



S11

Annual Report 2014

S 11 Group Public Company Limited

Motorcycle Hire Purchase Credit Provider



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Message from the Chairman

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Message from the Chairman

In 2014, Company has been incorporated and been in operations for 3 years. There are still many areas that need improvement and further development, particularly, in the area of the Company's human resources.

For the motorcycle hire-purchase business in 2014, the number of motorcycles registered all over the country decreased by 15 percent compared with 2013. The industry expects an increase of approximately 2.9 percent from 2014 to 2015 on the back of improvements in Thailand's economic and political environment.

With respect to the Company, we will focus on growing our business while maintaining historical levels of credit quality.

Despite the decrease in the overall market, 2014 was a good year for the Company. Revenues increased 27.04 percent from Baht 934.03 million in 2013 to Baht 934.03 million in 2014. Correspondingly, net profit after Tax increased 83.15 percent from Baht 116.31 million in 2013 to Baht 213.02 million in 2014. At the end of 2014, the Company had a portfolio size of Baht 2,833.80 million (Net of provisions and write-offs).

I would also like to take this opportunity to thank our customers and business partners for their trust and support. This has been invaