 94.74%

### Performance Assessment of the Board of Directors

The performance assessment of the Board of Directors shall be held at least once a year. The performance assessment shall be conducted on the Board of Directors and each individual director as follows:

1. Evaluation of the performance of the Board of Directors by covering issues in various fields according to the assessment form of the Stock Exchange of Thailand, as follows:

- (1) The structure and qualifications of the Board of Directors in the following matters are appropriate. make the work of the board efficient
  - (2) Roles, duties and responsibilities of the Board of Directors has given importance take time to consider  
Review and follow adequately the following matters.
  - (3) Board meetings on the following matters: in order for the Board of Directors to perform their duties in meetings effectively.
  - (4) Other matters such as the relationship between the Board of Directors and the management and self-development of directors and executive's development.
2. Assessment of individual directors' performance (self-assessment) covering various issues according to the assessment form of the Stock Exchange of Thailand, as follows:
- (1) Structure and qualifications of the Board of Directors
  - (2) Meeting of the Board of Directors
  - (3) Roles, duties and responsibilities of the Company's directors
  - (4) Responsibilities of the Board of Directors for implementing anti-corruption or corruption policies in dealing with with business care

The scores and opinions of the Company Directors will be used to improve the performance of the Board of Directors each year. and to make the work of the Board of Directors more effective. Including the use of the assessment results as information to support the opinions of the Board of Directors in proposing to shareholders to consider the election of company directors to replace directors who retire by rotation

In addition, the Board of Directors is responsible for considering the results of the performance appraisal of the Audit Committee. Nomination and Remuneration Committee Board of Directors Risk Management Committee and Chief Executive Officer

### Succession plans for senior management positions

Nomination and Remuneration Committee has considered the succession plan of senior executives such as the Chief Executive Officer, President, and senior management In order for the organization to have successors in senior management or important leaders to maintain competitiveness to drive the organization today and sustain business growth in the future which is to manage human resource risks and retain high potential personnel to co-create success with the organization. Including the development of personnel who have potential within the organization to grow and advance to be higher-level executives through a systematic and continuous development process.



## 8.1.2 Meeting attendance and individual directors' compensation

### (1) Board meetings

Attendance of the Board of Directors Meeting are as follows:

Name	Total Meetings attended/Total of meetings			
	1 Jan. 2020 – 31 Dec. 2020 (7 meetings in total)	1 Jan. 2021 – 31 Dec. 2021 (8 meetings in total)		
		Before transformation	After transformation	Total
(1) Professor Dr. Surapon Nitikraipot <sup>(1)</sup>	7/7 100%	2/2 100%	6/6 100%	100%
(2) Mr. Nutchdhawattana Silpavittayakul <sup>(1)</sup>	5/7 71.4%	2/2	6/6 100%	100%
(3) Assistant Professor Dr. Chaiwuth Tangsomchai <sup>(1)</sup>	100%	2/2	6/6 100%	100%
(4) Mr. Natthirutt Wanwimonphong <sup>(1)</sup>	7/7 100%	6/6	6/6 100%	100%
(5) Mrs. Sutharntip Phisitbuntoon <sup>(2)</sup>	7/7 100%	100%	6/6 100%	100%
(6) Mr. Wichai Suphasathitkul <sup>(3)</sup>	7/7 100%	2/2 100%	6/6 100%	100%
(7) Mr. Somrit Puntharat <sup>(3)(4)</sup>	6/7 85.7%	2/2 100%	2/3 66.6%	80%
(8) Mr. Patpong Patong <sup>(3)</sup>	7/7 100%	2/2 100%	6/6 100%	100%
(9) Mr. Bunthid Supasatitkul <sup>(5)</sup>	7/7 100%	2/2 100%	6/6 100%	100%
(10) Mr. Parinya Supasatitkul <sup>(5)</sup>	7/7 100%	2/2 100%	6/6 100%	100%
(11) Ms. Thapanattsamon Paisanteerakorn <sup>(6)</sup>	7/7 100%	2/2 100%	6/6 100%	100%
(12) Mr. Thanassorn Ratanasirisap <sup>(6)</sup>	7/7 100%	2/2 100%	6/6 100%	100%

Name	Total Meetings attended/Total of meetings			
	1 Jan. 2020 – 31 Dec. 2020 (7 meetings in total)	1 Jan. 2021 – 31 Dec. 2021 (8 meetings in total)		
		Before transformation	After transformation	Total
(13) Miss Varita Laothamatas <sup>(7)</sup>	-	-	2/2 100%	100%
<b>Total Attendances (percentage)</b>	<b>96.4%</b>	<b>98.9%</b>		

**Remark :** (1) Appointed by the Extraordinary General Meeting of Shareholders of the Company No. 3/2018 held on 10 October 2018 to be the Company's director.

(2) Appointed by the Extraordinary General Meeting of Shareholders of the Company No. 4/2018 held on 7 December 2021 to be the Company's director.

(3) Served as a director of the company From the date of registration of the company establishment on 20 October 2018

(4) Passed away on 2 August 2021

(5) Appointed by the Extraordinary General Meeting of Shareholders of the Company No. 1/2015 held on 25 December 2015 to be the Company's director.

(6) Appointed by the Extraordinary General Meeting of Shareholders of the Company No. 1/2016 held on 19 September 2016 to be the Company's director.

(7) Appointed by the Board of Directors Meeting No. 4/21, dated 14 August 2021 to take the position of the Company's director in place of Mr. Somrit Puntharat, who passed away on 2 August 2021.

## (2) Sub-committees Meetings

Attendance of sub-committees Meetings are as follows:

Name	Total Meetings attended/Total of meetings			
	1 Jan. 2020 – 31 Dec. 2020	11 Jan. 2021 – 31 Dec. 2021		
		Before transformation	After transformation	Total
<b>Audit Committee</b>	<b>(Total number of meeting are 4 times)</b>	<b>(Total number of meeting are 6 times)</b>		
1. Mr. Nutchdhawattana Silpavittayakul	4/4 100%	1/1 100%	5/5 100%	100%
2. Assistant Professor Dr. Chaiwuth Tangsomchai	4/4 100%	1/1 100%	5/5 100%	100%
3. Mr. Natthirutt Wanwimonphong	4/4 100%	1/1 100%	5/5 100%	100%

Name	Total Meetings attended/Total of meetings			
	1 Jan. 2020 – 31 Dec. 2020	11 Jan. 2021 – 31 Dec. 2021		
		Before transformation	After transformation	Total
<b>Total</b>	<b>100%</b>	<b>100%</b>		
<b>Nomination and Remuneration Committee</b>	<b>(Total number of meeting are 4 times)</b>	<b>(Total number of meeting are 6 times)</b>		
1. Mr. Natthirutt Wanwimonphong	5/5 100%	1/1 100%	3/3 100%	4/4 100%
2. Mr. Nutchdhawattana Silpavittayakul	4/5 80%	1/1 100%	3/3 100%	4/4 100%
3. Mr. Somrit Puntharat <sup>(1)</sup>	5/5 100%	1/1 100%	1/2 50%	2/3 66.6%
4. Mr. Bunthid Supasatitkul <sup>(2)</sup>	-	-	1/1 100%	1/1 100%
<b>Total</b>	<b>93.3%</b>	<b>91.6%</b>		
<b>Risk Management Committee</b>	<b>(Total number of meeting are 4 times)</b>	<b>(Total number of meeting are 6 times)</b>		
1. Assistant Professor Dr. Chaiwuth Tangsomchai	4/4 100%	1/1 100%	3/3 100%	4/4 100%
2. Mrs. Sutharntip Phisitbuntoon <sup>(3)</sup>	3/3 100%	-	-	-
3. Mr. Natthirutt Wanwimonphong <sup>(4)</sup>	1/1 100%	1/1 100%	3/3 100%	4/4 100%
4. Mr. Somrit Puntharat <sup>(1)</sup>	2/4 50%	0/1 0%	0/2 0%	0/3 0%
5. Mr. Patpong Patong <sup>(5)</sup>	-	-	1/1 100%	1/1 100%
<b>Total</b>	<b>83.3%</b>	<b>75.00%</b>		

Name	Total Meetings attended/Total of meetings			
	1 Jan. 2020 – 31 Dec. 2020	11 Jan. 2021 – 31 Dec. 2021		
		Before transformation	After transformation	Total
<b>Executive Committee</b>	<b>(Total number of meeting are 15 times)</b>	<b>(Total number of meeting are 21 times)</b>		
1. Mrs. Sutharntip Phisitbuntoon <sup>(4)</sup>	11/11 100%	6/6 100%	15/15 100%	100%
2. Mr. Wichai Suphasathitkul	15/15 100%	6/6 100%	15/15 100%	100%
3. Mr. Somrit Puntharat <sup>(1)</sup>	9/15 60%	3/6 50%	1/6 16.6%	33.3%
4. Mr. Patpong Patong	15/15 100%	5/6 83.3%	15/15 100%	95.2%
5. Mr. Bunthid Supasatitkul	15/15 100%	6/6 100%	15/15 100%	100%
6. Mr. Parinya Supasatitkul	15/15 100%	6/6 100%	15/15 100%	100%
7. Ms. Thapanattsamon Paisanteerakorn	15/15 100%	6/6 100%	14/15 93.33%	95.2%
8. Mr. Thanassorn Ratanasirisap	15/15 100%	6/6 100%	15/15 100%	100%
9. Ms. Chonchissa Ratanasirisap	15/15 100%	6/6 100%	15/15 100%	100%
10. Mr. Punsongpol Paisanterakorn	15/15 100%	6/6 100%	15/15 100%	100%
11. Miss Varita Laothamatas	15/15 100%	6/6 100%	15/15 100%	100%
<b>Total</b>	<b>96.2%</b>	<b>95.7%</b>		

**Remark :** (1) Passed away on 2 August 2021

(2) Appointed by the Board of Directors Meeting No. 4/21, on 14 August 2021 to take the position of the Nomination and Remuneration Committee on behalf of Mr. Somrit Phantharat, who passed away on 2 August 2021.

(3) Complete the term of office on 7 August 2021

(4) Appointed by the Board of Directors Meeting No. 5/2020 on 7 August 2021

(5) Appointed by the Board of Directors Meeting No. 4/21, dated 14 August 2021 to take the position of Risk Management Committee Member in place of Mr. Somrit Phantharat, who passed away on 2 August 2021.

### (3) Meetings of the non-executive members of the Board of Directors

The Board of Directors requires non-executive directors to hold meeting among themselves as appropriate without any executive directors or executives participating in the meeting to provide an opportunity to discuss any issues relating to the Company's business or other matters of interest. Details of the meeting attendance of the non-executive members of the Board of Directors are summarized as set out below.

Name	Total Meetings attended/Total of meetings	
	1 Jan. 2020 – 31 Dec. 2020	1 Jan. 2021 – 31 Dec. 2021
1. Professor Dr. Surapon Nitikraipot	1/1 100%	1/1 100%
2. Mr. Nutchdhawattana Silpavittayakul	1/1 100%	1/1 100%
3. Assistant Professor Dr. Chaiwuth Tangsomchai	1/1 100%	1/1 100%
4. Mr. Natthirutt Wanwimonphong	1/1 100%	1/1 100%
5. Mr. Somrit Puntharat <sup>(1)</sup>	1/1 100%	-
6. Mr. Patpong Patong	1/1 100%	1/1 100%
7. Mr. Bunthid Supasatitkul	1/1 100%	1/1 100%
8. Mr. Parinya Supasatitkul	1/1 100%	1/1 100%
9. Mr. Thanassorn Ratanasirisap	1/1 100%	1/1 100%
10. Ms. Thapanattsamon Paisanteerakorn	1/1 100%	1/1 100%
11. Miss Varita Laothamatas <sup>(2)</sup>	-	1/1 100%
<b>Total</b>	<b>100%</b>	<b>100%</b>

**Remark :** (1) Passed away on 2 August 2021

(2) Appointed by the Board of Directors Meeting No. 4/21, on 14 August 2021 to take the position of the Company's director in place of Mr. Mr. Somrit Puntharat, who passed away on 2 August 2021.

## Directors' remuneration

### (1) Monetary remuneration

The 2020 Annual General Meeting of Shareholders held on 15 May 2020 and the 2021 Annual General Meeting of Shareholders held on 21 April 2021 resolved to approve the directors' remuneration for the year 2020 and 2021 with details as set out below.

Board of Directors and Sub-committees	Monthly Remuneration (Baht/person)	Meeting Fee (Baht/time/person) <sup>(3)</sup>
<b>Board of Directors</b>		
• Chairman of the Board of Directors	-	60,000
• Member of the Board of Directors	-	40,000
<b>Sub-committees</b>		
1. Audit Committee		
• Chairman of the Audit Committee	-	35,000
• Member of the Audit Committee	-	25,000
2. Risk Management Committee		
• Chairman of the Risk Management Committee	-	35,000
• Member of the Risk Management Committee	-	25,000
3. Nomination and Remuneration Committee		
• Chairman of the Nomination and Remuneration Committee	-	35,000
• Member of the Nomination and Remuneration Committee	-	25,000
4. Executive Committee <sup>(1)(2)</sup>		
• Chairman of the Executive Committee	160,000	-
• Member of the Executive Committee who holds a position as the Company's director and/or member of the sub-committee	120,000	-
• Member of the Executive Committee who does not hold a position as the Company's director and/or member of the sub-committee	100,000	-
5. Non-executive directors		
• Chairman of the Board of Directors	-	60,000
• Member of the Board of Directors	-	40,000

**Remarks :** (1) Member of the Executive Committee who holds a position as the Company's director and/or member of the sub-committee will receive only monthly remuneration as the Member of the Executive Committee.

(2) Member of the Executive Committee who holds an executive position will not receive meeting allowance and monthly remuneration as a Member of the Executive Committee.

(3) Only directors attending the meeting will receive meeting allowance.

## Remuneration during the period from 1 January – 31 December 2021

(Unit : Baht)

Name	Remuneration during the period from 1 January – 31 December 2021							
	Board of Directors	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Executive Committee	Non-executive Directors	The Annual General Meeting of Shareholders	Total
1. Prof. Dr. Surapon Nitikraipot	480,000	-	-	-	-	60,000	60,000	600,000 (2) (4)
2. Mr. Nutchdhawattana Silpavittayakul	320,000	210,000	-	100,000	-	40,000	40,000	710,000(3) (5)
3. Prof. Dr. Chaiwuth Tangsomchai	320,000	150,000	140,000	-	-	40,000	40,000	690,000(3) (5)
4. Mr. Nutthirutt Wanwimonphong	320,000	150,000	100,000	140,000	-	40,000	40,000	790,000(3) (5)
5. Mrs. Sutharntip Phisitbuntoon <sup>(1)</sup>	-	-	-	-	-	-	-	-
6. Mr. Wichai Suphasathikul <sup>(1)</sup>	-	-	-	-	-	-	-	-
7. Mr. Somrit Puntharat	-	-	-	-	892,000	-	-	892,000
8. Mr. Patpong Patong	-	-	-	-	1,440,000	-	-	1,440,000
9. Mr. Bunthid Supasatitkul	-	-	-	-	1,440,000	-	-	1,440,000
10. Mr. Parinya Supasatitkul	-	-	-	-	1,440,000	-	-	1,440,000
11. Miss Thapanattsamon Paisanteerakorn	-	-	-	-	1,440,000	-	-	1,440,000
12. Mr. Thanassorn Ratanasirisap	-	-	-	-	1,440,000	-	-	1,440,000
13. Miss Varita Laothamatas	-	-	-	-	1,284,667	-	-	1,284,667
14. Miss Chonchissa Ratanasirisap	-	-	-	-	1,200,000	-	-	1,200,000
15. Mr. Punsongpol Paisanterakorn	-	-	-	-	1,200,000	-	-	1,200,000
<b>Total</b>								<b>14,566,667</b>



Remarks : (1) Not receiving remuneration as member of the Executive Committee as they hold a position as the Company's executive and have received remuneration as an executive.

(2) The above remuneration excludes meeting allowance for attending an annual general meeting of shareholders in the year 2021 in the amount of to THB 60,000.

(3) The above remuneration excludes meeting allowance for attending an annual general meeting of shareholders in the year 2021 in the amount of to THB 40,000.

(4) The above remuneration excludes meeting allowance for attending a meeting of non-executive directors in the year 2021 in the amount of THB 60,000.

(5) The above remuneration excludes meeting allowance for attending a meeting of non-executive directors in the year 2021 in the amount of THB 40,000.

(6) Miss Varita Laothamatas Director No. (13) was appointed as the Executive Director in replace of Mr. Somrit Puntharat who passed away in August 2021.

## (2) Other remuneration

For the year 2021 ending on 31 December 2021, the Company has paid other remunerations to the Board of Directors and sub-committees totaling 13 persons including bonuses totaling approximately Baht 6,526,484 and Baht 1,348,516 and health insurance premiums in the total amount of Baht 997,849 and Baht 340,587 respectively.

### 8.1.3 Supervision of subsidiaries and associated companies

The Company does not have any subsidiary or associated company.

### 8.1.4 Monitoring on compliance with good corporate governance policies and guidelines

In the past, the Board of Directors of Heng Leasing and Capital Public Company Limited (the "Company") has complied with the laws, objectives, Articles of Association, and shareholders' resolutions of the Company. The Company also complied with the Principles of Good Corporate Governance of Listed Companies 2012 as prescribed by the Stock Exchange of Thailand ("SET") and Corporate Governance Code for Listed Companies 2017 as prescribed by the Securities and Exchange Commission ("SEC") as guidelines for its business operations to create work efficiency and transparency to investors, which shall create confidence in the Company's business operations from third party.

#### (1) Prevention of conflicts of interest

The Company, by the Board of Directors, has established a policy in relation to the prevention of conflicts of interest on the principles that any decision in conducting business activities must be made only in the best interests of the Company and acts that cause conflicts of interest must be avoided by requiring those who are involved or have a conflict of interest in the transactions being considered must inform the Company of their relationships or interests in such transactions.

## (2) Seek benefits

Stipulated that directors and executives including those holding a management position in the accounting or finance line at the level equivalent to a department manager or higher (According to the definition of the SEC and SET) notify the corporate secretary at least 1 day in advance before buying, selling, transferring or accepting the transfer of the company's securities and/or derivatives according to good corporate governance. Including the disclosure of the report on holding of securities and derivatives issued by the company, both for themselves, their spouses, or those who live together as husband and wife. and of underage children including the juristic person who Spouse or those who live together as husband and wife and minor children holding shares more than 30 percent of the total voting rights of such juristic person and the aggregate shareholding is the largest proportion in that juristic person within 7 business days from the date of the first change of holding of securities and/or derivatives of the Company and report the change in holding of securities and derivatives of the company within 3 business days from the date of purchase, sale, transfer or acceptance of transfer of such company's securities and/or derivatives, in accordance with the rules and procedures prescribed by the Market Supervisory Board. Capital and the SEC Office determine and deliver a copy of the report to the Corporate Secretary on the same day the report is submitted to the SEC Office.

### Reporting of Securities Holding of Directors as of December 31, 2021

No.	Name	Shares			Remark
		As of October 31, 2021	Increase (decrease) during the year (shares)	As of December 31, 2021	
1.	Professor Dr. Surapon Nitikraipot	5,500,000.00	(500,000.00)	5,000,000.00	
	Spouse and underage children	650,000.00	-	650,000.00	
2.	Mr. Nutchdhawattana	-	-	-	
	Silpavittayakul	-	-	-	
	Spouse and underage children	-	-	-	
3.	Mrs. Sutharntip Phisitbuntoon	3,025,000.00	-	3,025,000.00	
	Spouse and underage children	-	-	-	
4.	Mr. Natthirutt Wanwimonphong	2,000,000.00	-	2,000,000.00	
	Spouse and underage children	-	-	-	
5.	Assistant Professor Dr. Chaiwuth Tangsomchai	600,000.00	-	600,000.00	
	Spouse and underage children	50,000.00	-	50,000.00	
6.	Mr. Wichai Suphasathitkul	545,226,525.00	(213,343,000.00)	331,883,525.00.00	
	Spouse and underage children	-	-	-	

No.	Name	Shares			Remark
		As of October 31, 2021	Increase (decrease) during the year (shares)	As of December 31, 2021	
7.	Mr. Patpong Patong	139,623,145.00	(13,730,000.00)	125,893,145.00	
	Spouse and underage children	500,000.00	-	500,000.00	
8.	Mr. Bunthid Supasatitkul	174,244,820.00	(25,900,000.00)	148,344,820.00	
	Spouse and underage children	-	-	-	
9.	Mr. Parinya Supasatitkul	232,326,430.00	(34,536,000.00)	197,790,430.00	
	Spouse and underage children	-	-	-	
10.	Mr. Thanassorn Ratanasirisap	144,440,000.00	-	144,440,000.00	
	Spouse and underage children	1,000,000.00	(500,000.00)	500,000.00	
11.	Ms. Thapanattsamon Paisanteerakorn	44,776,200.00	-	44,776,200.00	
	Spouse and underage children	-	-	-	
12.	Miss Chonchissa Ratanasirisap	146,130,000.00	-	146,130,000.00	
	Spouse and underage children	-	-	-	
13.	Mr. Punsongpol Paisanterakorn	44,776,200.00	-	44,776,200.00	
	Spouse and underage children	-	-	-	
14.	Miss Varita Laothamatas	-	10,000,000.00	10,000,000.00	
	Spouse and underage children	-	-	-	

#### Reporting of Management's Securities Holding as of December 31, 2021

No.	Name	Shares			Remark
		As of October 31, 2021	Increase (decrease) during the year (shares)	As of December 31, 2021	
1.	Mr. Rapee Pruenglampoo	660,000.00	-	660,000.00	
	Spouse and underage children	-	-	-	
2.	Mr. Benjarong Kammanid	660,000.00	(300,000.00)	360,000.00	
	Spouse and underage children	-	-	-	
3.	Dr. Theerawat Thawanratphokin	660,000.00	-	660,000.00	
	Spouse and underage children	-	-	-	
4.	Mr. Somchai Rattanakhamchoowong	-	-	-	
	Spouse and underage children	-	-	-	

No.	Name	Shares			Remark
		As of October 31, 2021	Increase (decrease) during the year (shares)	As of December 31, 2021	
5.	Mr. Suphot Phuthong	660,000.00	-	660,000.00	
	Spouse and underage children	-	-	-	
6.	Mr. Sompop Pundrikabha	660,000.00	(580,000.00)	80,000.00	
	Spouse and underage children	-	-	-	
7.	Miss Natthanan	550,000.00	-	550,000.00	
	Kittiphonsombun				
	Spouse and underage children	-	-	-	

**Note** : The Company was listed on the Stock Exchange of Thailand on 19 October 2021.

### (3) Anti-corruption

#### Anti-corruption policy

The Company has an anti-corruption policy that recognizes the importance of anti-corruption and adheres to morals and ethics and management with transparency and responsibilities to all stakeholders. In this regard, the Company has established guidelines for proper conduct of the Board of Directors, the management and employees in the good corporate governance policy. and business ethics which is part of “Corporate Governance” of the Company. The Board of Directors, executives, staff, and employees of the Company must not demand, accept or act in connection with any form of corruption, either directly or indirectly for the benefit of oneself, family, friends, and acquaintances, whether they are giver, receiver or offerer of bribe and whether monetary or non-monetary, to government agencies or private agencies of which the Company has conducted business or dealt with. The Company will strictly comply with the anti-corruption policy as well as arrange to crosscheck and regularly review the implementation of this anti-corruption policy in compliance with changes in business, rules, regulations, and relevant laws.

#### Guidelines for Disclosure of Information on Anti-Corruption Performance

The company has established a risk management policy on fraud and corruption. for the Board of Directors, executives and employees to use as a guideline for monitoring and assessing the risks of fraud and corruption in their operations and establishing an appropriate internal control process.

In addition, the Company provides communication of guidelines in by disseminating to the board of directors, executives and employees through the company’s intranet channel and posting such guidelines at the company’s office by specifying guidelines for monitoring and evaluating compliance with anti-corruption guidelines as follows:

1. stipulated that the Board of Directors, executives and employees Self-assessment of the Company's compliance with the Anti-Corruption Policy
2. Set up an internal audit department. Serves to audit the internal control system. risk management corporate governance and provide continuous feedback The audit is carried out in accordance with the annual audit plan that has been reviewed by the Audit Committee. and report significant audit results and recommendations to the Audit Committee.
3. set the risk management department Responsible for continually testing and assessing the risks of corruption. to ensure effective implementation of anti-corruption measures, as well as to regularly monitor, review and improve anti-corruption measures The assessment results are presented to the Risk Management Committee and reported to the Board of Directors.
4. When the facts were investigated, it turned out that information from the audit There is evidence that there are reasonable grounds to believe that there are items. or actions that may have a significant impact on the financial position and the Company's performance in cluding the violation Illegal acts or the company's anti-corruption policy or doubts about financial reports or internal control system The investigation committee will make corrections according to the results of the consideration within the period approved by the Audit Committee.

#### (4) whistleblowing

##### **whistleblowing, complaints, or witnessing actions that cause suspicion that it is corruption**

The Company provides opportunities for its directors, executives, employees, and stakeholders, both inside and outside the Company, who witness an act that leads to suspicion of corruption to the Company, whether directly or indirectly through the whistleblowing channels as specified in this policy. The whistleblower must specify details of the matter to be reported, clues or complaints, together with evidence or information sufficient for investigation, and name, address, and reachable telephone number and clearly specify that it is a confidential document, through the following channels:

##### **1. Comment box**

**2. Post** : Audit Committee or Corporate Secretary  
Heng Leasing and Capital Public Company Limited  
No. 69, Moo 7, San Sai Noi Sub-district, San Sai District  
Chiang Mai Province 50210

**3. E-mail** : whistleblower@hengleasing.co.th

**4. Telephone** : 02-153-9582 ext. 8010

**5. Website** : www.hengleasing.com

## **8.2 Report of the Audit Committee**

### **8.2.1 Audit Committee Meeting**

Details of the topic are reported under section 8.1.2 Meeting attendance and individual directors' compensation

### **8.2.2 The performance of The Audit Committee**

The Audit Committee Performance are reported under section attachement No. 6 Report of the Audit Committee

## **8.3 Summary of the Performance of Other Sub-Committees**

### **8.3.1 Sub-committee meeting**

Summary of the performance of other sub-committees are reported under section attachement No. 6 - The Audit Committee Report

### **8.3.2 The performance of the sub-committees**

Performance of the Risk Management Committee is reported under section attachement No. 6 – The Risk Management Committee Report

Performance of the Nomination and Remuneration Committee is reported under section attachement No. 6 The Nomination and Remuneration Committee Report

Performance of the Executive Committee Shown in Attachment 6 Executive Committee Report is reported under section attachement No 6 – The Executive Committee Report



## 9. Internal Control and Connected Transactions

### 9.1 Internal Control

The Company manages its internal control according to an international standard, namely The Committee of Sponsoring Organizations of the Treadway Commission (COSO) in order to achieve objectives of internal control in all three aspects, including operation, reporting, and compliance with applicable laws and regulations (Compliance Unit). In the Board of Directors' Meeting No. 2/2022 held on 18 February 2022 which was attended by independent directors and the Audit Committee, the Board of Directors assessed sufficiency of the Company's internal control system according to Internal Control Sufficiency Evaluation Form of the SEC and the Company's relevant departments to compare the internal control approach under the concept of COSO. The Company has improved the procedures and systems to promote internal control and assist the audit process in identifying problems or risks faster and more efficiently. The management of the Company's internal control system can be summarized by components of internal control according to the international COSO standard, with details as follows:

#### (1) Control Environment

The Board of Directors and the management give importance to control environment and organizational cultures by determining policies, internal control, risk management, good corporate governance and anti-corruption policy, supervision, compliance with the laws and the Company's regulations relating to accepting and giving gift, asset or other benefit and such policies have been announced to all employees for acknowledgement and compliance. The Company also organizes trainings, internal/external public relations, and monitoring and assessment on a regular basis.

#### (2) Risk Assessment

The Company has identified and analyzed risks that may have an impact on achieving its objectives, covering organizational risks of the Company, departments, and responsibilities. The Company has established a unit which is responsible for risk management and has clearly determined the risk management policy.

#### (3) Control Activities

The Company defines control activities as part of the operating procedures and arranges an appropriate control structure in all departments by separating duties between operators and those who monitor and make assessment in order to create an appropriate check and balance. Any activities that may cause conflicts of interest will be identified and handled to meet the Company's applicable rules and regulations.



#### (4) Information and Communication

The Company's information systems, including financial information system, operating system, and compliance with rules and regulations used to support internal control, has continuously been developed to operate as required and to ensure that useful information is accurate, complete and up-to-date to support decision-making by the Board of Directors and the management. In addition, the Company has arranged effective communication to ensure that all executives and employees understand policies and procedures that are truly relevant to their responsibilities and external stakeholders such as customers, trade partners and supervisory agencies have channels for communicating recommendations and information that are useful to the Company's business operations.

#### (5) Monitoring Activities

The Company requires that internal control be monitored and evaluated. This ensures that the internal control system continues to operate in its entirety and appropriate as designed and is able to deal with changing risks over time. The Company requires monitoring and evaluation during performance of duties and monitoring and evaluation on a case by case basis. Any defect in the internal control will be reported to the responsible person and the significant defect will be reported to the Board of Directors, the Audit Committee and/or the senior management within a reasonable time period.

The Board of Directors is of the view that the Company has an internal control system and a risk management system that are appropriate and sufficient for the business size. The systems can prevent loss or unauthorized use of the Company's assets and assist in preparing accurate and reliable financial reports of the Company.

The Company has provided details on assessment of sufficiency of the Company's internal control system under Attachment 3 – Internal Control Sufficiency Evaluation Form.

### Internal Control System

The Company has appointed KPMG Phoomchai Business Advisory Limited ("KPMG") as the Company's internal auditor. The internal auditor's duties include reviewing and assessing efficiency and effectiveness of the Company's internal control system. The internal audit office (KPMG) is an independent agency, which reports directly to the Audit Committee. KPMG's responsibilities include to create assurance and provide advice so that there are good corporate governance over the Company's internal procedures, risk management, internal control and compliance with regulations in order to achieve the Company's objectives. The internal audit office prepares an internal audit plan on a yearly basis. The internal audit plan is prepared in line with business strategic directions and key risks that affect the Company's operations are identified (Risk-Based Approach). The internal audit plan cover the Company's work procedures and the audit results are reported to the Audit Committee for consideration. The audit results are also reported to the Board of Directors and supervisory agency on a quarterly basis. There is a regular monitoring on implementation of recommendations from review and audit. The internal audit office (KPMG) does not have any limitation on expressing opinion nor conflict of interest with the review unit.

## Head of Internal Audit Department

According to the resolution of the meeting of the Audit Committee No. 5/2021 held on 5 November 2021, the Audit Committee has assigned KPMG Phoomchai Business Advisory Limited (“KPMG”) by Mr. Supachate Kunaluckkul as Head of Internal Audit who shall be mainly responsible for performance of duties by the Company’s internal auditor for the year 2022 according to the internal audit plan agreed between the internal auditor and the Company. The internal auditor shall prepare a report with recommendations for improvement according to the Company’s internal audit plan and policy.

(Please refer to additional details regarding the Company’s Head of Internal Audit under Attachment 3 (Details on head of internal audit)).

The Audit Committee has reviewed the qualifications of KPMG by Mr. Supachate Kunaluckkul as Head of Internal Audit and is of the view that he is suitable to perform such duties due to qualifications, educational background, work experience and has received suitable and adequate trainings to be a supervisor of such operations. In this regard, the appointment, removal and transfer of the Company’s internal auditor must be approved by the Audit Committee.

## Compliance Unit

The Company understands the importance and is aware of the aforementioned risks. Therefore, the Company has established the Compliance Unit with specialized knowledge to supervise and control that operations of departments within the Company comply with the laws. The Compliance Unit is assigned to analyze impacts, plan and assess key risks associated with compliance with the applicable laws, including setting guidelines for control measures, recommendations and prevention methods to reduce risks to an acceptable level, and to continuously develop the organization’s risk management system to be effective. In addition, the Compliance Unit has a duty to keep up-to-date with amendments to the laws, regulations and announcements relating to the Company’s business operations. If necessary, the Company may engage an external legal advisor to provide legal advice and opinion which would allow the Company to continue its business operations as required by law on an ongoing basis.

## 9.2 Related Party Transaction

Persons who may have the conflict of interest with the Company

The Company has transactions beTaween each other and persons who may have conflicts that can summarize the relationship as follows:

Persons who may have conflicts	Relationship Style
1. Tawee Heng Leasing Limited Partnership (“Tawee Heng LLP”)	<ul style="list-style-type: none"> <li>• (1) Mr. Wichai Suphasathitkul, the director, executive and major shareholder of the Company holds shares in Tawee Heng LLP of 18.0 %</li> <li>• (2) Mr. Somrit Pantharat, the directors and major shareholders of the Company hold shares in Tawee Heng LLP 30.0% as of the date of the transaction</li> <li>• Mr. Parinya Supasatitkul, the director holds shares in Tawee Heng LLP is 9.0% and he is a managing partner of Tawee Heng LLP.</li> <li>• Mr. Wichai Supasattanakul, the director, executive and major shareholder has brothers and sisters, including Mr. Wichian Supapattanakul, who holds shares in Tawee Heng LLP of 17.3%.</li> </ul>
2. Tawee Heng Automotive Limited Partnership (“Tawee Heng Automotive LLP”)	<ul style="list-style-type: none"> <li>• (1) Mr. Wichai Suphasathitkul, the director, executive and major shareholder holds 20.2% shares in Tawee Heng Automotive LLP and</li> <li>• (2) Mr. Somrit Pantharat, the director and major shareholder hold 12.8% shares in Tawee Heng Automotive LLP as of the date of the transaction, and both serve as managing partner of Tawee Heng Automotive LLP.</li> <li>• (1) Mr. Bunthid Supasatitkul, the director of the Company and (2) Mr. Parinya Supasatitkul, the directors hold 10.1% shares in Tawee Heng Automotive LLP.</li> <li>• Mr. Wichai Supasattanakul, the director, executive and major shareholder has brothers and sisters, including Mr. Wichian Suphasathitkul, who holds 19.4 % of the shares in Tawee Heng Automotive LLP</li> </ul>
3. Bandu Leasing Limited Partnership (“Ban Do Leasing LLP”)	<ul style="list-style-type: none"> <li>• (1) Mr. Wichai Suphasathitkul, the director, Executive and major shareholder of the Company Holding 20.2% shares in Bandu Leasing Limited Partnership (2) Mr. Somrit Phantharat, director and major shareholder of the Company Holding 10.0% of shares in Bandu Leasing Limited Partnership as of the date of the transaction where Mr. Somrit Phantarat is a managing partner of Bandu Leasing Limited Partnership.</li> <li>• (1) Mr. Bunthid Supasatitkul, the director of the Company and (2) Mr. Parinya Supasatitkul, the Company’s directors hold shares in Bandu Leasing Limited Partnership of 10.1%</li> <li>• Mr. Wichai Supasattanakul, the directors, executives and major shareholders of the Company are brothers and sisters, namely Mr. Wichian Supasatitkul, holding 19.4% shares in Bandu Leasing Limited Partnership.</li> </ul>

Persons who may have conflicts	Relationship Style
<p>4. Chiang Saen Leasing Limited Partnership (“Chiang Saen Leasing LLP”)</p> <p>5. Thawee Heng Co., Ltd. (“Thawee Heng Co., Ltd.”)</p>	<ul style="list-style-type: none"> <li>• Mr. Somrit Phantharat, director and major shareholder of the Company Holds 5.0 percent of shares in Chiang Saen Leasing Limited Partnership and is a managing partner of Chiang Saen Leasing Partnership on the date of the transaction</li> <li>• Mr. Wichai Supasattanakul, director, executive and major shareholder of the Company has siblings as follows: (1) Mr. Wichian Supasattanakul and (2) Ms. Suwanna Suphasattikul holds shares in Chiang Saen Lease Limited Partnership. Racing, 40.0% and 35.0%, respectively.</li> <li>• (1) Mr. Wichai Suphasattikul, director, executive and major shareholder of the Company Holds 20.2% shares in Thaweeheng Co., Ltd. (2) Mr. Somrit Phantharat, director and major shareholder of the Company. Holding 4.5% of shares in Thaweeheng Co., Ltd. and each person holding a position as a director of Thaweeheng Co., Ltd. on the date of the transaction.</li> <li>• (1) Mr. Bundit Supsatitkul, a director of the Company and (2) Mr. Parinya Suphasattikul, a director of the Company Each of them holds 10.1 percent of the shares in Thaweeheng Co., Ltd. Mr. Parinya Suphasattikul is a director of Thaweeheng Co., Ltd.</li> <li>• Mr. Wichai Suphasattikul, director, executive and major shareholder of the Company, has siblings namely Mr. Wichian Suphasattikul, holding 19.4% stake in Thaweeheng Co., Ltd.</li> <li>• Mr. Somrit Phantharat, director and major shareholder of the Company, has siblings as follows: (1) Mrs. Duangdewan Sriramanus and (2) Mr. Wirat Phantharat holds 10.0% and 10 % shares in Thaweeheng Co., Ltd., respectively.</li> </ul>
<p>6. Tawee Heng Limited Auto Center Lease Co., Ltd. (“Taweeheng Auto Center Lease Co., Ltd.”)</p>	<ul style="list-style-type: none"> <li>• (1) Mr. Wichai Suphasattikul director Executives and major shareholders of the Company hold shares in Taweeheng Auto Center Lease Co., Ltd. Lees 20.2% (2) Mr. Somrit Pantharat Directors and major shareholders of the Company hold shares in Thawee Heng Motor Lease Co., Ltd 10.0% as of the date of the program by Mr. Somrit Pantharat He is a director of Thawee Heng Motor Lease Co., Ltd</li> <li>• (1) Mr. Bunthid Supasattikul Director of the Company and (2) Mr. Parinya Supasattikul Each of the Company’s directors holds shares in Thawee Heng Motor Lease Co., Ltd Auto Center Lees 10.1 percent</li> <li>• Mr. Wichai Supasattanakul director The Company’s executives and major shareholders have brothers and sisters, including Mr. Wichian Suphasattikul, who holds shares in Thawee Heng Motor Lease Co., Ltd, 19.4 percent</li> <li>• Mr. Somrit Pantharat, the Company’s directors and major shareholders have brothers, including Mrs. Duangwan Sriramanus, who hold shares in Thawee Heng Motor Lease Co., Ltd 10.0 percent</li> </ul>
<p>7. Thawee Heng Auto Leasing Co., Ltd. (“Thawee Heng Auto leasing Co., Ltd.”)</p>	<ul style="list-style-type: none"> <li>• Mr. Bundit Supasattanakul, the Company’s directors hold shares in Thawee Heng Auto Leasing Co., Ltd. of 91.6% and is a director of Thawee Heng Auto Leasing Co., Ltd.</li> <li>• Mr. Wichai Supasattanakul director Executives and major shareholders of the Company hold shares in Thawee Heng Auto leasing Co., Ltd. 1.80% and is a director of Thawee Heng Auto leasing Co., Ltd.</li> </ul>

Persons who may have conflicts	Relationship Style
8. Thawee Heng Motor Co., Ltd. ("Thawee Heng Motor Co., Ltd.")	<ul style="list-style-type: none"> <li>(1) Mr. Wichai Suphasathitkul director Executives and major shareholders of the Company hold shares in Thawee Heng Motor Co., Ltd. 9.0 %</li> <li>(2) Mr. Somrit Pantharat Directors and major shareholders of the Company hold shares in Thawee Heng Motor Co., Ltd. were 10.0% as of the date of the transaction, and each of you served as a director of Thawee Heng Motor Co., Ltd.</li> <li>Mr. Bundit Supasattanakul, the Company's directors hold shares in Thawee Heng Motor Co., Ltd. 51.0% and director of Thawee Heng Motor Co., Ltd.</li> </ul>
9. Thawee Heng Motor Lease Co., Ltd. ("Thawee Heng Motor Lease Co., Ltd.")	<ul style="list-style-type: none"> <li>(1) Mr. Wichai Suphasathitkul director Executives and major shareholders of the Company hold shares in Thawee Heng Motor Lease Co., Ltd 18.0 percent (2) Mr. Somrit Pantharat Directors and major shareholders of the Company hold shares in Thawee Heng Motor Lease Co., Ltd 33.3% as of the date of the transaction</li> <li>Mr. Bundit Supasattanakul The Company's directors hold shares in Thawee Heng Motor Lease Co., Ltd 6.7% and 6.7% as a director of Thawee Heng Motor Lease Co., Ltd</li> <li>Mr. Wichai Supasattanakul director The Company's executives and major shareholders have brothers and sisters, including Mr. Wichai Suphasathitkul, who holds shares in Thawee Heng Motor Lease Co., Ltd 17.3 %</li> </ul>
10. Tawee Heng (2015) Co., Ltd. ("Taweeheng Co., Ltd. 2015")	<ul style="list-style-type: none"> <li>(1) Mr. Wichai Suphasathitkul director Executives and major shareholders of the Company hold shares in Tawee Heng (2015) Co., Ltd. of 9.0 %</li> <li>(2) Mr. Somrit Pantharat Directors and major shareholders of the Company hold shares in Tawee Heng Co., Ltd. 10.0% as of the date of the transaction, and each of you served as a director of Tawee Heng (2015) Co., Ltd.</li> <li>Mr. Bundit Supasattanakul, the Company's directors hold shares in Tawee Heng Co., Ltd. 51.0% in 2015 and served as a director of Tawee Heng (2015) Co., Ltd.</li> </ul>
11. Tawee Heng Ngern Duan Co., Ltd. ("Taweeheng Ngern Duan Co., Ltd.")	<ul style="list-style-type: none"> <li>(1) Mr. Wichai Suphasathitkul director Executives and major shareholders of the Company hold shares in Tawee Heng Ngern Duan Co.,Ltd. Quick Money 9.0 % (2) Mr. Somrit Pantharat Directors and major shareholders of the Company hold shares in Tawee Heng Ngern Duan Co.,Ltd. as of the date of the transaction, and each of you is a director of Tawee Heng Ngern Duan Co.,Ltd.</li> <li>Mr. Parinya Supasathitkul The Company's directors hold shares in Tawee Heng Ngern Duan Co.,Ltd. 51.0% as a director of Tawee Heng Ngern Duan Co.,Ltd.</li> </ul>
12. Anantsap Thawee Co., Ltd. ("Anantsaptawee Co., Ltd.")	<ul style="list-style-type: none"> <li>(1) Mr. Wichai Suphasathitkul director Executives and major shareholders of the Company hold shares in Anantsaptawee Co., Ltd. 20.2%</li> <li>(2) Mr. Somrit Pantharat Directors and major shareholders of the Company hold shares in Anantsaptawee Co., Ltd. 20.0% as of the date of the transaction by Mr. Somrit Pantharat He is a director of Anantsap Thawee Co., Ltd.</li> <li>Mr. Wichai Supasattanakul director (1) Mr. Wichai Suphasathitkul and (2) Ms. Suwanna Supasattanakul hold shares in Anantsaptawee Co., Ltd. 19.4 % and 20.2 %, respectively.</li> </ul>

Persons who may have conflicts	Relationship Style
13. Choice Carentol Co., Ltd. ("Choice Co., Ltd.")	<ul style="list-style-type: none"> <li>• Mr. Patpong Phathong, the Company's directors hold 24.8% of the shares in Choice Co., Ltd. and serve as directors of Choice Co., Ltd.</li> <li>• Mr. Patpong Phathong, the Company's directors have brothers including (1) Ms. Nunthida Phathong (2), Mr. Thanarat Phathong and (3) Mr. Alonkorn Phathong, each holding 24.8% of the shares in Choice Co., Ltd.</li> </ul>
14. Thepwoong Co., Ltd. ("Thepwoong Co., Ltd.")	<ul style="list-style-type: none"> <li>• Mr. Patpong Phathong, yhe Company's directors have brothers, including Mr. Alonkorn Phathong, who holds 4.3% of the shares in Thepwoong Co., Ltd. and serves as a director of Thepwoong Co., Ltd.</li> </ul>
15. Pattanasin Leasing (CPL) Co., Ltd. ("Pattanasin Leasing Co., Ltd. (CPL)")	<ul style="list-style-type: none"> <li>• Mr. Patpong Phathong, the Company's directors hold 25.0% of the shares in Pattanasin Leasing Co., Ltd. (CPL) and serve as directors of Pattanasin Leasing Co., Ltd. (CPL).</li> </ul>
16. Mitt Euari Leasing Co., Ltd. ("Mitr euari leasing Co., Ltd.")	<ul style="list-style-type: none"> <li>• Mr. Patpong Phathong The Company's directors have brothers including (1) Ms. Nantida Phathong (2), Mr. Thanarat Phathong and (3) Mr. Alonkorn Phathong, each holding 25.0% of pattanasin leasing co., Ltd. (CPL).</li> <li>• Ms. Thapansaman Paisantheerakorn, the Company's directors have parents including (1) Mr. Banyong Paisantheerakorn (2), Mrs. Indusmi Paisantherakorn, who holds 29.0% and 42.6 % of the shares in Mitt euari Leasing Co., Ltd., respectively, and each of whom serves as a director of Mitt Euari Leasing Co., Ltd.</li> </ul>
17. Mr. Anand and his ordinary partnership ("Mr. Anand and his associates").	<ul style="list-style-type: none"> <li>• Ms. Thapansaman Paisantheerakorn, the Company's directors have brothers including (1) Mr. Pornsongpol Paisantheerakorn and (2) Ms. Supakam Paisantheerakorn holding shares in Mitt euari Leasing Co., Ltd. 14.2 % and 14.0 %, respectively.</li> <li>• Ms. Warittha Lauthamtas, the Company's directors have fathers, including Mr. Anand Laothamat, who hold shares in Mr. Anand's assets and those.</li> </ul>
18. Mr. Somrit Pantharat	<ul style="list-style-type: none"> <li>• To hold a position Directors of the Company as of the date of the transaction</li> <li>• The Company's majority shareholder with a 15.9% stake in the Company.</li> </ul>
19. Mr. Virat Pantharat	<ul style="list-style-type: none"> <li>• Mr. Virat Pantharat is a brother of Mr. Somrit Pantharat, who is a director. and major shareholders of the Company</li> </ul>
20. Mr. Sompong Pantharat	<ul style="list-style-type: none"> <li>• Mr. Sompong Pantharat is a brother of Mr. Somrit Pantharat, who is a director. and major shareholders of the Company</li> </ul>
21. Mr. Vichai Supasattanakul	<ul style="list-style-type: none"> <li>• To hold a position Directors and Executives of the Company</li> <li>• The Company's majority shareholders hold 18.1% of the Company's shares.</li> </ul>
22. Ms. Patcharin Producewanon	<ul style="list-style-type: none"> <li>• Ms. Patcharin Producewanon is the spouse of Mr. Vichai Supasattanakul, Director of the Company</li> </ul>
23. Mr. Wichian Suphasathitkul	<ul style="list-style-type: none"> <li>• Mr. Wichian Suphasathitkul is a brother of Mr. Wichai Supasattanakul, who is a director. Executives and Major Shareholders of the Company</li> </ul>

Persons who may have conflicts	Relationship Style
<p>24. Ms. Suwanna Supasattanakul</p> <p>25. Mr. Wongsingwing Sae-ong</p> <p>26. Mr. Bundit Supasattanakul</p> <p>27. Mr. Parinya Supasattikul</p> <p>28. Mr. Patpong Phathong</p> <p>29. Mrs. Nattinan Phathong</p> <p>30. Mr. Thanarat Phathong</p> <p>31. Ms. Nantida Phathong</p> <p>32. Mr. Alonkorn Phathong</p> <p>33. Mr. Patpoom Phathong</p> <p>34. Mr. Nattaphat Phathong</p> <p>35. Mr. Patcharpol Phathong</p> <p>36. Mr. Banyong Pisantheerakorn</p> <p>37. Mrs. Indurat Pisantheerakorn</p> <p>38. Ms. Thapansaman Pisantheerakorn</p> <p>39. Mr. Tanya Thananon</p> <p>40. Mr. Pornsongpol Pisantheerakorn</p> <p>41. Ms. Supakarn Pisantheerakorn</p> <p>42. Mr. Thanasorn Rattanasirisup</p>	<ul style="list-style-type: none"> <li>• Ms. Suwanna Supapattanukul is the brother of Mr. Vichai Supasattanakul, who is a director. Executives and Major Shareholders of the Company</li> <li>• Ms. Suwanna Supapasattanakul is the mother of Mr. Bundit Supasattanakul and Mr. Parinya Supasattikul, who is a member of the Company' directors.</li> <li>• Mr. Wongsingwing Saeong is the father of Mr. Bunthid Supasattikul and Mr. Parinya Supasattikul, who is a director of the Company.</li> <li>• To hold a position Directors of the Company</li> <li>• To hold a position Directors of the Company</li> <li>• To hold a position Directors of the Company</li> <li>• Mrs. Nattinan Phathong is the spouse of Mr. Patpong Phathong, who is a director of the Company.</li> <li>• Mr. Thanarat Phathong is a brother of Mr. Patpong Phathong, who is a director of the Company.</li> <li>• Ms. Nantida Phathong is a brother of Mr. Patpong Phathong, a director of the Company.</li> <li>• Mr. Alonkorn Phathong is a brother of Mr. Patpong Phathong, who is a director of the Company.</li> <li>• The son of Mr. Patpong Phathong, a director of the Company.</li> <li>• The son of Mr. Patpong Phathong, who is a director of the Company.</li> <li>• The son of Mr. Patpong Phathong, who is a director of the Company.</li> <li>• Mr. Banyong Pisantheerakorn is the father of Ms. Thapansaman Pisantheerakorn, a director of the Company.</li> <li>• Ms. Inturat Pisantheerakorn is the mother of Ms. Thapansaman Pisantheerakorn, a director of the Company.</li> <li>• To hold a position Directors of the Company</li> <li>• Mr. Tanya Tananon is the spouse of Ms. Thapansamon Pisantheerakorn, who is a director of the Company.</li> <li>• Mr. Pornsongpol Pisantheerakorn is a brother of Ms. Thapansaman Pisantheerakorn, who is a director of the Company.</li> <li>• Ms. Supakarn Pisantheerakorn is a brother of Ms. Thapansamon Pisantheerakorn, who is a director of the Company.</li> <li>• To hold a position Directors of the Company</li> </ul>



Persons who may have conflicts	Relationship Style
43. Mrs. Ruangsri Pruenglamphu	• Mrs. Ruangsri Pronglamphu is the spouse of Mr. Rapee Phonglamphu, who is the company's executive director
44. Mr. Kittipan Phong Lamphu	• The son of Mr. Rapee Phonglamphu, who is the company's executive director.
45. Mr. Sompop Pundharikapa	• To hold a position Executives of the Company
46. Mr. Danupol Noppasuwan	• To hold a position Executives of the Company
47. Mr. Danop Noppasuwan	• The son of Mr. Donupol Noppasuwan, who is the company's executive director.
48. Ms. Thanaporn Sittisakchaikul	• Ms. Thanaporn Sittisakchaikul is the spouse of Supoj Phuthong, who is the company's executive director.
49. Ms. Nattanan Kittipholsomboon	• To hold a position Executives of the Company

## Details of Related Party Transaction

### (1) Office building, rental vehicles, and billboards from persons who may have conflicts

Persons who may have conflicts	Type of Transaction	Transaction Value (Million Baht)		Necessity and reasonableness of the transaction	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
1. Thawee Heng Leasing Co., Ltd.	(1) Land and Building Rent (Head Office)			The Company rents land and buildings for use as a head office located in SanSai District, Chiang Mai Province. 10 years at a time, with rent rates and 10% rental rate adjustment every 3 years, according to the appraisal price by an independent appraiser approved by the office. SEC	The list supports the Company's normal business, with rental rates and rental conditions in accordance with the price and general trading conditions, which is based on the appraisal price by an independent appraiser approved by the office. SEC The Audit Committee determined that such items were necessary. Reasonable and beneficial to the Company's business operations.
2. Tawee Heng Automotive Co., Ltd.	• Rent paid	2.04	2.04		
3. Tawee Heng Co., Ltd.					
4. Tawee Heng Auto Center Lease Co., Ltd.					
5. Tawee Heng Auto Leasing Co., Ltd.					
6. Tawee Heng motor Co., Ltd.					
7. Thepwoong Co., Ltd.					

Persons who may have conflicts	Type of Transaction	Transaction Value (Million Baht)		Necessity and reasonableness of the transaction	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
8. Pattanasin Leasing Co., Ltd. (CPL) 9. Mr. Anand 10. Mr. Wichai Supasattanakul 11. Mr. Bundit Supasattanakul 12. Mr. Parinya Supasattitkul 13. Mr. Patpong Phathong 14. Mrs. Nattinan Phathong 15. Mr. Banyong Paisantheerakorn 16. Mrs. Indurat Paisantheerakorn	(2) Rent (Branch Office) • Rent paid  (3) Rent for a parking building • Rent paid	3.80  0.95	4.65  1.03	The Company leases the building space to serve as a branch office for the company's business operations, totaling 39 of the contracts have a lease term of 3 years and can be renewed twice more time. 3 years at a time , with 10% rental rate and rental rate adjustment every 3 years, according to the appraisal price by an independent appraiser approved by the office. SEC  The Company rents the building space to be used as a foreclosed parking space for the company's business operations with the following details: 2 parking lots in Chiang Mai (head office parking lot) have a 10-year contract lease period and can be renewed twice more times. 10 years at a time 1 parking lot in Chiang Mai and 1 in Phayao Province There is a 3-year contract lease period that can be renewed twice more time. 3 years at a time	The list supports the Company's normal business, with rental rates and rental conditions in accordance with the price and general trading conditions, which is based on the appraisal price by an independent appraiser approved by the office. SEC The Audit Committee determined that such items were necessary. Reasonable and beneficial to the Company's business operations.  The list supports the Company's normal business, with rental rates and rental conditions in accordance with the price and general trading conditions, which is based on the appraisal price by an independent appraiser approved by the office. SEC The Audit Committee determined that such items were necessary. Reasonable and beneficial to the Company's business operations.

Persons who may have conflicts	Type of Transaction	Transaction Value (Million Baht)		Necessity and reasonableness of the transaction	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
17. Mitt Euari Leasing Co., Ltd.	(4) Car Auction Yard Rental • Rent paid	1.12	1.12	<p>1 parking lot in Phrae Province There is a 3-year contract lease period that can be renewed twice more time. 3 years at a time</p> <p>The rental rate and 10% rental rate adjustment every three years are based on the appraisal price by an independent appraiser approved by the office. SEC</p> <p>The Company rents a car auction ground for the business operations of 1 company in Chiang Mai, the contract has a lease period of 3 years, can be renewed 2 times. 3 years at a time, with 10% rental rate and rental rate adjustment every 3 years, according to the appraisal price by an independent appraiser approved by the office. SEC</p>	<p>The list supports the Company's normal business, with rental rates and rental conditions in accordance with the price and general trading conditions, which is based on the appraisal price by an independent appraiser approved by the office. SEC The Audit Committee determined that such items were necessary. Reasonable and beneficial to the Company's business operations.</p>
	(5) Rent (Branch Office) • Rent paid	0.39	0.11	<p>The Company leases some of the building area to be used as a branch office for the business operations of 1 company in Chiang Mai. (1) The first</p>	<p>The program supports the Company's normal business with rental rates and general conditions as if it were with a transaction with a third party. The Audit</p>

Persons who may have conflicts	Type of Transaction	Transaction Value (Million Baht)		Necessity and reasonableness of the transaction	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
18. Choice Co., Ltd.	(6) Car rental • Rent paid	1.39	1.26	contract has an 11-month lease period from August 1, 2019 to June 30, 2020, and (2) the second contract has a lease term of 2 years and 4 months starting on July 1, 2020 and can be renewed once more time. 3 years at a time Such rental rates are the same rental rates rented by Mitt Euari Leasing Co., Ltd. from third parties.  The company rents a pickup truck for the company's business operation of 7 cars. (1) The first contract has a total lease period of 12 months from December 31, 2019 to December 31, 2020, (2) The second contract has a 3-year lease period from January 1, 2021 to December 31, 2023, with rental rates and general conditions as if transactions with third parties.	Committee determined that such items were necessary. Reasonable and beneficial to the Company's business operations.
19. Mrs. Nattinan Phathong 20. Ms. Supakarn Paisantheerakorn	(7) Billboard Rental • Rent paid	0.64	0.64	The Company rents billboards for publicity for the company's business operations in 2 signs in Chiang Mai From November 7, 2019 to November 6, 2022, the rental rate is based on	The list supports the Company's normal business, with rental rates and rental conditions in accordance with the price and general trading conditions, which is based on the appraisal price by an independent

Persons who may have conflicts	Type of Transaction	Transaction Value (Million Baht)		Necessity and reasonableness of the transaction	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
				the appraisal price by an independent appraiser approved by the office. SEC	appraiser approved by the office. SEC The Audit Committee determined that such items were necessary. Reasonable and beneficial to the Company's business operations.

(2) Office building sub-leasing and utility services to persons who may have conflicts

Persons who may have conflicts	List Style	Transaction Value (Million Baht)		Necessity and reasonableness of the item.	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
1. Thawee Heng Leasing Co., Ltd. 2. Tawee Heng Automotive Co., Ltd. 3. Ban Du Leasing Co., Ltd. 4. Chiang Saen Leasing Co., Ltd. 5. Tawee Heng Co., Ltd. 6. Tawee Heng Auto Center Lease Co., Ltd. 7. Tawee Heng Auto Leasing Co., Ltd.	(1) Office building rental income and utility services • Rental income and service charges • Accrued revenue	1.73	-	The Company rents office buildings and provides utility services to persons who may have conflicts. The contract has a one-year lease period starting on January 1, 2019 and can be renewed for another year at a time, with the rental rate referring to the rental rent that the Company rents from the owner plus the processing fee, as well as charging utilities as a proportion of the space	Such transactions are for rent of the Company's properties with rental rates and general conditions as if transactions are made with third parties. The Audit Committee determined that the items were appropriate and reasonable.

Persons who may have conflicts	List Style	Transaction Value (Million Baht)		Necessity and reasonableness of the item.	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
8. Tawee Heng motor Co., Ltd. 9. Tawee Heng Motor Lease Co., Ltd. 10. Tawee Heng 2558 Co., Ltd. 11. Tawee Heng Ngern Duan Co., Ltd. 12. Pattanasin Leasing Co., Ltd. (CPL) 13. Mitt Euari Leasing Co., Ltd.				usage. However, the Company has terminated the sub-lease agreement and provides the above utility services on December 31, 2020.	

(3) Payment services, debt collection services and accounting and financial services to persons who may have conflicts

Persons who may have conflicts	List Style	Transaction Value (Million Baht)		Necessity and reasonableness of the item.	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
1. Thawee Heng Leasing Co., Ltd. 2. Tawee Heng Automotive Co., Ltd. 3. Ban Du Leasing Co., Ltd. 4. Chiang Saen Leasing Co., Ltd. 5. Tawee Heng Co., Ltd.	(1) Service revenue • Service Income • Accrued revenue	- -	0.20 0.04	The Audit Committee Meeting No. 4/2020 on November 5, 2020 and the Board of Directors' Meeting No. 6/2020 on November 6, 2020 approved and/or approved the	Such transactions are related to the Company's assets or services, with service rates and general conditions as if transactions with third parties and/or service rates and conditions that do not

Persons who may have conflicts	List Style	Transaction Value (Million Baht)		Necessity and reasonableness of the item.	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
6. Tawee Heng Auto Center Lease Co., Ltd. 7. Tawee Heng Co., Ltd. Auto Leasing 8. Tawee Heng Co., Ltd. motor 9. Tawee Heng Motor Lease Co., Ltd. 10. Tawee Heng Co., Ltd. 2558 11. Tawee Heng Ngerm Duan Co., Ltd. 12. Pattanasin Leasing Co., Ltd. (CPL)				Company to enter into service contracts with individuals who may have three forms of conflict: (1) payment service contracts, (2) debt collection service contracts, and (3) accounting and financial services contracts. The Company charges according to the actual employee expenses of the Company (at cost).  Later, the Audit Committee Meeting No. 3/2021 and the Board of Directors' Meeting No. 3/2021 on July 5, 2021 approved the adjustment of service rates under the debt collection service contract. By the Company Configure services for debt collection service contracts at the same rate as the Company thinks of third-party receivables.  And for (3) accounting and financial services contracts, the Company configures the service according to the actual employee expenses of the	cause the Company's benefit. The Audit Committee determined that the items were appropriate and reasonable.



Persons who may have conflicts	List Style	Transaction Value (Million Baht)		Necessity and reasonableness of the item.	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
				Company (at cost). Each contract type has a contract life of 1. The year can be renewed for another year effective January 1, 2021.	

(4) Guarantee of loans of the Company by persons who may have conflicts

Persons who may have conflicts	List Style	Transaction Value (Million Baht)		Necessity and reasonableness of the item.	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
1. Mr. Somrit Pantharat	(1) Credit limit guarantee • Credit limit • Drawn credit amount	13,371.00	2,318.00	A total of 27 persons may have conflicts, guarantees for loan agreements and/or car leasing agreements with many financial institutions to be used as funds for business operations and/or as vehicles for the Company's business without remuneration of such guarantors, as personal guarantors and/or the use of personal assets as collateral. The guarantor is in accordance with the conditions of.	The transaction is a list of financial assistance of the Company, and the Audit Committee has determined that the transaction occurred as necessary and beneficial to the Company. However, the Company is in the process of obtaining consent to relieve the guarantee and the financial institution is expected to agree to dismiss the terms of the guarantee when the Company is listed as a listed company on the SET.
2. Mr. Wichai Supasattanakul		4,523.05	1,496.66		
3. Mr. Bundit Supasattanakul	(2) Leasing guarantee • Outstanding credit amount	2.72	0.80		
4. Mr. Parinya Supasatitkul					
5. Mr. Wichian Suphasathitkul					
6. Ms. Suwanna Supasattanakul					
7. Mr. Wongsingwing Sae-ong					
8. Mr. Patpong Phathong					
9. Mr. Thanarat Phathong					

Persons who may have conflicts	List Style	Transaction Value (Million Baht)		Necessity and reasonableness of the item.	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
10. Ms. Nantida Phathong 11. Mr. Alonkorn Phathong 12. Mr. Banyong Paisantheerakorn 13. Mrs. Indurat Paisantheerakorn 14. Ms. Thapansaman Paisantheerakorn 15. Mr. Ponsongpol Paisantheerakorn 16. Ms. Supakam Paisantheerakorn 17. Mr. Tanya Thananon 18. Mr. Thanasorn Rattanasirisup 19. Mr. Virat Pantharat 20. Mr. Sompong Pantharat 21. Thawee Heng Co., Ltd. Leasing 22. Tawee Heng Automotive Co., Ltd. 23. Tawee Heng Co., Ltd. 24. Tawee Heng Co., Ltd. Auto Center Lees 25. Tawee Heng Co., Ltd. Auto Leasing 26. Pattanasin Leasing Co., Ltd. (CPL) 27. Anantsap thawee Co., Ltd.				the financial institution, the Company is in the process of obtaining consent to remove personal collateral and personal guarantees above, which the Company expects the financial institution to consent to the dismissal of such guarantee conditions when the Company is listed as a listed company on the SET.  There is one financial institution in which the Company has outstanding loans due in June 2022.  As of December 31, 2021, there are 3 financial institutions with guarantees of credit limits by conflicting persons and/or assets of conflicting persons	

## (5) Sale of non-life insurance and life insurance to persons who may have conflicts

Persons who may have conflicts	List Style	Transaction Value (Million Baht)		Necessity and reasonableness of the item.	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
1. Mr. Somrit Pantharat 2. Mr. Parinya Supasatitkul 3. Mr. Banyong Paisantheerakorn 4. Mr. Patpong Phathong 5. Mr. Patpoom Phathong 6. Mr. Nattaphat Phathong 7. Mrs. Nattinan Phathong 8. Mr. Patchapol Phathong 9. Ms. Patcharin Producewanon 10. Mrs. Ruangsri Pruenglamphu 11. Mr. Kittipan Phong Lamphu 12. Mr. Sompop Pundharikapa 13. Mr. Danupol Noppasuwan 14. Mr. Danop Noppasuwan	(1) Premium charged <ul style="list-style-type: none"> <li>• Premium charged</li> </ul>	0.01	0.01	The Company operates the business of providing non-life insurance brokerage and life insurance brokerage through its branch network. The Company sells compulsory car insurance, voluntary car insurance and COVID-19 insurance to persons who may have conflicts, with premium rates and transaction conditions as if transactions were made to third parties.	The transaction is a regular business transaction of the Company, with premium rates and general conditions as if it were with a transaction with a third party. The Audit Committee determined that the items were appropriate and reasonable.

(6) Use of advisory services to potential conflicts

Persons who may have conflicts	List Style	Transaction Value (Million Baht)		Necessity and reasonableness of the item.	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
1. Ms. Thanaporn Sittisakchaikul	(1) Consulting Fees • Consulting Fees	-	0.34	The Company uses information technology consulting services to persons who may have conflicts. The service period is from January 2021 to May 2021.	The program supports the Company's normal business with service rates and general conditions as if it were with a transaction with a third party. Such items are appropriate and reasonable.

(7) Clearing cash advances to pay for purchases

Persons who may have conflicts	List Style	Transaction Value (Million Baht)		Necessity and reasonableness of the item.	Audit Committee's Opinion
		Fiscal year ended 31 Dec 2020	Fiscal year ended 31 Dec 2021		
1. Ms. Nattanan Kittipholsomboon	(1) Clearing cash advances to pay for purchases • Accrue	-	0.01	The Company has provided persons who may have conflicts to withdraw funds to purchase items urgently for normal business operations.	The transaction is a support item for the Company's normal business as an urgent purchase of items, with persons who may have conflicts to withdraw funds to proceed. The list is appropriate and reasonable.

### 9.3 Necessity and Reasonableness of the Related Party Transaction

Audit Committee Meeting No. 1/2022 on February 18, 2022, the Company's interconnect transaction information was considered for the fiscal year ended 31 December 2021 together with various inquiries from the Company's management, as well as reviewing the information as specified in the notes to the financial statements audited by the Company's auditors and seeing that the Company's interconnected entries for the fiscal year ended 31 December 2021. It is a necessary and beneficial item for the business operations of the Company and/or for the normal business operations of the Company and/or in accordance with the general trading conditions in the same way that the Vigneault shall act with the general parties in the same situation with the power of trade negotiations without influence in that the other party has the status of a person who may have conflicts. (Arm's Length Basis)

### 9.4 Related Transaction Approval Measures and Procedures

Board of Directors' Meeting No. 1/2021 on April 24, 2021 (after the conversion to a public limited company) has considered approving the connected transaction policy in order to ensure that transactions between the Company and persons or juristic persons who may have conflicts are transparent and to preserve the Company's interests.

The Company sets out connected transaction policies for the Company to make transactions correctly, appropriately, in accordance with the securities and exchange laws and regulations, announcements, orders or requirements of the Capital Market Supervisory Board and the SET, as well as compliance with the requirements regarding the disclosure of connected transactions and other relevant guidelines. However, this is Stakeholders will not be able to participate in the approval of such items.

#### (1) Making transactions that are trade agreements with general terms of trade

Connected transactions that are trade agreements with general terms of trade between the company and its subsidiaries and directors executives or related persons upon approval as a principle by the Board of Directors, management can approve such transactions. If those transactions have trade agreements in the same way that the Vigneaults would be subject to the common parties in the same situation, they will be subject to trade agreements. With the power to negotiate trade without influence in order for their status as directors. Under reasonable conditions, can be audited and not produced for the transfer of benefits, for the need for the company's business operations and in the best interests of the Company, the Company will prepare a summary report of all transactions. To report on audit committee meetings and quarterly meetings of the Board of Directors. To consider and comment on the need for entry and the reasonableness of the program.

## (2) Non-trade-related transactions with general terms of trade

In general, the Company will arrange for the Audit Committee to review and comment on the conditions. Reasonableness and transfer of benefits in such transactions Before the Company requests approval for the entry to the Board of Directors and/or the Shareholders' Meeting (as the case may be), comply with the securities and exchange laws, regulations, announcements, orders. Terms or criteria of the Capital Market Supervisory Board The SEC and SET include compliance with the requirements regarding the disclosure of connected transactions and other relevant guidelines.

In the event that the Audit Committee does not have the expertise to determine potential connected transactions, the audit committee will not be required to determine the transaction. The Company will provide individuals with special knowledge such as auditors, property appraisers, law firms, etc. who are independent of the Company and connected parties to comment on such connected transactions. To be used for the decisions of the Audit Committee and/or the Board of Directors and/or shareholders as the case may be, to ensure that the entry of such transactions is necessary and reasonable, taking into account the interests of the Company.

In addition, the Company has imposed measures not to allow executives or stakeholders to participate in the approval of items in which they have a stake, and the Board of Directors will take care of the Company. Comply with securities and exchange laws and regulations, announcements, orders or requirements of the Capital Market Supervisory Board. The SEC and SET include compliance with the requirements regarding the disclosure of connected transactions and in accordance with the requirements regarding the acquisition or disposition of important assets of the Company and its subsidiaries, and will comply with the accounting standards set by the Federation of Accounting Professions and Certified Auditors of Thailand, and the disclosure of connected transactions will be disclosed in the Annual Statement (Form 56-1) and notes to the financial statements reviewed or reviewed by the Company's auditors.

## 9.5 Related Party Transaction in the Future Policy

The Board of Directors must comply with securities and exchange laws and regulations. Notification, orders or requirements of the Capital Market Supervisory Board and the SET, including compliance with the requirements regarding the disclosure of connected transactions of the Company or its subsidiaries in accordance with accounting standards set by the Association of Accountants and Certified Auditors of Thailand, and other relevant guidelines

In addition, if connected transactions have been made or there are changes to the terms and conditions regarding transactions connected to the major shareholders, the company will be connected to the shareholders, directors, executives, or persons associated with the Company's stakeholders will not attend the Board of Directors' meetings in relation to the consideration of the entry of such transactions.





**Section 3**  
Report and Financial  
Statements



**Report and Financial Statements**

**Heng Leasing and  
Capital Public Company Limited**  
**(Formerly known as  
“Heng Leasing Company Limited”)**

Report and financial statements

31 December 2021





## Independent Auditor's Report

To the Shareholders of Heng Leasing and Capital Public Company Limited  
(Formerly known as “Heng Leasing Company Limited”)

### Opinion

I have audited the accompanying financial statements of Heng Leasing and Capital Public Company Limited (the Company), which comprise the statement of financial position as at 31 December 2021, 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 Heng Leasing and Capital Public Company Limited as at 31 December 2021, its 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 Notes 1.2, 7.1 and 8.1 to the financial statements regarding the COVID-19 pandemic impact on various businesses and industries. This situation could create uncertainties and may be impacting the Company's operating results and cash flows in the future. As a result, the Company has elected to adopt the relevant parts of the Accounting Guidance. My opinion is not modified in respect of these 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 for each matter are described below.

### **Allowance for expected credit losses for hire purchase and loan receivables**

As discussed in Note 7 and 8 to the financial statements, as at 31 December 2021, the Company had net hire purchase and loan receivables of Baht 8,640 million (accounting for 89% of total assets) and allowances for expected credit losses amounting to Baht 540 million, which are amounts material to the financial statements. In determining an allowance for expected credit losses on hire purchase and loan receivables, the Company has developed a model for calculating allowance for expected credit losses for hire purchase and loan receivables. The model is complex and its development involves the use of significant management judgements and estimates, 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 used to adjust of the allowance for expected credit losses due to the limitations of the model.

Because of the materiality and the use of management's significant judgement and estimates, I addressed the adequacy of allowances for expected credit losses of hire purchase and loan receivables as a key audit matter.

I gained an understanding of, assessed and tested the effectiveness of internal controls relating to loan origination, loan repayment, the assessment of probability of default and loss given default, exposure at default and the calculation of allowance for expected credit losses of hire purchase and loan receivables and tested 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, reviewed the model development documentation and tested, on a sampling basis, the accuracy of the data used in model development. I also assessed the methods and assumptions applied by the Company in the calculation, ways to further improve adjustments after the calculation due to limitations of the model in the current economic and market situation. In addition, I assessed the reasonableness of macroeconomic factors and probability-weighted in each scenario. In addition, I 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 losses by testing, on a sampling basis, the classification of hire purchase and loan receivables based on the change in credit risk since initial recognition and recalculating the allowance for expected credit losses 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 losses.

#### Recognition of interest income on hire purchase and loan receivables

For the year ended 31 December 2021, the Company recognised hire purchase and loan interest income amounting to Baht 1,471 million (accounting for 89% of total income), which is considered main income of the Company. The Company recognised interest income using the effective interest rate method, which was generated from loans provided to a large number of customers and high volume of transactions and each type of contract may also have different revenue recognition conditions, the recognition of interest income relies primarily on data processed by the information technology systems. I therefore addressed the measurement of interest income in accordance with financial reporting standards as a key audit matter.

I gained an understanding of, assessed and tested, the effectiveness of internal controls relating to loan origination and interest income recognition and cash receipts, including related computer-based controls, 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 and loan receivable agreements to consider whether the recording of hire purchase and loan receivables transactions and the recognition of income was consistent with the conditions of the relevant agreement and that adjustments had been made to reflect effective interest rate according to the income recognition policy. I also performed analytical procedures on interest income and examined, 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.

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

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

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

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

In preparing the financial statements, management is responsible for assessing the 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.

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: 18 February 2022

**Statements of financial position**

As at 31 December 2021

		(Unit: Baht)	
		31 December	31 December
	Note	2021	2020
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	511,114,295	35,940,202
Deposits at banks with restrictions	6	32,808,928	13,128,963
Current portion of hire purchase receivables	7	1,567,356,140	1,698,228,026
Current portion of loan receivables	8	1,322,195,942	993,490,560
Other receivables	10	26,235,469	12,526,349
Assets foreclosed - net	11	19,947,599	23,241,065
Other current assets		6,301,235	4,164,609
<b>Total current assets</b>		<b>3,485,959,608</b>	<b>2,780,719,774</b>
<b>Non-current assets</b>			
Deposits at bank with collateral obligation	12	50,000,000	-
Hire purchase receivables - net of current portion	7	3,601,578,125	3,753,715,497
Loan receivables - net of current portion	8	2,148,993,728	1,287,858,020
Land, building and equipment - net	13	138,348,115	139,046,776
Right-of-use assets - net	14	132,525,603	113,241,046
Intangible assets - net	15	9,093,786	10,186,213
Deferred tax assets	16	127,239,666	151,654,658
Other non-current assets		8,154,439	5,760,038
<b>Total non-current assets</b>		<b>6,215,933,462</b>	<b>5,461,462,248</b>
<b>Total assets</b>		<b>9,701,893,070</b>	<b>8,242,182,022</b>

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



**Statements of financial position (continued)**

As at 31 December 2021

(Unit: Baht)			
		31 December	31 December
	Note	2021	2020
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	17	1,028,588,500	1,402,268,500
Other payables	18	143,466,908	98,682,587
Current portion of lease liabilities	19	56,066,819	45,189,171
Current portion of long-term loans	20	2,166,480,412	1,307,426,585
Income tax payable		19,161,833	24,304,898
Other current liabilities	21	6,692,619	6,279,772
<b>Total current liabilities</b>		<b>3,420,457,091</b>	<b>2,884,151,513</b>
<b>Non-current liabilities</b>			
Lease liabilities - net of current portion	19	66,569,947	55,202,414
Long-term loans - net of current portion	20	1,361,039,595	1,794,187,209
Provision for long-term employee benefits	22	38,351,082	37,621,326
<b>Total non-current liabilities</b>		<b>1,465,960,624</b>	<b>1,887,010,949</b>
<b>Total liabilities</b>		<b>4,886,417,715</b>	<b>4,771,162,462</b>

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

**Statements of financial position (continued)**

As at 31 December 2021

		(Unit: Baht)	
	Note	31 December 2021	31 December 2020
<b>Shareholders' equity</b>			
Share capital			
Registered	24		
3,810,000,000 ordinary shares of Baht 1 each			
(31 December 2020 : 601,832,540 ordinary shares			
of Baht 5 each)		3,810,000,000	3,009,162,700
Issued and fully paid-up	24		
3,810,000,000 ordinary shares of Baht 1 each		3,810,000,000	3,009,162,700
(31 December 2020 : 601,832,540 ordinary shares			
of Baht 5 each)			
Share premium	24	715,342,189	-
Retained earnings			
Appropriated - statutory reserve	25	50,618,196	17,025,171
Unappropriated		239,514,970	444,831,689
<b>Total shareholders' equity</b>		<b>4,815,475,355</b>	<b>3,471,019,560</b>
<b>Total liabilities and shareholders' equity</b>		<b>9,701,893,070</b>	<b>8,242,182,022</b>
		-	-

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

**Statements of comprehensive income**

As at 31 December 2021

(Unit: Baht)

	Note	2021	2020
<b>Profit or loss:</b>			
<b>Revenues</b>			
Hire purchase interest income		825,930,684	1,033,164,382
Loan interest income		645,404,502	417,120,734
Fee and service income		105,022,264	102,634,292
Other income		68,067,223	37,054,775
<b>Total revenues</b>		<b>1,644,424,673</b>	<b>1,589,974,183</b>
<b>Expenses</b>			
Service and administrative expenses		790,818,719	710,282,846
Expected credit losses		177,640,857	182,045,185
Loss on impairment and disposal of assets		50,778,560	86,958,350
<b>Total expenses</b>		<b>1,019,238,136</b>	<b>979,286,381</b>
<b>Profit before finance cost and income tax expenses</b>		<b>625,186,537</b>	<b>610,687,802</b>
Finance cost	27	(184,751,083)	(212,183,598)
<b>Profit before income tax expenses</b>		<b>440,435,454</b>	<b>398,504,204</b>
Income tax expenses	16.2	(86,633,170)	(80,445,993)
<b>Profit for the years</b>		<b>353,802,284</b>	<b>318,058,211</b>
<b>Other comprehensive income:</b>			
Items not to be reclassified to profit or loss in subsequent periods			
Actuarial gains on the defined benefit plan		5,108,321	14,986,595
Income tax relating to actuarial gains	16.2	(1,021,664)	(2,997,319)
<b>Other comprehensive income for the years</b>		<b>4,086,657</b>	<b>11,989,276</b>
<b>Total comprehensive income for the years</b>		<b>357,888,941</b>	<b>330,047,487</b>
<b>Earnings per share</b>	30		
Basic earnings per share		0.11	0.11
Weighted average number of ordinary shares (share)		3,186,882,758	3,009,162,700

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

## Statements of changes in shareholders' equity

As at 31 December 2021

(Unit: Baht)

	Issued and fully		Retained earnings		Total
	paid-up share capital	Share premium	Appropriated - Statutory reserve	Unappropriated	
<b>Balance as at 1 January 2020</b>	3,009,162,700	-	7,590,904	238,566,652	3,255,320,256
Profit for the year	-	-	-	318,058,211	318,058,211
Other comprehensive income for the year	-	-	-	11,989,276	11,989,276
Total comprehensive income for the year	-	-	-	330,047,487	330,047,487
Dividend paid (Note 26)	-	-	-	(114,348,183)	(114,348,183)
Transferred unappropriated retained earnings		-			
to statutory reserve	-	-	9,434,267	(9,434,267)	-
<b>Balance as at 31 December 2020</b>	3,009,162,700	-	17,025,171	444,831,689	3,471,019,560
<b>Balance as at 1 January 2021</b>	3,009,162,700	-	17,025,171	444,831,689	3,471,019,560
Increase share capital (Note 24)	800,837,300	715,342,189	-	-	1,516,179,489
Profit for the year	-	-	-	353,802,284	353,802,284
Other comprehensive income for the year	-	-	-	4,086,657	4,086,657
Total comprehensive income for the year	-	-	-	357,888,941	357,888,941
Dividend paid (Note 26)	-	-	-	(529,612,635)	(529,612,635)
Transferred unappropriated retained earnings					
to statutory reserve	-	-	33,593,025	(33,593,025)	-
<b>Balance as at 31 December 2021</b>	3,810,000,000	715,342,189	50,618,196	239,514,970	4,815,475,355
	-	-	-	-	-

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

**Cash flows statements**

As at 31 December 2021

	(Unit: Baht)	
	2021	2020
<b>Cash flows from operating activities</b>		
Profit before income tax	440,435,454	398,504,204
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities		
Depreciation and amortisation	101,180,697	88,531,178
Expected credit losses	177,640,857	182,045,185
Losses on sales of fixed assets	3,963	310,706
Losses on write-offs of fixed assets	437,979	2,821,671
Gains on cancel and change lease contracts	(135,540)	(519,342)
Reversal on impairment of assets foreclosed	(2,798,849)	(12,582,002)
Losses on sales of assets foreclosed	53,135,467	96,407,975
Provision for long-term employee benefits	9,733,116	9,848,544
Interest income	(1,471,335,186)	(1,450,285,116)
Finance cost	179,124,165	206,511,254
Amortised finance cost for lease liabilities	5,626,918	5,672,344
Loss from operating activities before changes in operating assets and liabilities	(506,950,959)	(472,733,399)
Operating assets (increase) decrease		
Deposits at banks with restrictions	(19,679,965)	1,873,478
Hire purchase receivables	78,829,563	275,280,815
Loan receivables	(1,301,383,887)	(994,996,536)
Other receivables	(13,709,120)	2,030,828
Assets foreclosed	169,600,916	262,901,021
Other current assets	(2,136,626)	(2,775,927)
Other non-current assets	(2,394,401)	(763,948)
Operating liabilities increase (decrease)		
Other payables	44,364,656	(13,270,520)
Other current liabilities	521,852	2,571,285
Provision for long-term employee benefits	(3,895,039)	(4,697,953)
Cash flows used in operating activities	(1,556,833,010)	(944,580,856)
Cash received from interest	1,392,772,752	1,415,852,706
Cash paid for income tax	(57,019,595)	(123,956,565)
<b>Net cash flows provided by (used in) operating activities</b>	<b>(221,079,853)</b>	<b>347,315,285</b>

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

**Cash flows statements (continued)**

As at 31 December 2021

	(Unit: Baht)	
	2021	2020
<b>Cash flows from investing activities</b>		
Cash paid for acquisitions of land, building and equipment	(36,488,182)	(30,075,553)
Cash paid for acquisitions of intangible assets	(3,252,397)	(3,975,410)
Proceeds from sales of land, building and equipment	2,951	158,142
<b>Net cash flows used in investing activities</b>	<b>(39,737,628)</b>	<b>(33,892,821)</b>
<b>Cash flows from financing activities</b>		
Increase in deposits at bank with collateral obligation	(50,000,000)	-
Increase (decrease) in short-term loans from financial institutions	(373,680,000)	7,877,000
Cash received from long-term loans	1,685,000,000	1,800,000,000
Repayment of long-term loans	(1,263,997,459)	(1,749,636,811)
Repayment of lease liabilities	(62,205,012)	(53,054,964)
Payment for loans issuing cost	(5,500,000)	(9,500,000)
Cash paid for interest	(168,829,497)	(189,770,561)
Dividend payment	(529,612,635)	(114,348,183)
Cash received from capital increase	1,561,632,735	-
Transaction costs on issue of shares	(56,816,558)	-
<b>Net cash flows provided by (used in) financing activities</b>	<b>735,991,574</b>	<b>(308,433,519)</b>
<b>Net increase in cash and cash equivalents</b>	<b>475,174,093</b>	<b>4,988,945</b>
Cash and cash equivalents at beginning of year	35,940,202	30,951,257
<b>Cash and cash equivalents at end of year</b>	<b>511,114,295</b>	<b>35,940,202</b>
	-	-
<b>Supplement cash flow information</b>		
Non-cash items		
Assets foreclosed received for debts settlement	246,187,902	357,512,634
Increase in lease liabilities	2,960,624	1,416,482
Increase in account payable on purchase of assets	419,665	260,672

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

## Notes to financial statements

For the year ended 31 December 2021

### 1. General information

#### 1.1 Corporate information

Heng Leasing and Capital Public Company Limited (“the Company”) was incorporated as a limited company and domiciled in Thailand. On 21 April 2021, the Company registered as a Public Company Limited with the Ministry of Commerce and changed its name from “Heng Leasing Company Limited” to “Heng Leasing and Capital Public Company Limited”. The Company is principally engaged in the providing financial services specifically hire purchase, loans secured against vehicle registrations, land and building loans, personal loan and nano finance without collateral. The Company’s registered address is 69 Moo 7, Tambon Sansai Noi, Amphur Sansai, Chiang Mai. The Company has 529 branches (2020: 402 branches).

In October 2021, 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 19 October 2021.

#### 1.2 Coronavirus disease 2019 Pandemic (COVID-19)

The Coronavirus disease 2019 pandemic (COVID-19) is impacting various businesses and industries both directly and indirectly and resulting in an economic slowdown and fluctuations in the money market and the capital market. This situation could create uncertainties and affect the Company’s business activities, and this may be impacting the operating results and cash flows in the future. The impact cannot be reasonably estimated at this stage. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, including the cash flow management of the Company, and has used estimates and judgement in respect various matters in order to continuously assess the impact as the situation has evolved.



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

During the year, the Company has adopted the revised financial reporting standards and interpretations which are effective for fiscal years 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 adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

### **3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions issued a number of revised financial reporting standards, which are effective for fiscal years beginning on or after 1 January 2022. 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, for some standards, providing temporary reliefs or temporary exemptions for users.

The management of the Company believes that adoption of these amendments will not have any significant impact on the Company's financial statements.

### 3.3 Accounting Guidance

#### **Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19 that will become effective for fiscal years beginning on or after 1 January 2022**

The Federation of Accounting Professions announced Accounting Guidance on the Guidelines Regarding the Provision of Financial Assistance to Debtors Affected by COVID-19. Its objectives are to provide temporary relief measures and an alternative for all entities providing assistance to debtors in accordance with the measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD2.C. 802/2564 “Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)” or any other measures announced by the Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses.

The accounting guidance is effective for entities that provide assistance to debtors impacted by COVID-19 during the period from 1 January 2022 to 31 December 2023 or until the Bank of Thailand makes changes with which the entities are to comply. The guidance applies to the staging assessment and setting aside of provisions for qualified debtors, and covers all types of debtors, namely large debtors, small- and medium-sized debtors and retail debtors.

- a) In cases of debt restructuring for the purpose of reducing the debt burden of debtors that involve more than just extending the payment timeline, the applicable procedures are as follows:
- Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1) without compliance monitoring, provided that the payment terms and conditions are clearly stated in the debt restructuring agreement and the debtor is considered able to comply with the debt restructuring agreement.
  - Non-performing loans (NPL) are classified as performing loans or Stage 1 if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 consecutive months or installments, whichever is the longer period.
  - Additional loans provided to a debtor for use as additional working capital or to increase liquidity to enable the debtor to continue its business operations during the debt restructuring are classified as performing loans or Stage 1 if the debtor is considered able to comply with the debt restructuring agreement.

- Loans are classified as loans that there has been a significant increase in credit risk (Under-performing or Stage 2) when principal or interest payments are more than 30 days past due or 1 month past due.
  - A new effective interest rate is applied to determine the present value of loans that have been restructured if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan.
- b) In cases of the debt restructuring involving only a payment timeline extension, the applicable procedures are as follows:
- The staging assessment and setting aside of provisions are performed in accordance with the relevant financial reporting standards.
  - The guidelines specified in the appendix of the circular of the Bank of Thailand No. BOT.RPD2.C. 802/2564 “Guidelines regarding the provision of financial assistance to debtors affected by COVID-19 (sustainable debt resolution)” relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is to move to under-performing stage or Stage 2.
- c) Expected credit losses are determined based on the outstanding balance of the drawn down portion only. No expected credit loss is calculated for unused credit lines.
- d) For retail debtors and SME debtors who are in the process of debt restructuring and unable to complete the process by 31 December 2021 in accordance with guidelines specified in the circular of the Bank of Thailand No. BOT.RPD2.C. 594/2564 “Guidelines regarding debt restructuring to assist debtors affected by COVID-19”, classification of the debtors remains at the same stage as before restructuring until 31 March 2022 or until the Bank of Thailand makes changes with which the entities are to comply.

For debtors whose debt is restructured between 1 January 2021 and 31 December 2021, in accordance with the above clauses no. a) and b), the guidelines on staging assessment and provisioning under this accounting guidance apply from 1 January 2022 to 31 December 2023. However, for the year 2021 entities can still apply the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy.

The management of the Company is evaluating the impact on the financial statements if the Company adopts this accounting guidance.

## **4. Significant accounting policies**

### **4.1 Revenue recognition**

#### **a) Interest income from loan to customer**

The Company has recognised interest income from hire purchase and loan receivables on an accrual basis throughout the term of the contract, using the effective interest rate method and the calculation based on the gross carrying amounts of the hire purchase and loan receivables.

When the hire purchase and loan receivables subsequently become credit-impaired, interest income is calculated by using the effective interest rate method on the net carrying amount (gross book value net of an allowance for expected credit losses) of the receivables.

Initial direct income and costs at the inception of hire purchase and loan arrangement are to be deferred and amortised using the effective interest rate method, with amortisation deducted from interest income from hire purchase and loan receivables throughout the contract period to reflect the effective rate of return on the contracts.

#### **b) Fee and service income**

Fee and service income are recognised on accrual basis, except fees that are integral part of effective interest rate and fee income from late payment are recognised when received.

### **4.2 Expense recognition - Interest expenses**

Interest expenses are charged to expenses on an accrual basis.

### **4.3 Financial Instruments**

#### **Classification and measurement of financial assets and financial liabilities**

##### *Financial asset*

The Company classifies its financial assets - debt instruments, such as hire purchase and loan receivables 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 and subsequently measured at amortised cost.

#### **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.

#### **4.4 Cash and cash equivalents**

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

#### **4.5 Hire purchase receivables/Loan receivables**

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

Loan receivables are stated at the principal amount and accrued interest receivables, which is presented after net of initial direct income and costs at the inception of the contracts.

#### **4.6 Allowance for expected credit losses**

The Company applies the General Approach to calculate the expected credit losses on its financial assets, such as deposits at financial institutions and hire purchase and loan receivables.

The Company classifies its financial assets into three stages (three-stage approach) to measure the value of the expected credit losses, with the classification of the financial assets determined on the basis of the change in credit risk since initial recognition as follows:

Stage 1: Financial assets where there has not been a significant increase in credit risk (Performing)

For the financial assets where there has not been a significant increase in credit risk since initial recognition, the Company recognises allowance for expected credit losses at the amount equal to the 12-month expected credit losses.

Stage 2: Financial assets where there has been a significant increase in credit risk (Under-Performing)

For financial assets where there has been a significant increase in credit risk since initial recognition but not credit-impaired, the Company recognises allowance for expected credit losses at an amount equal to the lifetime expected credit losses of the financial assets.

Stage 3: Financial assets that are credit-impaired (Non-performing)

For financial assets are assessed as credit-impaired, the Company recognises expected credit losses in an amount equal to the lifetime expected credit losses of the financial assets.

At the end of each reporting period, the Company assesses whether there has been a significant increase in credit risk of financial assets since initial recognition by comparing the risk of default 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 may use internal quantitative and qualitative indicators and forecasts information to assess the deterioration in the credit quality of financial assets such as arrears of over 30 days past due. The Company assesses whether the credit risk has increased significantly from the date of initial recognition on an individual or a collective basis.

Hire purchase/loan receivables are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of receivables have occurred. Evidence of credit-impaired receivables includes arrears of over 90 days past due or having 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 from the initial recognition date that was assessed in the previous period no longer applies, the Company will change from recognising expected credit losses over the expected lifetime to recognising the 12-month expected credit losses.

Hire purchase and loan receivables that have been renegotiated or changed in terms of the contractual cash flows due to a deterioration in the debtor's condition is usually considered to be significant increase in credit risk or credit-impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

Expected credit losses are the probability-weighted estimate of expected credit losses over the lifetime of the financial assets, taking into account the present value of all cash that are expected not to be recoverable based on historical loss information for a group of assets that the Company considers having shared credit risk characteristics, taking into account type of collateral, months on books, and other relevant factors, adjusted for current observable data, as well as forward-looking information that is supportable and reasonable, provided it can be shown to be statistically related. It also involves the appropriate exercise of judgement to estimate the amount of expected credit losses, using macroeconomic data. The Company determines both current and future economic scenario, and probability-weighted each scenario (base-case scenario, best-case scenario and worst-case scenario) for the purpose of calculating expected credit losses. Use of forward-looking data increases the degree of judgement required in evaluating how relevant current macroeconomic changes affect expected credit losses. However, the Company has established a process to review and monitor methodologies, assumptions and forward-looking economic scenario on a regular basis. In addition, a management overlay is applied to account for factors that are not captured by the model.

Increase (decrease) in an allowance for expected credit loss is recognised as expenses 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.

#### **4.7 Financial assets with modifications of terms/Debt restructuring**

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 debtor is having financial difficulties, the Company assesses whether to derecognise the financial asset and measures the expected credit losses, 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.

In cases where debt restructuring does not result in derecognition, a debtor is classified as a financial asset with a significant increase in credit risk (Stage 2) until the debtor is able to make payment in accordance with the debt restructuring agreement for the longer of 3 consecutive months or 3 installments, or the debtor is reclassified as credit-impaired (Stage 3). A debtor is classified at the same stage until payment is made in compliance with the debt restructuring agreement for not less than 12 months from the restructuring date, when the debtor is classified as a financial asset without a significant increase in credit risk (Stage 1). If the debt restructuring results in derecognition, the new financial asset is treated as a financial asset where there has not been a significant increase in credit risk (Performing or Stage 1).

In addition, the Company has adopted the accounting guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy, as discussed in Notes 4.18 to the financial statements.

#### **4.8 Assets foreclosed**

Assets foreclosed are assets seized from hire purchase and loan receivables and stated at the lower of cost or net realisable value net of allowance for loss on impairment (if any).

Gain (loss) on disposal of assets foreclosed are recognised in profit or loss in the statements of comprehensive income upon disposal.

Loss on impairment (if any) is recognised as an expense in the statements of comprehensive income.

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

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for 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:

Building	10 years
Building improvement	10 years
Furniture and office equipment	5 years
Computers and equipment	5 years
Motor vehicles	7 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

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



#### 4.10 Lease liabilities

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 applies a single recognition and measurement approach of all leases, except for short-term leases and leases of low-value assets. The Company recognise right-of-use assets, which represent the right to use underlying assets and lease liabilities based on lease payment.

##### Right-of-use assets

At the commencement date of the lease, the Company is measured right-of-use assets at cost, less accumulated depreciation and any accumulated impairment loss, 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 and 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 useful lives and the lease term as follows:

Buildings	1 - 10 years
Office equipment	4 - 5 years
Vehicles	7 years

If ownership of the leased asset is transfers to the Company at the end of the lease term or the cost of such asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The Company is to assess the impairment of the right-of-use assets as discussed in the note to the financial statements on impairment of non-financial assets.

#### 4.11 Intangible assets

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

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Company's intangible assets are computer software, that have useful lives of approximately 3 - 5 years.

#### **4.12 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 or 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 in statements of comprehensive income (if any).

#### **4.13 Employee benefits**

a) Short-term employee benefits

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

b) Post-employment benefits (Defined contribution plans)

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

c) Post-employment benefits (Defined benefit plans)

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

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

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

#### **4.14 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 recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

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

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

#### **4.15 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.

#### **4.16 Provisions**

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

#### **4.17 Fair value measurement**

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

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

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company 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.

#### **4.18 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 Bank of Thailand 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 Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses. Entities providing assistance to debtors in accordance with the Bank of Thailand’s measures and electing to apply this Accounting Treatment Guidance have to apply all temporary relief measures in this guidance.

The Accounting Treatment Guidance is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy during the period from 1 January 2020 to 31 December 2021 or until the Bank of Thailand 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

Since the Company is an entity providing assistance to affected debtors in accordance with the Bank of Thailand's guidelines, it applies these procedures.

- 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 Bank of Thailand No. BOT.RPD.(01)C. 380/2563, classification of the debtor remains at the same stage as before.
- 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 consecutive months or installments, whichever is the longer period.
- Additional working capital loans provided to a debtor in order to increase liquidity and enable the debtor to continue its business operations during the debt restructuring are classified by account level if the debtor has cash flows to support repayment or if, considering other factors, the debtor has the ability to pay the debt.
- The guidelines specified in the appendix of the circular of the Bank of Thailand relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is to move to Stage 2.
- Expected credit losses are determined based on the outstanding balance of the drawn down portion only.
- A newly calculated effective interest rate is applied to determine the present value of loans that have been restructured in accordance with guidelines to assist debtors specified in the circulars of the Bank of Thailand, if the debt restructuring causes the existing effective interest rate to no longer reflect the estimated cash inflows from the loan. In addition, provided that the provision of assistance is in compliance with the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563, the Group recognises interest income on the basis of this new effective interest rate during the grace period, or in accordance with the Bank of Thailand's new guidelines if there are changes.
- Consideration is given to placing less weight on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience, in cases where a general approach is used in determining expected credit losses.

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

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

### **5.1 Allowance for expected credit losses of hire purchase/loan receivables**

The management is required to use judgement in estimation in determining the allowance for expected credit losses of hire purchase and loan receivables. The Company's calculation of allowance for expected credit losses based on complex models, a series of assumptions and assessments related to the increase in credit risk, as well as designation of forward-looking information. The estimates involve numerous variables; therefore, actual results may differ from the estimates.

### **5.2 Allowance for impairment of assets foreclosed**

In determining allowance for impairment of assets foreclosed, management apply judgment in estimating the anticipated loss on such assets, based on analysis of various factors, including net realisable value, historical sales data and the prevailing economic condition.

### **5.3 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.

### **5.4 Determining the lease term of contracts with renewal and termination options**

In determining the lease term, the management is required to use judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease considering all relevant facts and circumstances that create an economic incentive for it to exercise either the renewal or termination.

## **5.5 Incremental borrowing rate**

The Company is unable to determine the interest rate implicit the lease agreement. Therefore, the Company's incremental loan interest rate is used to discount the lease liability. The marginal borrowing rate is the rate of interest that the Company would have 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.

## **5.6 Intangible assets**

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

## **5.7 Deferred tax assets**

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

## **5.8 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.

## **5.9 Litigation**

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

## **5.10 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.



## 6. Cash and cash equivalents

	(Unit: Thousand Baht)	
	2021	2020
Cash	1,118	810
Bank deposits - savings accounts	326,766	35,434
Bank deposits - current accounts	15,810	12,825
Bill of exchange maturing within 3 months from date of acquisition	200,229	-
Total	543,923	49,069
Less: Deposits at banks for premium that the Company received from policy holders	(32,809)	(13,129)
Total	511,114	35,940

As at 31 December 2021, bank deposits in savings accounts and bill of exchange carried interest at rates between 0.05 - 0.25 percent per annum and 1.10 percent per annum, respectively (2020: 0.05 - 0.40 percent per annum) as announced by the banks.

As at 31 December 2021, the outstanding balance amounting to Baht 33 million (2020: Baht 13 million) represented bank deposits for premiums that the Company received from policy holders. The Company must submit these premiums to insurers, and not use or exploit or deduct any expense from premiums as stated in the brokerage contracts.

## 7. Hire purchase receivables

7.1 As at 31 December 2021 and 2020, the contracted terms of the Company's hire purchase receivables are 12 - 84 installments with payments to be made in equal installments and interest charged at fixed rates throughout the contracts. Hire purchase receivables classified by due date per agreement are as follows:

(Unit: Thousand Baht)

	2021						Total
	Portion	Portion	Portion	Portion	Portion	Portion	
	due over one	due over	due over	due over	due over	due over	
	year	two years	three years	four years	five years	five years	
	one year <sup>(2)</sup>	two years	three years	four years	five years	five years	
Hire purchase receivables	2,853,518	2,307,319	1,501,443	715,240	264,698	69,753	7,711,971
Less: Unearned hire purchase income <sup>(1)</sup>	(889,092)	(479,968)	(230,044)	(86,208)	(23,871)	(5,471)	(1,714,654)
Undue output Vat	(177,730)	(150,946)	(98,225)	(46,791)	(17,317)	(4,563)	(495,572)
Present value of the minimum lease payment receivables	1,786,696	1,676,405	1,173,174	582,241	223,510	59,719	5,501,745
Less: Allowance for expected credit losses	(219,340)	(45,434)	(37,949)	(20,873)	(7,529)	(1,686)	(332,811)
Net hire purchase receivables	1,567,356	1,630,971	1,135,225	561,368	215,981	58,033	5,168,934

(1) Presented net of deferred initial direct income and costs of hire purchase.

(2) The balance of hire purchase receivables due within 1 year included receivables that are credit impaired.

(Unit: Thousand Baht)

	2020						Total
	Portion	Portion	Portion	Portion	Portion	Portion	
	due over one	due over	due over	due over	due over	due over	
	year	two years	three years	four years	five years	five years	
	one year <sup>(2)</sup>	two years	three years	four years	five years	five years	
Hire purchase receivables	3,244,771	2,347,675	1,808,302	865,749	195,930	28,938	8,491,365
Less: Unearned hire purchase income <sup>(1)</sup>	(1,106,974)	(578,992)	(273,743)	(80,955)	(12,797)	(1,590)	(2,055,051)
Undue output Vat	(197,984)	(153,631)	(118,300)	(56,638)	(12,818)	(1,893)	(541,264)
Present value of the minimum lease payment receivables	1,939,813	1,615,052	1,416,259	728,156	170,315	25,455	5,895,050
Less: Allowance for expected credit losses	(241,585)	(69,352)	(74,175)	(44,762)	(11,501)	(1,732)	(443,107)
Net hire purchase receivables	1,698,228	1,545,700	1,342,084	683,394	158,814	23,723	5,451,943

(1) Presented net of deferred initial direct income and costs of hire purchase.

(2) The balance of hire purchase receivables due within 1 year included receivables that are credit impaired.

The Company entered into schemes 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.

As at 31 December 2021, outstanding hire purchase receivables participating in the schemes accounted for 31 percent of the Company's total hire purchase receivables. These consisted of receivables under schemes with reductions of installment payments, accounting for 14 percent of the total hire purchase receivables (2020: 33 percent), of which Baht 691 million, or 13 percent of total hire purchase receivables (2020: Baht 1,870 million or 32 percent) were classified at the same stage as before participating in the scheme; and hire purchase receivables that are not yet non-performing (Non-NPL) of Baht 959 million, accounting for 17 percent of all hire purchase receivables, for which the Company has negotiated with the debtor, analysed the debtor's financial status, and determined that the debtor would be able to comply with the debt restructuring agreement, and therefore immediately reclassified to performing receivables (Stage 1). However, because the COVID-19 pandemic is continuing to spread and affect Thai economy, therefore, in estimating expected credit losses, the Company has taken into account forecasts of the impact of the pandemic and exercised management's judgement in applying a management overlay on top of the amounts derived from the existing model to cover an increase in defaults by debtors who are affected by the COVID-19 pandemic.

**7.2** As at 31 December 2021 and 2020, the balances of hire purchase receivables are classified by credit risk and allowance for expected credit losses as follows:

(Unit: Thousand Baht)

	Hire purchase receivables - net of		Allowance for expected credit losses	
	unearned financial income <sup>(1)</sup>			
	2021	2020	2021	2020
Hire purchase receivables without a significant increase in credit risk (Performing)	4,671,329	4,392,130	109,283	70,082
Hire purchase receivables with a significant increase in credit risk (Under-performing)	636,497	1,244,879	105,656	210,674
Hire purchase receivables with credit impaired (Non-performing)	193,919	258,041	117,872	162,351
Total	5,501,745	5,895,050	332,811	443,107

<sup>(1)</sup> Presented net of deferred initial direct income and costs of hire purchase.

**7.3** As at 31 December 2021, hire purchase receivables amounting to Baht 4,130 million (net of unearned financial income) were pledged to secure credit facilities from commercial banks (2020: Baht 5,487 million), as discussed in Notes 17 and 20 to the financial statements.

## 8. Loan receivables

- 8.1 As at 31 December 2021 and 2020, the contracted terms of the Company's loan receivables are 6 - 84 installments with payments to be made in equal installments and interest charged at fixed rates throughout in the contracts. Loan receivables classified by due date per agreement are as follows:

(Unit: Thousand Baht)

	2021		
	Amounts due within 1 year <sup>(2)</sup>	Amounts due over 1 year	Total
Loan receivables	1,397,367	2,217,047	3,614,414
Less: Unearned financial income <sup>(1)</sup>	(8,988)	(7,227)	(16,215)
Add: Accrued interest receivables	80,532	-	80,532
	1,468,911	2,209,820	3,678,731
Less: Allowance for expected credit losses	(146,715)	(60,826)	(207,541)
Loan receivables, net	1,322,196	2,148,994	3,471,190

<sup>(1)</sup> Presented net of deferred initial direct income and costs.

<sup>(2)</sup> The balance of loan receivables due within 1 year includes receivables that are credit impaired.

(Unit: Thousand Baht)

	2020		
	Amounts due within 1 year <sup>(2)</sup>	Amounts due over 1 year	Total
Loan receivables	1,029,520	1,343,061	2,372,581
Less: Unearned financial income <sup>(1)</sup>	(20,024)	(8,992)	(29,016)
Add: Accrued interest receivables	38,141	-	38,141
	1,047,637	1,334,069	2,381,706
Less: Allowance for expected credit losses	(54,146)	(46,211)	(100,357)
Loan receivables - net	993,491	1,287,858	2,281,349

<sup>(1)</sup> Presented net of deferred initial direct income and costs.

<sup>(2)</sup> The balance of loan receivables due within 1 year includes receivables that are credit impaired.

The Company entered into schemes 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 issued by the Federation of Accounting Professions.

As at 31 December 2021, outstanding loan receivables participating in the schemes accounted for 11 percent of the Company's total loan receivables. These consisted of receivables under schemes with reductions of installment payments, accounting for 3 percent of the total loan receivables (2020: 9 percent), of which Baht 96 million, or 3 percent of total loan receivables (2020: Baht 206 million or 9 percent) were classified at the same stage as before participating in the scheme; and loan receivables that are not yet non-performing (Non-NPL) of Baht 300 million, accounting for 8 percent of all loan receivables, for which the Company has negotiated with the debtor, analysed the debtor's financial status, and determined that the debtor would be able to comply with the debt restructuring agreement, and therefore immediately reclassified to performing receivables (Stage 1). However, because the COVID-19 pandemic is continuing to spread and affect Thai economy, therefore, in estimating expected credit losses, the Company has taken into account forecasts of the impact of the pandemic and exercised management's judgement in applying a management overlay on top of the amounts derived from the existing model to cover an increase in defaults by debtors who are affected by the COVID-19 pandemic.

- 8.2** As at 31 December 2021 and 2020, the balances of loan receivables are classified by credit risk and allowance for expected credit losses as follows:

	(Unit: Thousand Baht)			
	Loan receivables and accrued interest income <sup>(1)</sup>		Allowance for expected credit losses	
	2021	2020	2021	2020
Loan receivables without a significant increase in credit risk (Performing)	3,267,154	2,050,619	78,583	30,541
Loan receivables with a significant increase in credit risk (Under-performing)	291,028	285,086	52,525	44,278
Loan receivables with credit impaired (Non-performing)	120,549	46,001	76,433	25,538
Total	3,678,731	2,381,706	207,541	100,357

<sup>(1)</sup> Presented net of deferred initial direct income and costs of loan.

- 8.3** As at 31 December 2021, loan receivables amounting to Baht 2,110 million (net of unearned financial income) were pledged to secure credit facilities from commercial banks (2020: Baht 1,682 million), as discussed in Notes 17 and 20 to the financial statements.

## 9. Allowance for expected credit losses

Movements of allowance for expected credit losses ( ECL) of hire purchase and loan receivables are as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2021			
	12-month ECL (Stage 1)	Lifetime ECL - not credit impaired (Stage 2)	Lifetime ECL - credit impaired (Stage 3)	Total
Beginning balance	100,623	254,952	187,889	543,464
Add (less): Stage changes	14,983	(30,323)	15,340	-
Add (less): Changes due to revaluation of allowance for credit loss	(29,082)	4,874	167,702	143,494
Add: New financial assets acquired	136,059	90,959	41,334	268,352
Less: Derecognition of financial assets	(34,717)	(162,281)	(30,354)	(227,352)
Less: Bad debt written-off	-	-	(187,606)	(187,606)
Ending balance	187,866	158,181	194,305	540,352

(Unit: Thousand Baht)

	For the year ended 31 December 2020			
		Lifetime ECL - not credit impaired (Stage 2)	Lifetime ECL - credit impaired (Stage 3)	Total
	12-month ECL (Stage 1)			
Beginning balance	97,193	258,992	203,292	559,477
Add (less): Stage changes	11,452	(28,666)	17,214	-
Add (less): Changes due to revaluation of allowance for credit loss	(59,605)	28,431	188,392	157,218
Add: New financial assets acquired	65,854	52,346	13,293	131,493
Less: Derecognition of financial assets	(14,271)	(56,151)	(31,804)	(102,226)
Less: Bad debt written-off	-	-	(202,498)	(202,498)
Ending balance	100,623	254,952	187,889	543,464

## 10. Other receivables

(Unit: Thousand Baht)		
	2021	2020
Prepaid expenses	8,309	5,570
Accrued commission income	12,896	4,447
Deferred expense	2,235	1,866
Others	2,795	643
Total	26,235	12,526

## 11. Assets foreclosed

(Unit: Thousand Baht)		
	2021	2020
Assets foreclosed - cost	25,750	31,842
Less: Allowance for impairment	(5,802)	(8,601)
Assets foreclosed - net	19,948	23,241

## 12. Deposits at bank with collateral obligation

As at 31 December 2021, the Company has deposits at bank with collateral obligation in the amount of Baht 50 million (2020: None) in order to secure against loans from financial institutions, as mentioned in Notes 17.

### 13. Land, building and equipment

(Unit: Thousand Baht)

	Land	Buildings and Building improvements	Furniture and office equipment	Computers and equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>							
1 January 2020	472	88,706	48,037	45,544	39,353	116	222,228
Additions	-	1,568	7,245	5,279	2,991	13,206	30,289
Disposals/written off	-	(3,352)	(1,210)	(838)	(187)	-	(5,587)
Transfer in (Transfer out)	-	10,828	1,112	-	1,382	(13,322)	-
31 December 2020	472	97,750	55,184	49,985	43,539	-	246,930
Additions	-	11,249	6,577	9,702	479	8,947	36,954
Disposals/written off	-	(606)	(40)	(112)	-	-	(758)
Transfer in (Transfer out)	-	3,949	630	9	3,073	(7,661)	-
31 December 2021	472	112,342	62,351	59,584	47,091	1,286	283,126
<b>Accumulated depreciation</b>							
1 January 2020	-	21,353	19,769	20,362	13,296	-	74,780
Depreciation for the year	-	9,387	10,463	9,647	5,972	-	35,469
Depreciation for disposals/written off	-	(952)	(704)	(606)	(104)	-	(2,366)
31 December 2020	-	29,788	29,528	29,403	19,164	-	107,883
Depreciation for the year	-	10,481	10,801	9,431	6,495	-	37,208
Depreciation for disposals/written off	-	(188)	(22)	(103)	-	-	(313)
31 December 2021	-	40,081	40,307	38,731	25,659	-	144,778
<b>Net book value</b>							
31 December 2020	472	67,962	25,656	20,582	24,375	-	139,047
31 December 2021	472	72,261	22,044	20,853	21,432	1,286	138,348
<b>Depreciation recognised in the statement of comprehensive income for the years</b>							
2020							35,469
2021							37,208

As at 31 December 2021, certain items of furniture and office equipment and computers 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 22 million (2020: Baht 0.8 million).



#### 14. Right-of-use assets

The movement of rights-of-use assets for the years ended 31 December 2021 and 2020 are as follows:

	(Unit: Thousand Baht)			
	Buildings	Office equipment	Motor vehicles	Total
Balance as at 1 January 2020	111,207	791	30,130	142,128
Additions	29,360	-	-	29,360
Written-off	(10,432)	-	-	(10,432)
Depreciation during the year	(42,172)	(345)	(6,801)	(49,318)
Depreciation for written-off	1,503	-	-	1,503
Balance as at 31 December 2020	89,466	446	23,329	113,241
Additions	82,091	1,690	-	83,781
Written-off	(7,503)	(417)	-	(7,920)
Depreciation during the year	(52,369)	(523)	(6,783)	(59,675)
Depreciation for written-off	2,852	247	-	3,099
Balance as at 31 December 2021	114,537	1,443	16,546	132,526

## 15. Intangible assets

(Unit: Thousand Baht)

	Computer software	Computer software in process	Total
<b>Cost</b>			
1 January 2020	16,375	-	16,375
Additions	3,555	467	4,022
Disposals/written-off	(183)	-	(183)
Transfer in (Transfer out)	467	(467)	-
31 December 2020	20,214	-	20,214
Additions	3,146	60	3,206
Disposals/written-off	-	-	-
Transfer in (Transfer out)	60	(60)	-
31 December 2021	23,420	-	23,420
<b>Accumulated amortisation</b>			
1 January 2020	6,399	-	6,399
Amortisation for the year	3,744	-	3,744
Depreciation for disposals/written-off	(115)	-	(115)
31 December 2020	10,028	-	10,028
Amortisation for the year	4,298	-	4,298
Depreciation for disposals/written-off	-	-	-
31 December 2021	14,326	-	14,326
<b>Net book value</b>			
31 December 2020			10,186
31 December 2021			9,094
<b>Amortisation recognised in the statement of comprehensive income for the years</b>			
2020			3,744
2021			4,298

As at 31 December 2021, computer software has remaining amortisation period between 1 - 5 years (2020: 1 - 5 years).

As at 31 December 2021, certain items of computer software were fully amortised but are still in use. The gross carrying amount before deducting accumulated amortisation of those assets amounted to approximately Baht 1 million (2020: None).

## 16. Deferred tax assets/income tax expenses

### 16.1 Deferred tax assets

As at 31 December 2021 and 2020, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)	
	2021	2020
<b>Deferred tax assets</b>		
Difference in cost of assets foreclosed for accounting and tax purposes	654	1,046
Allowance for expected credit losses	106,733	106,543
Allowance for impairment of assets foreclosed	1,160	1,720
Difference in income recognised for accounting and tax purposes	24,453	39,699
Provision for long-term employee benefits	7,670	7,524
Accumulated depreciation - building and building improvements	3,920	2,906
Right-of-use assets	761	540
Bad debt	-	9,473
Total	145,351	169,451
<b>Deferred tax liabilities</b>		
Deferred initial direct costs from hire purchase/ loan receivables	15,258	13,963
Deferred loans issuing costs	2,853	3,833
Total	18,111	17,796
Deferred tax assets - net	127,240	151,655

## 16.2 Income tax expenses

Income tax expenses for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)		
	For the years ended 31 December	
	2021	2020
<b>Current income tax:</b>		
Corporate income tax charge for the year	72,713	81,899
Adjustment of corporate income tax expenses of the prior year	-	(574)
<b>Deferred tax:</b>		
Transfer of deferred tax assets and income tax payable of the prior year		
Decrease in deferred tax assets	9,473	-
Decrease in corporate income tax payable	(9,473)	-
Relating to origination and reversal of temporary differences	13,920	(879)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>86,633</b>	<b>80,446</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)		
	2021	2020
Deferred tax relating to actuarial gain	(1,022)	(2,997)

The amounts of income tax recognised directly in shareholders' equity for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)		
	2021	2020
<b>Current income tax:</b>		
Corporate income tax on transaction costs for issue a share capital (Note 24)	(11,364)	-

Reconciliation between income tax expenses and the product of accounting profits multiplied by the applicable tax rate for the years ended 31 December 2021 and 2020 are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2021	2020
Accounting profit before tax	440,435	398,504
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by applicable tax rate	88,087	79,701
Adjustment of corporate income tax expenses of the prior year	-	(574)
Effects of additional expense and non-deductible expense	(1,454)	1,319
Income tax expenses reported in the statements of comprehensive income	86,633	80,446

#### 17. Short-term loans from financial institutions

As at 31 December 2021 and 2020, the following are short-term loans in the form of promissory notes from financial institutions in Thailand:

(Unit: Thousand Baht)

Loan facility / Repayment schedule	2021	2020
a) Promissory notes under credit facilities amounting to Baht 100 million, with principal repayable within the specific date of each promissory, and interest charged at MLR less a fixed rate, payable monthly	-	96,931
b) Promissory notes under credit facilities amounting to Baht 300 million, with principal repayable within the specific date of each promissory, and interest charged at MLR less a fixed rate, payable monthly	18,422	93,082
c) Promissory notes under credit facilities amounting to Baht 483 million (2020: Baht 1,088 million), with principal repayable within the specific date of each promissory, and interest charged at MOR less a fixed rate, payable monthly	357,039	444,294
d) Promissory notes under credit facilities amounting to Baht 410 million, with principal repayable within the specific date of each promissory, and interest charged at MLR less a fixed rate, payable monthly	339,620	378,491
e) Promissory notes under credit facilities amounting to Baht 600 million, with principal repayable within the specific date of each promissory, and interest charged at MLR less a fixed rate, payable monthly	178,774	323,848
f) Promissory notes under credit facilities amounting to Baht 100 million, with principal repayable within the specific date of each promissory, and interest charged at MLR less a fixed rate, payable monthly	71,240	65,623
g) Promissory notes under credit facilities amounting to Baht 100 million, with principal repayable within the specific date of each promissory, and interest charged at MLR less a fixed rate, payable monthly	63,494	-
Total short-term loans from financial institutions	1,028,589	1,402,269

Bank overdraft and short-term loans are secured by the bank deposit, the transfer of ownership rights and the assignment of collection rights over hire purchase receivables and loans secured against motorcycle registrations, car registrations, commercial car registrations and truck registrations. Loans are also guaranteed by the directors (2020: bank overdraft and short-term loans guaranteed in the same condition with 2021 and also guaranteed by the mortgage of land and premises thereon owned by the directors was withdrawn since October 2021). Moreover, the Company is required to comply with certain terms and conditions as specified in each loan agreement, such as to maintain ratios of hire purchase receivables and loan receivables that are no more than 3 months overdue to total borrowings, non-performing hire purchase receivables and loan receivables (overdue more than 3 months) to total receivables, collection ratio, working capital turnover ratio, total debt to equity ratio, hire purchase receivables and loan receivables that are no more than 3 months overdue to total receivables, earnings before interest and taxes to total interest expenses, and also the portion of the Company's shares held by directors, depending on the conditions in each agreement.

As at 31 December 2021, the Company has Baht 393 million for bank overdrafts and short-term credit facilities from financial institutions which have not yet been drawn down (2020: Baht 865 million).

#### 18. Other payables

	(Unit: Thousand Baht)	
	2021	2020
Other payables	61,471	36,738
Accrued employee expenses	44,496	36,278
Revenue department payable	19,010	18,416
Accrued expenses	18,490	7,251
Total	143,467	98,683

## 19. Lease liabilities

(Unit: Thousand Baht)

	2021	2020
Lease liabilities	131,640	108,849
Less: Deferred interest expenses	(9,003)	(8,458)
Total	122,637	100,391
Less: Current portion	(56,067)	(45,189)
Lease liabilities - net of current portion	66,570	55,202

Movements of lease liabilities for the years ended 31 December 2021 and 2020 are summarised below.

(Unit: Thousand Baht)

	2021	2020
Balance at the beginning of year	100,391	127,947
Additions	83,893	29,394
Interest recognised	5,627	5,672
Lease payment	(62,205)	(53,055)
Decrease	(5,069)	(9,567)
Balance at the end of year	122,637	100,391

The maturity analysis of undiscounted lease payments is disclosed in Note 34.3 the financial statements on Liquidity risk.

Expenses relating to leases that are recognised in profit or loss

(Unit: Thousand Baht)

	2021	2020
Depreciation of right-of-use assets	59,675	49,318
Interest expenses on lease liabilities	5,627	5,672
Expense relating to short-term leases	4,028	1,724
Total	69,330	56,714

The Company had total cash outflows for leases for the year ended 31 December 2021 of Baht 66 million (2020: Baht 54 million).

## 20. Long-term loans

As at 31 December 2021 and 2020, the following are loans from local financial institutions in Thailand.

		(Unit: Thousand Baht)	
Loan facility / Repayment schedule		2021	2020
a)	Credit facility amounting to Baht 2,110 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly	-	12,360
b)	Syndicate loan facility amounting to Baht 5,950 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly (During 2021, the payment conditions were amended. Whereby from May to July 2021 only interest is payable.)	1,090,640	2,068,040
c)	Credit facility amounting to Baht 3 million, repayable principal and interest equally every month by interest charged at MLR less a fixed rate	-	165
d)	Syndicate loan facility amounting to Baht 1,650 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly (During 2021, the payment conditions were amended. Whereby from May to July 2021 only interest is payable.)	1,390,220	240,220
e)	Credit facility amounting to Baht 800 million, repayable principal at the end of agreement and interest charged at fixed rate, payable monthly	800,000	800,000
f)	Credit facility amounting to Baht 100 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly	86,928	-
g)	Credit facility amounting to Baht 200 million, repayable principal equally every month, and interest charged at MLR less a fixed rate, payable monthly	174,000	-
Total		3,541,788	3,120,785
Less: Deferred issuing costs		(14,268)	(19,172)
Long-term loans		3,527,520	3,101,613
Less: Current portion due within one year		(2,166,480)	(1,307,426)
Long-term loans, net of current portion		1,361,040	1,794,187



The above long-term loans are secured by the assignment of collection rights over loans secured against motorcycle registrations, car registrations, commercial car registrations and truck registrations with specific conditions to the bank, the provision of guarantees by the directors of the Company, (2020: long-term loans guaranteed in the same condition with 2021 and also guaranteed by the mortgage of land and premises thereon owned by the directors of the Company, the provision of guarantees by shareholders and corporate guarantees was withdrawn since October 2021). Moreover, the Company is required to comply with certain terms and conditions as specified in each loan agreement, such as to maintain ratios of hire purchase receivables and loan receivables that are no more than 3 months overdue to total borrowings, non-performing hire purchase receivables and loan receivables (overdue more than 3 months) to total receivables, collection ratio, earnings before interest and taxes to total interest expenses, total debt to equity ratio, depending on the conditions in each agreement.

As at 31 December 2021, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 2,039 million (2020: Baht 1,500 million).

Movements in the long-term loans account during the year ended 31 December 2021 are summarised below.

(Unit: Thousand Baht)	
Balance as at 1 January 2021	3,120,785
Add: Drawdown	1,685,000
Less: Repayment	(1,263,997)
Balance as at 31 December 2021	3,541,788

## 21. Other current liabilities

(Unit: Thousand Baht)		
	2021	2020
Accrued interest expenses	773	882
Accrued special business tax expenses	1,978	1,369
Accrued withholding tax expenses	1,626	439
Accrued output tax expenses	379	525
Others	1,937	3,064
Total	6,693	6,279

## 22. Provision for long-term employee benefits

Provision for long-term employee benefits, which is the compensation payable to employees upon retirement, can be summarised as follows:

(Unit: Thousand Baht)		
	For the years ended 31 December	
	2021	2020
<b>Provision for long-term employee benefits at beginning of year</b>	37,621	47,457
Included in profit or loss:		
Current service cost	7,815	7,827
Interest cost	575	429
Loss from benefit paid	1,343	1,593
Included in other comprehensive income:		
Actuarial gain arising from		
Demographic assumptions changes	(564)	(4,115)
Financial assumptions changes	(1,921)	(7,937)
Experience adjustments	(2,623)	(2,935)
Benefits paid during the year	(3,895)	(4,698)
<b>Provision for long-term employee benefits at end of year</b>	<b>38,351</b>	<b>37,621</b>

As at 31 December 2021, the Company expected to pay Baht 1.6 million of long-term employee benefits during the next year (2020: Baht 2.1 million).

As at 31 December 2021, weighted average duration of the liabilities for long-term employee benefits of the Company is 10.58 years (2020: 11.59 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)		
	2021	2020
Discount rate	1.92	1.46
Future salary increase rate	3	3
Turnover rate (depending on age of employee)	8 - 20	8 - 18

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2021 and 2020 are summarised below:

(Unit: Thousand Baht)

	2021			
	Increase rate		Decrease rate	
	Liabilities increased		Liabilities increased	
	Percent	(decreased)	Percent	(decreased)
Discount rate	1.0	(3,707)	1.0	4,288
Salary increase rate	1.0	4,404	1.0	(3,875)
Turnover rate	1.0	(4,017)	1.0	3,079

(Unit: Thousand Baht)

	2020			
	Increase rate		Decrease rate	
	Liabilities increased		Liabilities increased	
	Percent	(decreased)	Percent	(decreased)
Discount rate	1.0	(3,787)	1.0	4,411
Salary increase rate	1.0	4,504	1.0	(3,938)
Turnover rate	1.0	(4,114)	1.0	3,256

## 23. Provident fund

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 3 percent of basic salary. The fund, which is managed by Kasikorn Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2021 amounting to approximately Baht 7.95 million (2020: Baht 7.89 million) were recognised as expense.

## **24. Share capital**

On 21 April 2021, the Annual General Meeting of Shareholders for 2021 approved the following significant matters.

1. Registration as a Public Company Limited and Listing the Company to the Stock Exchange of Thailand.
2. Change in par value of ordinary shares from 601.8 million ordinary shares of Baht 5 each to 3,009.2 million ordinary shares of Baht 1 each by splitting 1 ordinary share of Baht 5 each to 5 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 21 April 2021.
3. An increase in the Company's registered share capital from Baht 3,009.2 million (3,009.2 million ordinary shares of Baht 1 each) to Baht 3,810 million (3,810 million ordinary shares of Baht 1 each) by issuing 800.8 million ordinary shares of Baht 1 each with an allocation to the Initial Public Offering and an allocation to the directors and/or management of the Company. The Company registered the increase of its share registered capital with the Department of Business Development on 21 April 2021.

In October 2021, the Company issued 800.8 million ordinary shares at par value of Baht 1 each, totaling Baht 800.8 million through Initial Public Offering at the offering price of Baht 1.95 each, totaling Baht 1,562 million with share premium of Baht 715 million (net of offering expenses and related income tax amounting to Baht 45 million). As at 31 December 2021, the Company has issued and fully paid up share capital at 3,810 million ordinary shares of Baht 1 each.

As at 31 December 2021 and 2020, the Company had registered and paid up share capital as follows:

	2021		2020	
	Number	Amount	Number	Amount
	of shares (million shares)	(million Baht)	of shares (million shares)	(million Baht)
<b>Issued and paid-up capital</b>				
Issued and paid-up capital at the beginning of the year	602	3,009	602	3,009
Share splitting (from 602 million ordinary shares at par value of Baht 5 each to 3,009 million ordinary shares at par value of Baht 1 each)	2,407	-	2,407	-
Approval of increase in registered capital (801 million ordinary shares at par value of Baht 1 each)	801	801	-	-
Issued and paid-up capital at the end of the year	3,810	3,810	3,009	3,009

## 25. 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.

As at 31 December 2021, the Company has the statutory reserve Baht 50.62 million (2020: Baht 17.03 million).

## 26. Dividend

On 22 April 2020, the Board of Directors' Meeting No. 3/2020 approved interim dividend payment of Baht 0.19 per share from the 2019 operating result to the shareholders of the Company, or a total dividend payment of Baht 114.35 million (The interim dividend was paid of Baht 0.10 per share on 30 April 2020 and the remaining of Baht 0.09 per share on 18 May 2020).

On 21 April 2021, the Annual General Meeting of Shareholders for 2021 of the Company approved dividend payment of Baht 0.34 per share from the 2020 operating result to the shareholders of the Company, or a total dividend payment of Baht 204.62 million (The interim dividend was paid of Baht 0.17 per share on 29 April 2021 and the remaining of Baht 0.17 per share on 21 May 2021).

On 14 August 2021, the Board of Director's Meeting No 4/2021 approved interim dividend payment of Baht 0.11 per share from the retain earning as at 30 June 2021 to the shareholders of the Company, or a total dividend payment of Baht 324.99 million. The Company paid dividend to the shareholders on 17 August 2021.

## 27. Finance cost

(Unit: Thousand Baht)		
	For the years ended 31 December	
	2021	2020
Interest expenses on borrowings	179,124	206,511
Interest expenses on lease liabilities	5,627	5,672
Total	184,751	212,183

## 28. Expenses by nature

Significant expenses by nature are as follows:

(Unit : Thousand Baht)		
	For the years ended 31 December	
	2021	2020
Salary, wages and other employee benefits	480,826	446,050
Sale promotional expenses	47,290	36,347
Depreciation and amortisation expenses	101,181	88,531
Rental and service expenses	71,413	51,975
Consultation and professional service fees	19,948	18,154
Special business tax and other tax expenses	29,536	18,191
Allowance for expected credit losses	177,641	182,045
Loss on impairment and disposals of assets	50,779	86,958

## 29. Loss on impairment and disposals of assets foreclosed

(Unit : Thousand Baht)		
	For the years ended 31 December	
	2021	2020
Reversal of impairment loss of assets foreclosed	(2,799)	(12,582)
Loss on disposals of assets foreclosed	53,135	96,408
Total	50,336	83,826

### 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, after adjusting the number of ordinary shares proportionately to the change in the number of shares as a result of the change in the par value of the ordinary shares.

On 21 April 2021, the Annual General Meeting of Shareholders for 2021 of the Company approved to change in par value of ordinary shares from Baht 5 each to Baht 1 each for calculating earnings per share, the number of ordinary shares is adjusted as if the share split had occurred at the beginning of the earliest period reported.

### 31. Segment information

The Company's principal operations involve a single operating segment of hire purchase and loan. Their operations are carried on in the single geographical area of Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that the Company's chief operating decision maker (Managing Director) used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area. In addition, the Company has no major customer with reserve of 10 percent or more of an entity's revenues during the years 2021 and 2020.

### 32. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions are in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. A summary of related parties and transactions with those parties is below.

	(Unit: Thousand Baht)		
	2021	2020	Pricing Policy
<u>Transactions with related parties</u>			
Rental income	-	1,726	As stipulated in agreements
Service income	205	-	As stipulated in agreements
Rental expenses	10,852	10,329	As stipulated in agreements
Advisory fee	342	-	As stipulated in agreements

As at 1 January 2021, the Company entered into service agreements with a related company, consisting of accounting and finance service agreement, debt monitoring and collection service agreement, and service agreement for receipt of goods and services payments.

As at 31 December 2021 and 2020, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Thousand Baht)		
	2021	2020
<u>Related parties</u>		
Other receivables	41	106
Other payables	10	4
Lease liabilities	26,755	23,880

### 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	
	2021	2020
Short-term employee benefits	54,382	47,544
Post-employment benefits	743	588
Total	55,125	48,132

## 33. Commitments

### 33.1 Service agreements

The Company has entered into other services agreement. The terms of the agreements are generally between 1 - 3 years. As at 31 December 2021, future minimum lease payments required under these non-cancellable service contracts were as follows:

(Unit: Thousand Baht)			
Payable	Related company	Other parties	Total
Within 1 year	1,790	5,409	7,199
1 to 3 years	1,260	4,621	5,881



### **34. Risk management**

The Company's financial instruments, principally comprise cash and cash equivalents, deposits at banks with restrictions, hire purchase and loan receivables, deposits at bank with collateral obligation, lease liabilities and loans from financial institutions. The financial risks associated with these financial instruments and how they are managed is described below.

#### **34.1 Credit risk**

The Company is exposed to credit risk primarily with respect to hire purchase and loan receivables. The Company manages the risk by adopting appropriate credit control policies and procedures. In addition, the Company does not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of hire purchase and loan receivables less allowance for expected credit loss as stated in the statements of financial position.

##### **Maximum exposure to credit risk of financial instruments**

Maximum exposure to credit risk is the amount of financial instruments 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**

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company has adopted policies to mitigate this risk by analysis of credit from customer information and monitoring status of customer.

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 deducting allowance for expected credit losses). Explanation of 12-months expected credit losses, lifetime expected credit losses - not credit impaired, and lifetime expected credit losses-credit impaired are included in Note 4.6 to the financial statements.

31 December 2021

	Financial assets where there has not 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 - credit impaired)	Total
<b>Cash and cash equivalents</b>				
Investment grade	511	-	-	511
Total	511	-	-	511
Less: Allowance for expected credit losses	-	-	-	-
Net book value	511	-	-	511
<b>Deposits at banks with restrictions</b>				
Deposits at banks with restrictions	33	-	-	33
Total	33	-	-	33
Less: Allowance for expected credit losses	-	-	-	-
Net book value	33	-	-	33
<b>Hire purchase and loan receivables</b>				
Not yet due	6,609	-	-	6,609
Overdue 1 - 30 days	1,329	-	-	1,329
Overdue 31 - 60 days	-	627	-	627
Overdue 61 - 90 days	-	301	-	301
More than 90 days	-	-	273	273
Litigation receivables	-	-	41	41
Total	7,938	928	314	9,180
Less: Allowance for expected credit losses	(188)	(158)	(194)	(540)
Net book value	7,750	770	120	8,640
<b>Deposits at bank with collateral obligation</b>				
Deposits at bank with collateral obligation	50	-	-	50
Total	50	-	-	50
Less: Allowance for expected credit losses	-	-	-	-
Net book value	50	-	-	50

31 December 2020				
	Financial assets where there has not 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 - credit impaired)	Total
<b>Cash and cash equivalents</b>				
Investment grade	36	-	-	36
Total	36	-	-	36
Less: Allowance for expected credit losses	-	-	-	-
Net book value	36	-	-	36
<b>Deposits at banks with restrictions</b>				
Deposits at banks with restrictions	13	-	-	13
Total	13	-	-	13
Less: Allowance for expected credit losses	-	-	-	-
Net book value	13	-	-	13
<b>Hire purchase and loan receivables</b>				
Not yet due	5,510	-	-	5,510
Overdue 1 - 30 days	933	-	-	933
Overdue 31 - 60 days	-	847	-	847
Overdue 61 - 90 days	-	683	-	683
More than 90 days	-	-	249	249
Litigation receivables	-	-	103	103
Total	6,443	1,530	352	8,325
Less: Allowance for expected credit losses	(101)	(255)	(236)	(592)
Net book value	6,342	1,275	116	7,733

## Collateral and any operations to increase creditability

The Company has held collateral and any operations to increase creditability of exposure to credit risk. The details of the collateral held by the Company for each type of financial assets are as follows:

(Unit: Million Baht)

	Exposure to risk with collateral		Type of collateral
	2021	2020	
Hire purchase and loan receivables	8,526	7,864	Car, motorcycle and land

## 34.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the financial position of the Company. As the Company has no foreign currency assets and liabilities and no investments in securities, market risk therefore consists of only interest rate risk. The Company manages the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, in order to generate a suitable yield while maintaining risk at acceptable levels.

### Interest rate risk

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

Transactions	2021				
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total
	Repricing or maturity date				
	Within 1 year	Over 1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalents	200,229	-	293,957	16,928	511,114
Deposits at banks with restrictions	-	-	32,809	-	32,809
Hire purchase and loan receivables <sup>(1)</sup>	2,889,552	5,750,572	-	-	8,640,124
Deposits at bank with collateral obligation	50,000	-	-	-	50,000
<b>Financial liabilities</b>					
Short-term loans from financial institutions	-	-	1,028,589	-	1,028,589
Lease liabilities	56,067	66,570	-	-	122,637
Long-term loans	800,000	-	2,727,520	-	3,527,520

(1) The outstanding balance of hire purchase and loan receivables which have fixed interest rate and maturity within 1 year included credit-impaired receivables.

(Unit: Thousand Baht)

	2020				
	Fixed interest rate				
	Repricing or maturity date				
Transactions	Within 1 year	Over 1 - 5 years	Floating interest rate	Non-interest bearing	Total
<b><u>Financial assets</u></b>					
Cash and cash equivalents	-	-	22,305	13,635	35,940
Deposits at banks with restrictions	-	-	13,129	-	13,129
Hire purchase and loan receivables <sup>(1)</sup>	2,691,719	5,041,573	-	-	7,733,292
<b><u>Financial liabilities</u></b>					
Short-term loans from financial institutions	-	-	1,402,269	-	1,402,269
Lease liabilities	45,189	55,202	-	-	100,391
Long-term loans	-	800,000	2,301,613	-	3,101,613

(1) The outstanding balance of hire purchase and loan receivables which have fixed interest rate and maturity within 1 year included credit-impaired receivables.

### Interest rate sensitivity

The sensitivity of the Company's profit before tax to a reasonably possible change in interest rates on that portion of floating rate of cash and cash equivalents, deposits at banks with restrictions, short-term and long-term loans from financial institutions affected as at 31 December 2021 and 2020 are as follow:

(Unit: Thousand Baht)

	Increase / Decrease	Effect on profit before tax	
		31 December 2021 <sup>(1)</sup>	31 December 2020 <sup>(1)</sup>
	(Percent)		
Cash and cash equivalents	+0.5%	1,470	112
	-0.5%	(1,470)	(112)
Deposits at banks with restrictions	+0.5%	164	66
	-0.5%	(164)	(66)
Short-term loans from financial institutions	+0.5%	(5,143)	(7,011)
	-0.5%	5,143	7,011
Long-term loans	+0.5%	(13,709)	(11,604)
	-0.5%	13,709	11,604

(1) This information is not a forecast or prediction of future market conditions, then actual result could differ from this analysis.

The above analysis has been prepared assuming that the amounts of cash and cash equivalents, deposits at banks with restrictions, short-term and long-term loans from financial institutions and all other variables remain constant over one year. Moreover, the floating legs of these cash and cash equivalents, deposits at banks with restrictions, short-term and long-term loans from financial institutions are assumed to not yet have set interest rates. As a result, a change in interest rates affects interest receivable/payable for the full 12-month period of the sensitivity calculation.

### 34.3 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 has a policy to manage liquidity risk with appropriate long-term loan and short-term loan structure. However, the Company has a policy in maintaining the liquidity to ensure that there is sufficient liquidity of requirement for the current and the future.

The table below summarises the maturity profile of the Company's financial instruments as at 31 December 2021 and 2020.

(Unit: Thousand Baht)

Transactions	2021				Total
	At call	Within 1 year	Over 1 year	No specific maturity	
<b><u>Financial assets</u></b>					
Cash and cash equivalents	310,885	200,229	-	-	511,114
Deposits at banks with restrictions	-	32,809	-	-	32,809
Hire purchase and loan receivables <sup>(1)</sup>	-	2,889,552	5,750,572	-	8,640,124
Deposits at bank with collateral obligation	-	50,000	-	-	50,000
<b><u>Financial liabilities</u></b>					
Short-term loans from financial institutions	-	1,028,589	-	-	1,028,589
Lease Liabilities	-	56,067	66,570	-	122,637
Long-term loans	-	2,166,480	1,361,040	-	3,527,520

<sup>(1)</sup> The balance of hire purchase and loan receivables due within 1 year included credit-impaired receivables.

(Unit: Thousand Baht)

Transactions	2020				Total
	At call	Within 1 year	Over 1 year	No specific maturity	
<b><u>Financial assets</u></b>					
Cash and cash equivalents	35,940	-	-	-	35,940
Deposits at banks with restrictions	-	13,129	-	-	13,129
Hire purchase and loan receivables <sup>(1)</sup>	-	2,691,719	5,041,573	-	7,733,292
<b><u>Financial liabilities</u></b>					
Short-term loans from financial institutions	-	1,402,269	-	-	1,402,269
Lease liabilities	-	45,189	55,202	-	100,391
Long-term loans	-	1,307,426	1,794,187	-	3,101,613

<sup>(1)</sup> The balance of hire purchase and loan receivables due within 1 year included credit-impaired receivables.

### 34.4 Fair value

As at 31 December 2021 and 2020, 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: Thousand Baht)

	2021				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b><u>Financial assets disclosed at fair value</u></b>					
Cash and cash equivalents	511,114	511,114	310,885	200,229	-
Deposits at banks with restrictions	32,809	32,809	32,809	-	-
Hire purchase and loan receivables	8,640,124	8,677,910	-	-	8,677,910
Deposits at bank with collateral obligation	50,000	50,000	50,000	-	-
<b><u>Financial liabilities disclosed at fair value</u></b>					
Short-term loans from financial institutions	1,028,589	1,028,589	-	1,028,589	-
Lease liabilities	122,637	122,637	-	122,637	-
Long-term loans	3,527,520	3,527,520	-	3,527,520	-

		2020				
		Book value	Fair value			
			Total	Level 1	Level 2	Level 3
<b><u>Financial assets disclosed at fair value</u></b>						
Cash and cash equivalents	35,940	35,940	35,940	-	-	-
Deposits at banks with restrictions	13,129	13,129	13,129	-	-	-
Hire purchase and loan receivables	7,733,292	7,895,525	-	-	-	7,895,525
<b><u>Financial liabilities disclosed at fair value</u></b>						
Short-term loans from financial institutions	1,402,269	1,402,269	-	1,402,269	-	-
Lease liabilities	100,391	100,391	-	100,391	-	-
Long-term loans	3,101,613	3,101,613	-	3,101,613	-	-

Fair value hierarchy for financial assets and liabilities as at 31 December 2021 and 2020 is stipulated in Note 4.17 to the financial statements.

As at 31 December 2021 and 2020, the Company has estimated the fair value of financial instruments as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, deposits at banks with restrictions, deposits at bank with collateral obligation and short-term loans from financial institutions, their carrying amounts in the statement of financial position approximate their fair value.
- Hire purchase and loan 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.
- For long-term loans carrying interest at floating rate with interest approximate to the market rate, their carrying amounts in the statement of financial position approximate their fair value.
- For lease liabilities, their carrying amounts approximate their fair value since their carrying interest approximate to the market rate.

During the current year, there were no transfers within the fair value hierarchy.



### **35. Capital Management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure and preserves the ability to continue its business as a going concern. As at 31 December 2021, the Company's debt to equity ratio is 1.02:1 (2020: 1.37:1).

### **36. Events after the reporting period**

On 18 February 2022, the Board of Director Meeting of the Company No. 2/2022 passed the resolutions to propose to the Annual General Meeting of shareholders to approve a dividend payment from the 2021 operating results at a rate of Baht 0.01 per share, or a total of Baht 38.1 million.

### **37. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 18 February 2022.



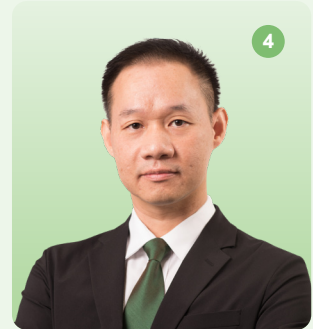
## Attachment



## Attachment 1

Details of directors, executives, controlling persons, person with the highest responsibility in accounting and finance, person assigned to be directly responsible for overseeing accounts, and corporate secretary

### Directors



**1. Prof. Dr. Surapon Nitikraipot**

Chairman of the Board of Directors/  
Independent Director

**2. Mr. Nutchdhawattana Silpavittayakul**

Chairman of the Audit Committee/  
Member of the Nomination and Remuneration  
Committee/  
Independent Director

**3. Assistant Prof. Dr. Chaiwuth Tangsomchai**

Chairman of the Risk Management Committee/  
Member of the Audit Committee/  
Independent Director

**4. Mr. Nutthirutt Wanwimonphong**

Chairman of the Nomination and Remuneration  
Committee/ Member of the Audit Committee/  
Member of the Risk Management Committee/  
Independent Director

**5. Mrs. Sutharntip Phisitbuntoon**

Director/  
Chairman of the Executive Committee/  
Chief Executive Officer

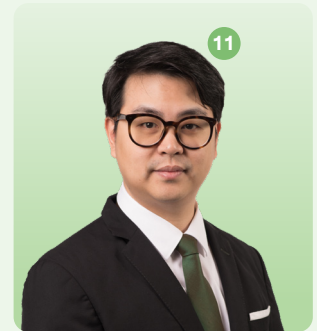
**6. Mr. Wichai Suphasathitkul**

Authorized Director/  
Vice Chairman of the Executive  
Committee/  
President/  
Acting Senior Executive Vice  
President - Business Partner & Service

**7. Mr. Patpong Patong**

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

## Directors (continue)



**8. Mr. Bunthid Supasatitkul**

Authorized Director/  
Executive Director/  
Member of the Nomination and  
Remuneration Committee

**9. Mr. Parinya Supasatitkul**

Authorized Director/ Executive Director

**10. Miss Thapanattsamon Paisanteerakorn**

Authorized Director/ Executive Director

**11. Mr. Thanassorn Ratanasirisap**

Authorized Director/  
Executive Director

**12. Miss Varita Laothamatas**

Authorized Director/  
Executive Director

**13. Miss Chonchissa Ratanasirisap**

Executive Director

**14. Mr. Punsongpol Paisanterakorn**

Executive Director

## Executive Vice Presidents



**1. Mr. Rapee Pruenglampoo**

Executive Vice President - Operation /  
Acting Senior Executive Vice President - Operation

**2. Mr. Suphot Phuthong**

Executive Vice President Information Technology

**3. Mr. Benjarong Kammanid**

Executive Vice President Risk Management

**4. Dr. Theerawat Thawanratphokin**

Executive Vice President Accounting & Financial

**5. Mr. Sompop Pundrikabha**

Executive Vice President Marketing

**6. Miss Natthanan Kittiphonsombun**

Corporate Secretary /  
Executive Vice President Head of Governance and  
Investor Relations

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Shareholding in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
1.1. Prof. Dr. Surapon Nitikraipot Chairman of the Board of Directors (7 November 2018) – 7 November 2018 – Present Independent Director (10 October 2018) – 10 October 2018 – Present	61	<ul style="list-style-type: none"><li>• Honorary Doctorate Degree, Soka University, Japan</li><li>• Master’s Degree and Doctorate Degree in public laws, Université Robert Schuman, France</li><li>• Bachelor of Laws (Honors), Thammasat University</li><li>• Board Nomination and Compensation Program (BNCP), Thai Institute of Directors (IOD), Class of 5/2018</li><li>• Role of the Chairman Program (RCP) Thai Institute of Directors (IOD), Class of 25/2011</li><li>• Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 102/2008</li><li>• Certificat, La Décentralisation et l’ Administration Locale, Institut International d’ Administration Publique (IIAP), Paris, France</li></ul>	0.148 (0.131 held by himself; 0.017 held by his spouse)	-None-	Directorship in listed companies			
					2020 – 2021	Director	JD Food Public Company Limited	Seasoning powder business and dried food business
					2018 – Present	Chairman of the Board of Directors Independent Director	Heng Leasing and Capital Public Company Limited	Loan service business
					2018 – 2021	Independent Director	PTT Public Company Limited	Energy and utilities business
					2008 – 2012	Chairman of the Good Corporate Governance Committee Independent Director	PTT Public Company Limited	Energy and utilities business
					2009 – 2011	Chairman of the Board of Directors	MCOT Public Company Limited	Media and publishing business
					Directorship in limited companies/other organizations			
Present	Advisor to the Office of the Constitutional Court	Office of the Constitutional Court	Government agency					

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Shareholding in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"><li>Diploma, National Defence Course for the Joint State-Private Sector, Class23, The National Defence College, 2010</li><li>Barrister at Law, Class of 35th, Institute of Thai Bar Association of Thailand</li><li>Certificate, Executive Program on Energy Literacy for a Sustainable Future (TEA), Class 7, Thailand Energy Academy</li><li>Capital Market Academy Leadership Program, Class 4, Capital Market Academy</li></ul>			Present	Director	Knowledge Network Institute of Thailand	Government agency
					Present	Council Member, Group 8	Office of the Council of State	Government agency
					Present	Honorable Director	Promotion and Development of Public Organization Commission	Government agency
					Present	Professor of Public Law, Faculty of Law	Thammasat University	Education business
						Honorable Professor, Social Sciences		
					2017 – Present	Chairman of the Executive Committee	Kamnoetvidya Science Academy	Education business
					2016 – Present	President of the University Council	Navamindradhiraj University	Education business
					2015 – Present	Vice President of the Council	Vidyasirimedhi Institute	Education business
					2012 – Present	Special advisor	Office of The Administrative Courts and Election Commission	Government agency
					2005 – Present	Chairman of the Executive Committee	Thammasat University Hospital	Medical service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Shareholding in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
					2015 – 2017	Vice Chairman of the Board of Directors	Thai Institute of Directors (IOD)	Thai Institute of Directors
					2014 – 2018	Chairman of the Good Corporate Governance Committee	PTT Global Chemical Company Limited	Petrochemical and chemical business
						Independent Director		
					2014 – 2016	Chairman of the Board of Directors	The Krung Thep Thanakom Company Limited	Government agency
							(Enterprise of Bangkok Metropolitan)	
					2012 – 2016	Honorable Director	Civil Service Commission in Higher Education Institutions	Ministry of Education
					2004 – 2010	Chancellor of the University	Chancellor of Thammasat University	Education business
					2006 – 2008	Council member	National Legislative Assembly of Thailand	Government agency
					2006 – 2008	Honorable Advisor to the Prime Minister	-	Government agency
					2001 – 2004	Dean of Faculty of Law	Thammasat University	Education business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience		
					Period	Position	Organization/ Company  Type of Business
2. Mr. Nutchdhwattana Silpavittayakul Chairman of the Audit Committee (7 November 2018) 7 November 2018 – Present Independent Director (10 October 2018) 10 October 2018 – Present Member of the Nomination and Remuneration Committee (7 November 2018) 7 November 2018 – Present	58	<ul style="list-style-type: none"> <li>Bachelor's Degree in Accounting, Faculty of Commerce and Accountancy, Thammasat University</li> <li>Master's Degree in Business Administration, Faculty of Commerce and Accountancy, Thammasat University</li> <li>Role of Chairman Program (RCP), Thai Institute of Directors (IOD), Class of 39/2016</li> <li>Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 102/2018</li> <li>Strategy Management Program (SMP, Class 1) (Chairman of the Class), Faculty of Commerce and Accountancy, Chulalongkorn University</li> <li>Fiscal Economy Program for Executives (Class 3), King Prajadhipok's Institute</li> </ul>	-None-	-None-	Directorship in listed companies		
					2018 – Present	Chairman of the Audit Committee Independent Director Member of the Nomination and Remuneration Committee	Heng Leasing and Capital Public Company Limited  Loan service business
					2017 – Present	Director Member of the Sustainable Development Committee	Singha Estate Public Company Limited  Property development business
					Directorship in limited companies/other organizations		
					2020 – Present	Chief Financial Officer	Boon Rawd Brewery Company Limited Group Beverage business
					2020 – Present	Deputy Managing Director	Boon Rawd Brewery Company Limited Holding company business
					2014 – 2020	Assistant Managing Director	
					2009 – 2014	Director of Finance and Accounting	



First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>CFO Certification Program, The Federation of Accounting Professions</li> <li>Capital Market Academy</li> <li>Leadership Program, Class 28, Capital Market Academy</li> </ul>			2020 – Present	Chairman	Singha International Headquarter Company Limited	Holding company business
					2017 – Present	Director	Singha Venture Capital Fund Ltd.	Venture capital business
					2018 – Present	Director	SBP Digital Service Company Limited	Computer system, network connection, and internet network service business
					2018 – Present	Director	Singha Europe Company Limited	Holding company business
					2012 – Present	Director	Singha Park Chiang Rai Company Limited	Sale of agricultural and processed products, food and beverages, and tourism business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
					2008 – Present	Director	Beer Singha Beer Thai Company Limited	Consulting business
					1991 – Present	Director	C.B. Holding Company Limited	Property rental and cleaning service business
3. Assistant Prof. Dr. Chaiwuth Tangsomchai  Chairman of the Risk Management Committee (24 April 2021) 24 April 2021 – Present  Independent Director (10 October 2018) 10 October 2018 – Present  Member of the Audit Committee (7 November 2018) 7 November 2018 – Present	50	<ul style="list-style-type: none"><li>• Doctoral Degree in Economics, West Virginia University, USA</li><li>• Master’s Degree in Economics, University of Washington, USA</li><li>• Master’s Degree, Faculty of Commerce and Accountancy, Chulalongkorn University</li><li>• Bachelor’s Degree (Honors) Faculty of Commerce and Accountancy, Chulalongkorn University</li><li>• Successful Formulation and Execution of Strategy (SFE), Thai Institute of Directors (IOD), Class of 37/2021</li><li>• Director Accreditation Program (DAP), Thai Institute of Directors (IOD), Class of 159/2019</li></ul>	0.017  (0.016 held by himself; 0.001 held by his spouse)	-None-	Directorship in listed companies			Loan service business
					2020 – Present	Chairman of the Risk Management Committee	Heng Leasing and Capital Public Company Limited	
					2018 – Present	Independent Director		
						Member of the Audit Committee		
					2018 – 2020	Member of the Risk Management Committee		
					Directorship in limited companies/other organizations			
					2012 – Present	Professor at Department of Finance  President of the Master of Business Administration Program (M.B.A.)	Faculty of Business Administration, Chiang Mai University	Education business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>Risk Management Program for Corporate Leaders (RCL), Thai Institute of Directors (IOD), Class of 26/2022</li> <li>Leader Economic Growth Program, Harvard Kennedy School, Harvard University U.S.A.</li> </ul>			2012 – 2020	Deputy Dean		
4. Mr. Nutthirutt Wanwimonphong Chairman of the Nomination and Remuneration Committee (7 November 2018) 7 November 2018 – Present Member of the Audit Committee (7 November 2018) 7 November 2018 – Present Independent Director (10 October 2018)	46	<ul style="list-style-type: none"> <li>Master of Business Administration, Faculty of Commerce and Accountancy, Chulalongkorn University</li> <li>Bachelor's Degree in Civil Engineering, King Mongkut's University of Technology North Bangkok</li> <li>Successful Formulation and Execution of Strategy (SFE), Thai Institute of Directors (IOD), Class of 32/2020</li> <li>Board Nomination and Compensation Program (BNCP), Thai Institute of Directors (IOD), Class of 7/2019</li> </ul>	0.052 (0.052 held by himself)	-None-	Directorship in listed companies			
					2020 – Present	Member of the Risk Management Committee	Heng Leasing and Capital Public Company Limited	Loan service business
					2018 – Present	Chairman of the Nomination and Remuneration Committee Member of the Audit Committee Independent Director	Thai Capital Corporation Public Company Limited	Energy and utilities business
					2016 - Present	Chairman of the Nomination and Remuneration Committee Member of the Audit Committee Independent Director	Thai Capital Corporation Public Company Limited	Energy and utilities business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
10 October 2018 – Present Member of the Risk Management Committee (7 August 2020) 7 August 2020 – Present		<ul style="list-style-type: none"> <li>Risk Management Program for Corporate Leaders (RCL), Thai Institute of Directors (IOD), Class of 15/2019</li> <li>Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 238/2017</li> <li>Advanced Audit Committee Program (AAPC), Thai Institute of Directors (IOD), Class of 26/2017</li> <li>Audit Core Training (Workshop), Workshop Audit, Class 1, Federation of Accounting Professions</li> <li>Orientation Course - CFO Focus on Financial Reporting, Class 5, Federation of Accounting Professions</li> <li>Training on Auditing by Businesses, Federation of Accounting Professions</li> </ul>			2006 – 2010	Senior Financial Analyst Independent Advisor	Hemraj Land and Development Public Company Limited	Property development business
					Directorship in limited companies/other organizations			
					2020 – Present	Member of the Audit Committee Independent Director Member of the Risk Management Committee	Master Style Company Limited	Hospital service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>Forensic Accounting Certificate (FAC), Federation of Accounting Professions</li> <li>Course on investment project risk analysis and management techniques to create added values for sustainable business by Thailand Securities Institute, the Stock Exchange of Thailand</li> <li>Course on conducting due diligence according to the new manual, Investment Banking Club, Association of Thai Securities Company (“ASCO”)</li> <li>Course on stock analysis and valuation in leasing and hire purchase business and construction business, Investment Analysts Association (IAA)</li> <li>Laws and Regulations Affecting Property Valuation Program</li> </ul>						

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Shareholding in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience		
					Period	Position	Organization/ Company Type of Business
		<ul style="list-style-type: none"> <li>Advanced Income Capitalization Program by American Society of Appraisers (ASA)</li> </ul>					
5. Mrs. Sutharutip Phisitbuntoon Director (7 December 2018) 7 December 2018 – Present Chairman of the Executive Committee (22 March 2020) 22 March 2020 – Present Chief Executive Officer (22 March 2020) 22 March 2020 – Present	68	<ul style="list-style-type: none"> <li>Master's Degree in Economics, Thammasat University</li> <li>Bachelor's Degree (First Class Honors, Gold Medal) in Banking and Finance Chulalongkorn University</li> <li>Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 279/2019</li> <li>Guidelines on Success of SME Course (SME), Thai Institute of Directors (IOD), Class of 2/2013</li> <li>Director Accreditation Program (DAP), Thai Institute of Directors (IOD), Class of 23/2004</li> </ul>	0.079 held (0.079 held by herself)	-None-	Directorship in listed companies		
					2020 – Present	Chief Executive Officer	Heng Leasing and Capital Public Company Limited Loan service business
					2018 – Present	Chairman of the Executive Committee Director	Heng Leasing and Capital Public Company Limited Loan service business
					2014 – 2018	Deputy Managing Director - Credit Development and Risk Management Group	Land and Houses Public Company Limited Financial institution business
					2010 – 2014	Senior Vice President Deputy Manager of Corporate Client Group Senior Vice President - Credit Risk Management Division	The Siam Commercial Bank Public Company Limited Financial institution business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>Diploma, National Defence College, The Joint State - Private Sector Course Class 2007</li> <li>The Wharton Advanced Management Program (The Wharton School, University of Pennsylvania) USA</li> <li>The Advanced Senior Executive Program (ASEP) (Sasin Graduate Institute of Business Administration of Chulalongkorn University and Kellogg School of Management, Northwestern University) USA</li> <li>The Pacific RIM Banker Program (Business School, University of Washington) USA</li> <li>The Refinancing Mortgage Loan Portfolio (Marcus Evan,) Singapore</li> <li>The Corporate Credit Risk Analysis (Standard &amp; Poor's,) Hongkong</li> </ul>			Directorship in limited companies/other organizations			
					2018 – 2020	Chairman of the Risk Management Committee/Member of the Audit Committee Independent Director	Heng Leasing Company Limited	Loan service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience		
					Period	Position	Organization/ Company  Type of Business
6. Mr. Wichai Suphasathitkul Authorized Director (30 October 2017) 30 October 2017 – Present Vice Chairman of the Executive Committee (22 March 2020) 22 March 2020 – Present Present President (22 March 2020) 22 March 2020 – Present Acting Senior Executive Vice President - Business Partner & Service (22 March 2020) 22 March 2020 – Present	58	<ul style="list-style-type: none"> <li>Bachelor's Degree in Industrial Chemistry, Faculty of Science, Chiang Mai University</li> <li>Director Certification Program (DCP) Thai Institute of Directors (IOD), Class of 245/2017</li> </ul>	8.711 held (8.711 held by himself)	Brother of mother of: (1) Mr. Bunthid Supasatitkul; and (2) Mr. Parinya Supasatitkul	Directorship in listed companies		
					2020 – Present	Vice Chairman of the Executive Committee President Acting Senior Executive Vice President - Business Partner & Service	Heng Leasing and Capital Public Company Limited  Loan service business
					2015 – Present	Authorized Director	
					Directorship in limited companies/other organizations		
					2015 – 2021	Director	Taweeheng Ngern Duan Company Limited Loan service business
					2015 – 2021	Director	Taweeheng Motor Company Limited Loan service business
					2015 – 2021	Director	Taweeheng 2558 Company Limited Loan service business
					2003 – 2021	Director	Taweeheng Auto Leasing Company Limited Loan service business
					2002 – 2021	Director	Ban Du Leasing Limited Liability Partnership Loan service business



First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
					2002 – 2021	Director	Tawee Heng Company Limited	Loan service business
					2000 - 2021	Managing Partner	Tawee Heng Leasing Limited Liability Partnership	Loan service business
					1994 – 2021	Managing Partner	Tawee Heng Car Limited Liability Partnership	Loan service business
					2017 - 2019	Director	Tawee Pattana Holding Company Limited (Dissolution liquidation completed)	Holding company business
7. Mr. Patpong Patong Authorized Director (30 October 2017) 30 October 2017 – Present Executive Director (5 September 2018) 5 September 2018 – Present Member of the Risk Management Committee	51	<ul style="list-style-type: none"> <li>Master's Degree in Business Administration, Chiang Mai University</li> <li>Bachelor's Degree in Economics, Boston University, the United States</li> <li>Anti-Corruption the Practical Guide Program (ACPG), Thai Institute of Directors (IOD), Class of 50/2019</li> </ul>	3.317 (3.304 held by himself; 0.013 held by his spouse)	-None-	Directorship in listed companies			
					2021 – Present	Member of the Risk Management Committee	Heng Leasing and Capital Public Company Limited	Loan service business
					2015 – Present	Authorized Director Executive Director		
					Directorship in limited companies/other organizations			
					2007 – Present	Director	Thai Tobacco Industries Company Limited	Tobacco business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
(14 August 2021) 14 August 2021 – Present		<ul style="list-style-type: none"> <li>Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 245/2017</li> <li>Financial Statement for Directors Program (FSD), Thai Institute of Directors (IOD), Class of 32/2017</li> </ul>			2015 – Present	Managing Partner	Sansai Goodland Limited Liability Partnership	Property sale and purchase business
					2008 – Present	Director	Pokalai Company Limited	Hotel business
					2001 – Present	Director	Chaipat Accountancy Company Limited	Accounting consulting business
					1999 – Present	Deputy Managing Director	Choice Carrental Company Limited	Car rental business
					1997 – Present	Managing Director	Pattanasin Leasing (CPL) Company Limited	Loan service business
					2000 – 2020	Director	Music Class School of Music Company Limited	Musical school business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
8. Mr. Bunthid Supasatitkul Authorized Director (25 December 2015) – 25 December 2015 – Present Executive Director (5 September 2018) – 5 September 2018 – Present Member of the Nomination and Remuneration Committee (14 August 2021) – 14 August 2021 – Present	47	<ul style="list-style-type: none"> <li>Bachelor's Degree in Engineering, Faculty of Computer, Siam University</li> <li>Company Secretary Program (CSP), Thai Institute of Directors (IOD), Class of 81/2018</li> <li>Financial Statements for Directors Program (FSD), Thai Institute of Directors (IOD), Class of 37/2018</li> <li>Boardroom Success through Financing and Investment Program (BFI), Thai Institute of Directors (IOD), Class of 2/2017</li> <li>Board Nomination and Compensation Program (BNCP), Thai Institute of Directors (IOD), Class of 2/2017</li> <li>Family Business Governance Program (FBG), Thai Institute of Directors (IOD), Class of 10/2017</li> </ul>	3.894 (3.894 held by himself)	Nephew of Mr. Wichai Supasathitkul Brother of Mr. Parinya Supasatitkul	Directorship in listed companies			
					2021 – Present	Member of the Nomination and Remuneration Committee	Heng Leasing and Capital Public Company Limited	Loan service business
					2015 – Present	Authorized Director Executive Director		
					Directorship in limited companies/other organizations			
					2015 – 2021	Director	Taweeheng Motor Company Limited	Loan service business
					2002 – 2021	Managing Partner	Ban Du Leasing Limited Liability Partnership	Loan service business
					2000 – 2021	Director	Taweeheng 2558 Company Limited	Loan service business
					2000 – 2021	Director	Taweeheng Motor Lease Company Limited	Loan service business
					2000 – 2021	Director	Taweeheng Auto Leasing Company Limited	Loan service business
					2000 – 2021	Managing Partner	Tawee Heng Leasing Limited Liability Partnership	Loan service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>Driving Company Success with IT Governance Program (ITG), Thai Institute of Directors (IOD), Class of 5/2017</li> <li>How to Develop a Risk Management Plan (HRP), Thai Institute of Directors (IOD), Class of 13/2017</li> <li>Anti-Corruption the Practical Guide Program (ACPG), Thai Institute of Directors (IOD), Class of 37/2017</li> <li>Successful Formulation and Execution of Strategy Program (SFE), Thai Institute of Directors (IOD), Class of 30/2017</li> <li>Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 243/2017</li> <li>Finance for Non-financial Executive Program, Class 31, Thammasat University</li> </ul>			1994 – 2021	Managing Partner	Tawee Heng Car Limited Liability Partnership	Loan service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
9. Mr. Parinya Supasatitkul Authorized Director (25 December 2015) – 25 December 2015 – Present Executive Director (5 September 2018) – 5 September 2018 – Present	45	<ul style="list-style-type: none"> <li>Bachelor's Degree in Business Computer, Faculty of Business Administration, Siam University</li> <li>Company Secretary Program (CSP), Thai Institute of Directors (IOD), Class of 90/2018</li> <li>Financial Statement for Directors Program (FSD), Thai Institute of Directors (IOD), Class of 37/2018</li> <li>Driving Company Success with IT Governance Program (ITG), Thai Institute of Directors (IOD), Class of 6/2017</li> <li>Risk Management Program for Corporate Leaders (RCL), Thai Institute of Directors (IOD), Class of 8/2017</li> <li>Anti-Corruption the Practical Guide Program (ACPG), Thai Institute of Directors (IOD), Class of 38/2017</li> </ul>	5.191 (5.191 held by himself; 0.000 held by his spouse)	Nephew of Mr. Wichai Suphasathitkul Brother of Mr. Bunthid Supasatitkul	2015 – Present	Authorized Director Executive Director	Heng Leasing and Capital Public Company Limited	Loan service business
					Directorship in limited companies/other organizations			
					2015 – 2021	Director	Taweeheng Ngern Duan Company Limited	Loan service business
					2002 – 2021	Managing Partner	Ban Du Leasing Limited Liability Partnership	Loan service business
					2002 – 2021	Director	Tawee Heng Company Limited	Loan service business
					2000 – 2021	Managing Partner	Tawee Heng Leasing Limited Liability Partnership	Loan service business
					1994 – 2021	Managing Partner	Tawee Heng Car Limited Liability Partnership	Loan service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 246/2017</li> </ul>						
10. Miss Thapanattsamon Paisanteerakorn Authorized Director (19 September 2016) 19 September 2016 – Present Executive Director (5 September 2018) 5 September 2018 – Present	36	<ul style="list-style-type: none"> <li>Bachelor's Degree in Business Administration (International Business Management), Payap University</li> <li>Master of Business (Hospitality Management), Victoria University, Australia</li> <li>IPO Total Strategy Program by OMEGAWORLDCCLASS</li> <li>Modern Marketing Management Program, Chulalongkorn University</li> <li>Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 251/2018</li> <li>Company Secretary Program (CSP), Thai Institute of Directors (IOD), Class of 87/2018</li> </ul>	1.175 (1.175 held by herself)	-None-	Directorship in listed companies			
					2016 – Present	Authorized Director Executive Executive Director	Heng Leasing and Capital Public Company Limited	Loan service business
					Directorship in limited companies/other organizations			
					2013 – 2021	Director	Mit Eua Aree Leasing Company Limited	Loan service business
					2013 – 2020	Director	Lamphun Mit Uaree Company Limited	Loan service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>Financial Statement for Directors Program (FSD) Thai Institute of Directors (IOD), Class of 37/2018</li> <li>Driving Company Success with IT Governance Program (ITG), Thai Institute of Directors (IOD), Class of 6/2017</li> <li>How to Develop a Risk Management Plan Program (HRP), Thai Institute of Directors (IOD), Class of 13/2017</li> <li>Anti-Corruption the Practical Guide (ACPG), Thai Institute of Directors (IOD), Class of 37/2017</li> <li>Risk Management Program for Corporate Leaders (RCL), Thai Institute of Directors (IOD), Class of 7/2017</li> <li>Family Business Governance Program (FBG), Thai Institute of Directors (IOD), Class of 10/2017</li> </ul>						

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience		
					Period	Position	Organization/ Company  Type of Business
11. Mr. Thanassorn Ratanasirisap Authorized Director (19 September 2016) 19 September 2016 – Present Executive Director (5 September 2018) 5 September 2018 – Present	39	<ul style="list-style-type: none"> <li>Bachelor's Degree in Information System, University of Wollongong, Australia</li> <li>Master's Degree in Executive Business Administration, Chiang Mai University</li> <li>Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 242/2017</li> <li>Board Nomination and Compensation Program (BNCP), Thai Institute of Directors (IOD), Class of 1/2017</li> <li>IT Governance and Cyber Resilience Program (ITG), Thai Institute of Directors (IOD), Class of 6/2017</li> <li>Family Business Governance Program (FBG), Thai Institute of Directors (IOD), Class of 10/2017</li> </ul>	3.804 (3.791 held by himself; 0.013 held by his spouse)	-None-	Directorship in listed companies		
					2017 – Present	Authorized Director Executive Director	Heng Leasing and Capital Public Company Limited Loan service business
					Directorship in limited companies/other organizations		
					2007 – 2017	Director	Sinpranee Leasing Company Limited Loan service business



First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
12. Miss Varita Laothamatas Authorized Director (14 August 2021) – 14 August 2021 – Present Executive Director (5 September 2018)	33	<ul style="list-style-type: none"> <li>Master's Degree in International Management, University of Strathclyde, the United Kingdom</li> <li>Bachelor's Degree in Accounting, Faculty of Commerce and Accountancy, Thammasat University</li> <li>Family Business Governance (FBG), Thai Institute of Directors (IOD), FBG 13/2018</li> <li>How to Develop a Risk Management Plan (HRP), Thai Institute of Directors (IOD), Class of 18/2018</li> <li>Risk Management Program for Corporate Leaders (RCL), Thai Institute of Directors (IOD), Class of 13/2018</li> <li>Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 251/2018</li> </ul>	0.262 (0.262 held by herself)	-None-	2021 – Present	Authorized Director	Heng Leasing and Capital Public Company Limited	Loan service business
					2018 – Present	Executive Director	Heng Leasing and Capital Public Company Limited	Loan service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Shareholding in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>Successful Formulation and Execution of Strategy Program (SFE), Thai Institute of Directors (IOD), Class of 30/2017</li> </ul>						
13. Miss Chonchissa Ratanasirisap Executive Director (5 September 2018) – 5 September 2018 – Present	38	<ul style="list-style-type: none"> <li>Master of Executive Business Administration, Chiang Mai University</li> <li>Bachelor of Commerce, Management University of Wollongong, Australia</li> <li>How to Develop a Risk Management Plan (HRP), Thai Institute of Directors (IOD), Class of 13/2018</li> <li>Risk Management Program for Corporate Leaders (RCL), Thai Institute of Directors (IOD), Class of 13/2018</li> <li>Company Secretary Program (CSP), Thai Institute of Directors (IOD), Class of 88/2018</li> </ul>	3.835 (3.835 held by herself)	-None-	Directorship in listed companies			
					2018 – Present	Executive Director	Heng Leasing and Capital Public Company Limited	Loan service business
					Directorship in limited companies/other organizations			
					2009 - 2017	Shareholder, Director, CEO	Sinpranee Leasing Company Limited	Loan service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>Family Business Governance (FBG), Thai Institute of Directors (IOD), Class of 10/2017</li> <li>Director Certification Program (DCP), Thai Institute of Directors (IOD), Class of 242/2017</li> <li>Successful Formulation and Execution of Strategy (SFE), Thai Institute of Directors (IOD), Class of 30/2017</li> </ul>						
14. Mr. Punsongpol Paisanterakorn Executive Director (5 September 2018) – 5 September 2018 – Present	35	<ul style="list-style-type: none"> <li>Bachelor of Business Administration, Ramkhamhaeng University</li> <li>Financial Statement for Directors (FSD), Thai Institute of Directors (IOD), Class of 37/2018</li> <li>Risk Management Program for Corporate Leaders (RCL), Thai Institute of Directors (IOD), Class of 13/2018</li> </ul>	1.175 held (1.175 held by himself)	-None-	Directorship in listed companies			
					2018 – Present	Executive Director	Heng Leasing and Capital Public Company Limited	Loan service business
					Directorship in limited companies/other organizations			
					2013 - 2016	Director	Mit Eua Aree Leasing Company Limited	Loan service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>How to Develop a Risk Management Plan (HRP), Thai Institute of Directors (IOD), Class of 18/2018</li> <li>Real Engineer 5 Course, Chiang Mai University</li> </ul>						
15. Mr. Rapee Prueglampoo Executive Vice President - Operation (8 June 2018) 8 June 2018 – Present Acting Senior Executive Vice President - Operation (16 April 2021) 16 April 2021 – Present	49	<ul style="list-style-type: none"> <li>Master's Degree in Economics, Chiang Mai University</li> <li>Bachelor's Degree in Economics, Chiang Mai University</li> </ul>	0.017 held (0.017 held by himself)	-None-	Directorship in listed companies			
					2018 – Present	Executive Vice President - Operation Acting Senior Executive Vice President - Operation Business Manager	Heng Leasing and Capital Public Company Limited  The Siam Commercial Bank Public Company Limited	Loan service business  Financial institution business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
					Directorship in listed companies			
16. Mr. Benjarong Kammanid Executive Vice President Risk Management (1 March 2019) 1 March 2019 – Present	48	<ul style="list-style-type: none"> <li>Master's Degree in Business Administration, Faculty of Commerce and Accountancy, Chulalongkorn University</li> <li>Bachelor's Degree, Faculty of Business Administration and Accounting (Major in Accounting and Minor in Business Administration), Chiang Mai University</li> <li>Anti-Corruption the Practical Guide Program (ACPG), Thai Institute of Directors (IOD), Class of 50/2019</li> <li>Business Acumen Program, Thammasat University</li> <li>Mini MBA Program, Faculty of Business Administration, Chulalongkorn University</li> <li>Operation Audit and Physical Count Technic Program by Shanghai Lotus Supermarket Chain Store</li> </ul>	0.009 held (0.009 held by himself) as of 30 November 2021	-None-	2019 – Present	Executive Vice President Risk Management	Heng Leasing and Capital Public Company Limited	Loan service business
					Directorship in limited companies/other organizations			
					2017 – 2018	Senior Director of Internal Audit	Chaipattana Transport Chiangmai Company Limited	Public transport business
					2007 – 2016	Director of Internal Audit	Central Retail Corporation Company Limited	Retail business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"><li>International Framework for the Professional Practice of Internal Auditing (IPPF), Chulalongkorn University</li><li>PDPA for Internal Audit By Thai Law Training</li></ul>						
17. Dr. Theerawat Thawanratphokin Executive Vice President Accounting & Financial (19 April 2021) 19 April 2021 – Present Person with the highest responsibility in accounting and finance (19 April 2021) 19 April 2021 – Present	35	<ul style="list-style-type: none"><li>Doctoral Degree in Management, North Bangkok University</li><li>Master’s Degree in Accounting, Ramkhamhaeng University</li><li>Bachelor’s Degree in Accounting (First Class Honors), Pathumthani University</li><li>Boardroom Success through Financing &amp; Investment Program (BSFI), Thai Institute of Directors (IOD), Class of 8/2020</li><li>Effective Minute Taking Program (EMT), Thai Institute of Directors (IOD), Class of 45/2019</li></ul>	0.017 held (0.017 held by himself)	-None-	Directorship in listed companies			
					2021 – Present	Executive Vice President Accounting & Financial	Heng Leasing and Capital Public Company Limited	Loan service business
					2019 – 2020	Deputy Chief Executive Officer	Successmore Being Public Company Limited	Sale of consumer products through network marketing
					2017 – 2020	Director of Accounting and Finance		
					2017	Accounting Manager		

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>Company Secretary Program (CSP), Thai Institute of Directors (IOD), Class of 96/2019</li> <li>Director Accreditation Program (DAP), Thai Institute of Directors (IOD), Class of 150/2018</li> <li>CFO's Orientation Course for New IPOs Course organized by Federation of Accounting Professions and the Office of the Securities and Exchange Commission, Class of 1/2018</li> <li>CFO Refresher, The stock Exchange Of Thailand</li> </ul>			Directorship in limited companies/other organizations			
					2021 – 2021	Independent Director	Royal Heart Medical (Thailand) Company Limited	Hospital service business
					2017 – Present	Managing Director	Phokin Advisory Company Limited	Consulting business
					2020 – 2021	Chief Financial Officer	Ultima Life Company Limited	Sale of consumer products through network marketing
					2017 – 2017	Accounting and Finance Manager	Thonburi Hospital Heart Centers Company Limited	Hospital service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
18. Mr. Suphot Phuthong Executive Vice President Information Technology (1 September 2018) – 1 September 2018 – Present	48	<ul style="list-style-type: none"><li>• Bachelor of Computer Engineer, Siam University</li><li>• Governance (ITG), Thai Institute of Directors (IOD), Class of 5/2017</li><li>• Company Success with IT Course</li><li>• Mini MBA Program, Business School, Chulalongkorn University</li><li>• The CMO Academy in Marketing, Marketing Association of Thailand</li></ul>	0,017 (0.017 held by himself)	-None-	Directorship in listed companies			
					2018 – Present	Executive Vice President Information Technology	Heng Leasing and Capital Public Company Limited	Loan service business
					Directorship in limited companies/other organizations			
					2016 – 2017	Director	Heng Leasing Company Limited	Loan service business
2014 – 2015	IT Manager	Tawee Heng Leasing Company Limited	Loan service business					
19. Mr. Sompop Pundrikabha Executive Vice President Marketing Technology (1 April 2020) – 1 April 2020 – Present	38	<ul style="list-style-type: none"><li>• Bachelor of Business Administration (Advertising), School of Management and Economics, Assumption University</li><li>• Mini MBA Program, Business School, Chulalongkorn University</li></ul>	0.002 (0.002 held by himself)	-None-	Directorship in listed companies			
					2020 – Present	Executive Vice President Marketing	Heng Leasing and Capital Public Company Limited	Loan service business
					2014 – 2017	Customer Management Strategy Manager	ARiP Public Company Limited	Media and content business
								Exhibition, trade show and marketing activity business
							Digital service business	



First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
20. Miss Natthanan Kittiphonsombun Corporate Secretary (7 November 2018) – 7 November 2018 – Present Executive Vice President Head of Governance and Investor Relations (7 November 2018) – 7 November 2018 – Present	37	<ul style="list-style-type: none"><li>• Master’s degree of Business Administration, Rangsit University</li><li>• Bachelor’s degree of Science, Major in Industrial Biotechnology and Minor in Environment, Faculty of Science, Rangsit University</li><li>• Ethical Leadership Program (ELP), Thai Institute of Directors (IOD), Class of 16/2019</li><li>• R-CSF - Company Secretary Forum, Thai Institute of Directors (IOD), Class of 1/2019</li></ul>	0.014 held (0.014 held by herself)	-None-	Directorship in limited companies/other organizations			
					2017 – 2019	Marketing Manager	Sawasdee Shop Company Limited	Financial business/ international money transfer and foreign exchange services
					Directorship in listed companies			
					2018 – Present	Corporate Secretary Executive Vice President Head of Governance and Investor Relations	Heng Leasing and Capital Public Company Limited	Loan service business
					2017 – 2018	Assistant Company Secretary or Assistant Deputy Managing Director	The Platinum Group Public Company Limited	Property development business
					2016 – 2018	Investor Relations Officer Senior Compliance Officer	Sena Development Public Company Limited	Property development business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>• Effective Minute Taking (EMT), Thai Institute of Directors (IOD), Class of 40/2018</li> <li>• Anti-Corruption the Practical Guide (ACPG), Thai Institute of Directors (IOD), Class of 30/2016</li> <li>• Company Secretary Program (CSP), Thai Institute of Directors (IOD), Class of 74/2016</li> <li>• R-CGW - CG Workshop, Thai Institute of Directors (IOD), Class of 1/2016</li> <li>• Certificate in Corporate Social Responsibility Management for Sustainable Development, the Stock Exchange of Thailand</li> <li>• Certificate Internal Audit Training Course WCS South East Asia Co., Ltd.</li> </ul>			2014 – 2016	Investor Relations Officer	General Engineering Public Company Limited	Construction material business
						Assistant Company Secretary		
					Directorship in limited companies/other organizations			
					2014 – 2014	Analyst	Agrow Enterprise Company Limited	-
					2011 – 2013	Trader	Gcap Company Limited	Gold bullion business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
		<ul style="list-style-type: none"> <li>Single License and Guideline on Derivatives Certificate (DRG), ATI Asco Training Institute</li> <li>Certificate in Accounting and Finance for Executives with no basic related knowledge, Class 30, Thammasat University</li> <li>Accountant under the Accounting Act</li> </ul>						
21. Mr. Thakoon Wuttiopompong Director of Accounting (3 September 2018) 13 April 2020 – Present Persons assigned to be directly responsible for overseeing accounts (13 April 2020) 13 April 2020 – Present	36	<ul style="list-style-type: none"> <li>Bachelor's Degree in Accounting, Faculty of Administration, Chiang Mai University</li> <li>Accountant under the Accounting Laws, License no. 1-5099-00276-85-3</li> <li>Financial Statement Analysis Course, Department of Business Development (7 Hours Training)</li> <li>Update on Financial Reporting and Audit Standard Program and Adjustment of Accountants and Auditors in the Covid-19</li> </ul>	0.002 held (0.002 held by himself) as of 30 November 2021	-None-	2018 – Present	Director of Accounting	Heng Leasing and Capital Public Company Limited	Loan service business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
22. Mr. Somchai Rattanakhomchoowong Executive Vice President Human Resources and Corporate Affairs (21 September 2021 – 21 September 2021 – 17 February 2022)	49	Pandemic Course, Federation of Accounting Professions (7 Hours Training) • Accounting Information Course II, Department of Business Development (9 Hours Training) • Master's Degree in Public Administration, Kasetsart University • Bachelor's Degree in Public Administration, Kasetsart University • Systematic Problem Solving and Decision Making • Thailand HR Tech Conference & Exposition 2019 • Thailand HR Forum 2019 The Age of Future Workforce: Transformation & Education of People, Leader and Organization • Thailand HR Day 2019 People Transformation	-None-	-None-	Directorship in listed companies			
					2021 – 2022	Executive Vice President Human Resources and Corporate Affairs	Heng Leasing and Capital Public Company Limited	Loan service business
					2007 – 2010	Human Resources Manager	Bangkok Metro Public Company Limited	Transport and logistics business
					2000 – 2007	Human Resources Manager	ITV Public Company Limited	Television and media business
					1996 – 2000	Human Resources Specialist	Thaicom Public Company Limited	Tele communication business
					1992 – 1996	Senior Human Resources Officer	CP All Public Company Limited	Convenience store business

First name – Last name/Position/ Date of appointment and tenure	Age (Years)	Education/Trainings	Sharehold- ing in the company <sup>(1)</sup> (%)	Family relationship with directors and executives	Work Experience			
					Period	Position	Organization/ Company	Type of Business
					2010 – 2014	Director of Human Resources	MCOT Public Company Limited	Media and publishing business
					Directorship in limited companies/other organizations			
					2016 – 2020	Vice Chairman, Human Resources Division	Rende Development Company Limited	Property development business
					2014 – 2016	Director of Human Resources and Administration	Voice TV Company Limited	Media/ advertising Business

\* Retired from the position of Executive Vice President of Human Resources and Corporate Affairs on 17 February 2022

In this regard, by 2021, the Company did not find any information on the history of penalties of directors, executives and persons with control authority in the past 5 years for committing offenses under the Securities and Exchange Act B.E. 2535 or the Derivatives Act B.E. 2546, only for offenses in the following matters:

- (1) Acts in bad faith or with gross negligence
- (2) Disclosure or dissemination of information or false statements that may cause misunderstandings or conceal facts that should have been disclosed in material matters, which may affect the decision of shareholders, investors or related persons
- (3) Unfair acts or taking advantage of investors in securities or derivatives trading or has been involved in or supported such action

### **Responsibilities of the Corporate Secretary**

The Corporate Secretary is responsible for preparing and keeping a register of directors, notices to the Board of Directors' meetings, minutes of the Board of Directors' meeting, annual reports, notices to the shareholders' meetings, and minutes of the shareholders' meetings, maintaining reports on conflicts of interest reported by directors and executives, and taking any other acts as prescribed under the announcements of the Capital Market Supervisory Board.



## Attachment 2

### Details on directors of subsidiaries

### Positions of directors and controlling persons in the Company, its subsidiaries and related companies

Company/Director	Heng Leasing and Capital Public Company Limited	Related Company							Associated Company and Joint Venture	Subsidiary
		1	2	3	4	5	6	7		
Prof. Dr. Surapon Nitikraipot	X									
Mr. Nutchdhawattana Silpavittayakul	/									
Assistant Prof. Dr. Chaiwuth Tangsomchai	/									
Mr. Nutthirutt Wanwimonphong	/									
Mrs. Sutharntip Phisitbuntoon	/, //, ///									
Mr. Wichai Suphasathitkul	/, //, ///									
Mr. Somrit Puntarat	/, //									
Miss Varita Laothamatas	/, //							/		
Mr. Patpong Patong	/, //	/	/	/	/	/	/			
Mr. Bunthid Supasatitkul	/, //									
Mr. Parinya Supasatitkul	/, //									
Mr. Thanassorn Ratanasirisap	/, //									
Miss Thapanattsamon Paisanteerakorn	/, //									
Miss Chonchissa Ratanasirisap	//									
Mr. Punsongpol Paisanterakorn	//									

**Remarks :** 1) X = Chairman of the Board of Directors /= Director //= Executive Director ///= Executive

2) Mr. Somrit Puntharat deceased.

3) Related companies:

1. Sansai Goodland Limited Liability Partnership
2. Pattanasin Leasing (CPL) Company Limited
3. Choice Carrental Company Limited
4. Pokalai Company Limited
5. Chaipat Accountancy Company Limited
6. Thai Tobacco Industries Company Limited
7. LLK Thung Kula Company Limited

4) Associated company and joint venture

-None-

5) Subsidiary

- None-

## Holding positions of executives in the Company, subsidiaries and related companies

Company/Director	Heng Leasing and Capital Public Company Limited	Related companies	Associates and Joint Ventures	Subsidiary
Mr. Rapee Pruenglampoo	///			
Mr. Benjarong Kammanid	///			
Mr. Somchai Rattanakhamchoowong	///			
Mr. Suphot Phuthong	///			
Mr. Sompop Pundrikabha	///			
Ms. Natthanan Kittiphonsombun	///			
Dr. Theerawat Thawanratphokin	///			

**Remark :** 1) X = Chairman /= Director //= Executive Director ///= Executive

2) Related companies

- None -

3) Associates and Joint Ventures

- None -

4) Subsidiary

- None -





## Attachment 3

Details on head of the internal audit and head of compliance

### Head of Internal Audit

The Company has engaged KPMG Phoomchai Business Advisory Limited (“KPMG”) as an independent internal auditor (Outsource). Mr. Supachate Kunaluckkul acts as Head of Internal Audit. Profile of the Head of Internal Audit is as set out below.

First name – Last name/Position	Age (Year)	Education/Trainings	Shareholding in the Company (%)	Family relationship with directors and executives	Work Experience		
					Period	Position	Type of Business
Mr. Supachate Kunaluckkul Partner	42	<ul style="list-style-type: none"><li>• Certified Internal Auditor (CIA)</li><li>• Certified Information Systems Auditor (CISA)</li><li>• Certification in Control Self-Assessment (CCSA)</li><li>• ISO27001:2013 Lead Auditor</li><li>• Certified Public Accountant</li><li>• Master of Accounting, Thammasat University</li><li>• Master of Accounting, Srinakharinwirot University</li></ul>	-	-None-	2015 – Present	Partner	Business advisory service
					2014 – 2015	Executive Vice President	
					2012 – 2014	Manager	Auditing service
					2010 – 2012	Manager	Auditing service
					2007 – 2009	Assistant Manager	
					2002 – 2006	Assistant Auditor	

## **Head of Compliance**

The Company appointed Miss Natthanan Kittiphonsombun, Executive Vice President Head of Governance and Investor Relations, as Head of Compliance. Profile of the Head of Compliance is as set out under Attachment 1.



## Attachment 4

Business assets and details on asset valuation

### 1. Business Assets

-None-

### 2. Details on Asset Valuation

-None-



## Attachment 5

Corporate governance policy, code of conduct and charters of board and sub-committee

### Corporate Governance Policy



*The company discloses the full version of the Corporate Governance Policy on the company's website, [www.hengleasing.com](http://www.hengleasing.com), under the Investor Relations headline, select the Corporate Governance headline then Corporate Governance Policy or scan the QR code.*

### Code of Conduct



*The Company discloses the full version of the Code of Conduct on the Company's website, [www.hengleasing.com](http://www.hengleasing.com), under the Investor Relations headline, select the Corporate Governance headline then Policy and documents category section or scan the QR code.*

## Charters of Board and Sub-Committee



*The company discloses the full version of the Charters of Board and Sub-Committee on the company's website, [www.hengleasing.com](http://www.hengleasing.com), under the Investor Relations headline, select the Corporate Governance headline then Policy and documents category section or scan the QR code.*



## Attachment 6

### Report on the performance of sub-committees

#### Report of the Audit Committee for the Year 2021

Heng Leasing and Capital Public Company Limited has appointed the Audit Committee consisting of 3 independent directors who have a wide range of experience and have full qualifications as required by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand. The Audit Committee consists of:

- |    |                                     |                                 |
|----|-------------------------------------|---------------------------------|
| 1. | Mr. Nutchdhawattana Silpavittayakul | Chairman of the Audit Committee |
| 2. | Mr. Nutthirutt Wanwimonphong        | Member of the Audit Committee   |
| 3. | Prof. Dr. Chaiwuth Tangsomchai      | Member of the Audit Committee   |

Miss Natthanant Kittiphonsombun, acts as Secretary of the Audit Committee appointed by the meeting of the Audit Committee.

The Audit Committee has performed its duties as assigned by the Board of Directors and according to Charter of the Audit Committee, which is consistent with good corporate governance practices. The Audit Committee's role is to assist the Board of Directors in monitoring the business in order for the Company to operate with transparency, honesty, fairness and create the maximum benefits to shareholders and all stakeholders equally by reporting the performance of duties and recommendations to the Board of Directors for acknowledgment every time.

In the year 2021, the Audit Committee held 1 meeting before the conversion into a public limited company and 5 meetings after the conversion into a public limited company or a total of 6 meetings. All three members of the Audit Committee attended all of the meetings together with the auditor, independent internal auditor, and the management. The Audit Committee's performance of duties can be summarized as set out below.

- 1. Review of financial statements and report on financial information review** of the Company's quarterly financial statements and the 2021 annual financial statements together with the auditor and the management to ensure that the preparation of the Company's financial statements, disclosure of information in financial statements, important accounting adjustments affecting the financial statements, suitability and adequacy of accounting recording methods, complete, sufficient and reliable scope of audit. The Company receives clarifications from the auditor on accuracy and completeness of the financial statements, as well as independently acknowledges the auditor's observations and recommendations to ensure that the preparation of financial statements is correct and complies with the laws and material requirements under the financial reporting standards. Information is disclosed in the financial statements and the notes to financial statements complete and timely.

In addition, the Audit Committee held a meeting with the auditor without the management to consider the auditor's recommendations on the internal control system and important issues from the review and audit of the financial statements. The auditor informed that they received good cooperation in such respect.

2. **Evaluation and review of the internal control system and monitoring of compliance with business-related laws** together with the independent internal auditor of KPMG Phoomchai Business Advisory Limited to ensure that the Company's operations have a good and adequate internal control system in accordance with the internal audit standards by considering the quarterly internal control system review report by the internal auditor every quarter and following up on corrective actions on key issues according to the internal control system review report on an ongoing basis. The report covers the security of information technology systems, the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, and regulations and other policies relating to the Company's business operations. The management has clearly stated a policy on compliance with the laws by establishing a compliance unit to ensure compliance with the laws and regulations relating to the Company's business operations. There were no events or operations that are in significant conflict with the laws, rules and regulations relating to the Company's business operations.

In addition, the Audit Committee held a meeting with the internal auditor without participation by the management once to consider the internal auditor's recommendations on the internal control system and key issues from the review. The internal auditor informed that they received good cooperation in such respect.

3. **Review of connected transaction and transaction that may have conflict of interest** whether it is reasonable and in the best interests of the Company's business operations. The Audit Committee ensures that information is accurately disclosed and the Company complies with the notifications of the Capital Market Supervisory Board and the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand by considering if the transaction is in the course of normal business, reasonable, and similar to transactions with general public.
4. **Review of the risk assessment report** by the Risk Management Committee whose role is to perform a comprehensive assessment of internal and external risk factors and potential impacts and prepare a risk assessment plan to prevent or reduce the potential impact to an acceptable level. In the year 2021, the Audit Committee reviewed corporate risk assessment report, risk monitoring report, and corruption risk assessment report.
5. **Review the compliance with anti-corruption measures** by reviewing internal control measures, monitoring compliance with anti-corruption measures, and setting guidelines for preventing corruption that may occur. Channels for communication via the Company's website and email are arranged for submission of complaints and whistleblowing. channels are provided through the Company's website and email.

- 6. Consideration on appointment of the auditor and determination of the audit fee for the year 2021** by taking into account the auditor's performance in the past year according to the Company's evaluation criteria, qualifications of the auditors, independence in work performance, quality and work standards. The auditors have the qualifications according to the announcements of the Securities and Exchange Commission and have neither relationship nor conflict of interest with the Company and its executives, major shareholders or any person related to such persons in any way. The Audit Committee provides opinions to the Board of Directors on appointment of the auditors for further approval by the annual general meeting of shareholders. The annual general meeting of shareholders resolved to approve the appointment of:

Ms. Ratana	Jala	Certified Public Accountant (Thailand) No. 3734 and/or
Ms. Somjai	Khunapasut	Certified Public Accountant (Thailand) No. 4499 and/or
Ms. Wanwilai	Phetsang	Certified Public Accountant (Thailand) No. 5315 and/or
Ms. Saranya	Pludsri	Certified Public Accountant (Thailand) No. 6768

from EY Office Limited and the annual audit fee for the year 2021 at THB 3,900,000.

- 7. Review Charter of the Audit Committee** to be appropriate and in line with the duties and the responsibilities of the Audit Committee and related laws. The Audit Committee has performed its duties with prudence, independence and transparency for the utmost benefits of the Company and shareholders, taking into account all stakeholders carefully. The performance assessment on the Audit Committee, both on entire committee and individual basis, is conducted at least once a year and the results are reported to the Board of Directors.

The Audit Committee concludes that Board of Directors, the Executive Committee, and the management have a commitment in performing duties in order to achieve the quality goals. Emphasis has been placed on transparent, verifiable, and effective risk management system. There is effective internal audit and sufficient internal control system through the use of knowledge, cautions, and giving opinion and suggestions independently for the benefits of the Company, shareholders and all groups of stakeholders.



Nutchdhawattana Silpavittayakul  
(Mr. Nutchdhawattana Silpavittayakul)

**Chairman of the Audit Committee**



## Report of the Executive Committee for the Year 2021

The Board of Directors had a resolution to appoint the Executive Committee with the objectives to supervise, manage and control the Company's operations and support the management's performance in operating the Company's business to be in accordance with the policies, plans, and business goals as determined by the Board of Directors. The Executive Committee also controls such operations to be in accordance with the laws on securities and exchange, any other relevant announcements, rules and regulations issued by the SEC and/or the Stock Exchange of Thailand related and good corporate governance principles for listed companies.

At present, the Executive Committee consists of 10 directors as follows:

- |                        |                 |  |
|------------------------|-----------------|--|
| 1. Mrs. Sutharntip     | Phisitbuntoon   | Chairman of the Executive Committee      |
| 2. Mr. Wichai          | Supasatitkul    | Vice Chairman of the Executive Committee |
| 3. Mr. Patpong         | Patong          | Member of the Executive Committee        |
| 4. Mr. Bunthid         | Supasatitkul    | Member of the Executive Committee        |
| 5. Mr. Parinya         | Supasatitkul    | Member of the Executive Committee        |
| 6. Mr. Thanassorn      | Ratanasirisap   | Member of the Executive Committee        |
| 7. Miss Thapanattsamon | Paisanteerakorn | Member of the Executive Committee        |
| 8. Miss Chonchissa     | Ratanasirisap   | Member of the Executive Committee        |
| 9. Mr. Punsongpol      | Paisanterakorn  | Member of the Executive Committee        |
| 10. Miss Varita        | Laothamatas     | Member of the Executive Committee        |

Miss Natthanan Kittiphonsombun acts as Secretary of the Executive Committee.

In the year 2021, the Executive Committee held a total of 21 meetings to consider and approve matters and propose approaches for solving problems and making suggestions.

1. Plan, formulate and present policies, directions, goals, business strategies to be in line with the economic and competitive market conditions for approval by the Board of Directors.
2. Formulate business plans, management structure, organizational structure, and the Company's authorizations for approval by the Board of Directors.
3. Control and monitor the Company's performance to be in accordance with the policies, goals, business plans and budgets and authorizations as approved by the Board of Directors.
4. Consider and approve operations that are normal business transactions of the Company according to the investment budget or the approved budget.
5. Consider and approve any amendment or change in work regulations, orders, requirements, and rules relating to operations, control, and management in every departments.
6. Consider and scrutinize the management's proposals and present goals, policies and business plans to the Board of Directors for approval.
7. Review the authorization matrix annually in order to propose to the Board of Directors for consideration.
8. Drive the Company towards operating under the principles of good corporate governance and adhere to the anti-corruption policy.
9. Perform any other duty as assigned by the Board of Directors.

The Executive Committee strongly believes in managing and supervising the Company's operations with care and responsibility, honesty, and in accordance with the laws and the principles of good corporate governance for stability and sustainability of the Company in the future.

A handwritten signature in black ink, appearing to read 'S. Phisitbuntoon', with a stylized flourish at the end.

Mrs. Sutharntip Phisitbuntoon

**Chairman of the Executive Committee**

## Report of the Nomination and Remuneration Committee for the Year 2021

The Nomination and Remuneration Committee of Heng Leasing and Capital Public Company Limited was appointed by the Board of Directors to perform duties independently under the scope of duties and responsibilities specified under Charter of the Nomination and Remuneration Committee. This is in accordance with the requirements and guidelines of good corporate governance prescribed by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. At present, the Nomination and Remuneration Committee consists of 2 independent directors and 1 non-executive director:

- |    |                     |                             |   |
|----|---------------------|-----------------------------|---|
| 1. | Mr. Nutthirutt      | Wanwimonphong               | Chairman of the Nomination and Remuneration Committee |
| 2. | Mr. Nutchdhawattana | Silpavittayakul             | Member of the Nomination and Remuneration Committee   |
| 3. | Mr. Somrit          | Puntharat <sup>(1)</sup>    | Member of the Nomination and Remuneration Committee   |
| 4. | Mr. Bunthid         | Supasatitkul <sup>(2)</sup> | Member of the Nomination and Remuneration Committee   |

Remarks : (1) Passed away on 2 August 2021.

(2) Appointed by the Board of Directors' Meeting No. 4/2021 held on 14 August 2021 as member of the Risk Management Committee in replace of Mr. Somrit Puntharat.

Mr. Somchai Rattanakhamchoowong, Executive Vice President Human Resources and Corporate Affairs, acts as Secretary of the Nomination and Remuneration Committee. There was a total of 4 meetings of the Nomination and Remuneration Committee. All members of the Nomination and Remuneration Committee attended all meetings. Report on performance of duties by the Nomination and Remuneration Committee, which had been presented to the Board of Directors, can be summarized with key issues as follows:

### 1. Nomination of persons to be selected as the Company's directors

The Nomination and Remuneration Committee has considered criteria and procedures for nominating suitable qualified persons for the position of the Company's directors in accordance with the Company's business strategies. The committee uses the Board Skill Matrix for the selection process, considering various qualifications as appropriate including professional qualifications, skills, age, gender, race, religion, place of birth, experience, multi-disciplinary expertise and requisite capabilities, and performance as a director in the past. Directors without conflict of interest have considered suitability of persons to be proposed to the Board of Directors' meetings for consideration and appointment as the Company's directors in replace of the directors who are retired by rotation.

### 2. Determination of remuneration of the Company's directors and senior management

The Nomination and Remuneration Committee has considered guidelines for determining remuneration of the Company's directors and senior management and methods and criteria

for determining fair remuneration. The committee has also determined remuneration of senior management to be in accordance with their performance.

### 3. Implementation of the succession plan of senior management

The Nomination and Remuneration Committee has considered and acknowledged the implementation of succession plan of senior management in order for the organization to have successors for senior management and key leaders to maintain competitiveness and drive the organization to sustain business growth at present and in the future. This is considered management on risks relating to human resource and retention of employees with high capabilities to jointly create success with the organization. It also helps developing potential employees within the organization to grow and become higher-level executives through a systematic and continuous development process.

### 4. Performance assessment of the Nomination and Remuneration Committee

Based on the self-assessment results of the year's performance, it can be concluded that the Nomination and Remuneration Committee has performed its duties effectively and in accordance with the scope of duties as stipulated in Charter of the Nomination and Remuneration Committee. The Nomination and Remuneration Committee has performed duties as assigned by the Board of Directors prudently and carefully, particularly consideration on suitability of persons to be nominated as the Company's directors and ensure that such persons have knowledge, capabilities and experience which are beneficial to the Company's business and have all qualifications according to the Public Limited Companies Act B.E. 2535 (1992), the notifications of the Board of Governors of the Stock Exchange of Thailand and the notifications of the Capital Market Supervisory Board.



Mr. Nutthirutt Wanwimonphong

**Chairman of the Nomination and  
Remuneration Committee**

## Performance Report of the Risk Management Committee for the Year 2021

The Risk Management Committee of Heng Leasing and Capital Public Company Limited consists of 3 independent directors as follows:

- |    |                                      |   |
|----|--------------------------------------|---|
| 1. | Asst. Prof. Dr. Chaiwuth Tangsomchai | Chairman of the Risk Management Committee |
| 2. | Mr. Nutthirutt Wanwimonphong         | Member of the Risk Management Committee   |
| 3. | Mr. Somrit Puntharat <sup>(1)</sup>  | Member of the Risk Management Committee   |
| 4. | Mr. Patpong Patong <sup>(2)</sup>    | Member of the Risk Management Committee   |

Remarks : (1) Passed away on 2 August 2021.

(2) Appointed by the Board of Directors' Meeting No. 4/2021 held on 14 August 2021 as member of the Risk Management Committee to replace of Mr. Somrit Puntharat.

Mr. Benjarong Kammanid acts as Secretary of the Risk Management Committee.

The Risk Management Committee performs duties as assigned by the Board of Directors with scope of duties and responsibilities as stipulated under the Charter of the Risk Management Committee, provides recommendations on appropriate and effective risk management guidelines for business operations in line with the strategic directions, operations and business plan, and supports and promotes risk management at all levels throughout the organization continuously and efficiently according to the standards. In the year 2021, the Risk Management Committee held a total of 4 meetings. To ensure that the risk management is adequate, appropriate, and implemented on a regular basis, performance of duties by the Risk Management Committee can be summarized as set out below.

### 1. Review of the annual corporate risk assessment report

The Risk Management Committee reviewed an issue of corporate risk selection process for the year 2022 in line with risks complied from all parties of the management in order to perform risk assessment and prioritization. The Risk Management Committee also determined criteria for assessing risks, probabilities and impacts, acceptable levels of risk and deviation, and measures to mitigate those risks to the acceptable levels.

### 2. Review of the assessment report on corruption risk

The Risk Management Committee reviewed the assessment report on corruption risk according to the Anti-Corruption Practical Guide by the Private Sector Collective Action Coalition Against Corruption (CAC) with the government agencies due to the fact that The Company has expressed its intention to join the force against corruption, as well as to implement good corporate governance. Moreover, the Risk Management Committee also recommended suitable methods to manage such risk to the acceptable level.

### 3. Review of the monitoring report on corporate risk

The Risk Management Committee has reviewed the monitoring report 4 times a year and provided comments on measures for managing risk at medium to high level to an acceptable level or reducing the likelihood of risk being occurred. Control measures were also monitored to ensure that the Company's risk management was in line with its strategic plans and operations.

#### 4. Review of the monitoring report on corruption risk

The Risk Management Committee has reviewed and provided comments in relation to the monitoring report on corruption risk 4 times a year. The Committee also acknowledged performance relating to the Private Sector Collective Action Against Corruption (CAC).

#### 5. Acknowledgment and giving recommendations on the results of the Business Continuity Plan (BCP) for the year 2020

The Risk Management Committee acknowledged and gave recommendations on the results of the Business Continuity Plan (BCP) before submitting to the Board of Directors.

#### 6. Review of the Business Continuity Plan (BCP) for the year 2021

Prior to submission to the Board of Directors, the Risk Management Committee reviewed the business continuity plan (BCP) in the event of emergency such as crisis or disaster for the recovery of the Company's main business process. The Company, therefore, could operate continuously or underwent the least impact from an unexpected event.

#### 7. Review of the Charter of the Risk Management Committee

The Risk Management Committee reviewed appropriateness of the Charter of the Risk Management Committee to ensure that the content of the charter was consistent with the Company's risk management objectives and strategies, as well as evaluated the Risk Management Committee and individual performance once a year and reported the results to the Board of Directors.



Asst. Prof. Dr. Chaiwuth Tangsomchai

Chairman of the Risk Management Committee



### **Responsibilities of the Board of Directors to the Financial Reports**

The Board of Directors is aware of its roles, duties and responsibilities as the Board of Directors of a listed company on the Stock Exchange of Thailand. The Board of Directors supervises and ensures that the Company's financial reports for the year 2021 are prepared in accordance with appropriate financial standards and accounting policies by disclosing important information that is accurate, complete and sufficient under notes to the financial statements. The financial statements have been audited and an unqualified opinion was given by EY Office Limited, a Certified Public Accountant. The Company has given supports to the auditor by providing necessary information and documents to enable the auditor to independently audit and express its opinion in accordance with the auditing standards.

In addition, the Board of Directors has arranged for ongoing risk management, internal control, internal audit and good corporate governance. The Audit Committee, consisting of independent directors, is responsible for reviewing accuracy of the Company's financial and operating reports and reviewing connected transaction or transaction that may have conflict of interest to ensure that the transaction is reasonable to the Company and provide utmost benefits to the Company. The opinion of the Audit Committee on such transaction appears in Report of the Audit Committee, which is shown under the Company's annual report.

The Board of Directors is of the opinion that the Company's consolidated financial statements for the year ending on 31 December 2021, which have been reviewed by the Audit Committee together with the auditor and the management show accurate and complete financial positions, operating performance, and cash flows according to the financial reporting standards and comply with the applicable laws and regulations.



**Heng Leasing**



**Heng Leasing and Capital Public Company Limited**

69 Moo 7, San Sai Noi Sub-district, San Sai District, Chiangmai Province 50210

**Invertor Relations**

Tel: 1361 Press 9 , 02-153-9587

[www.hengleasing.com](http://www.hengleasing.com)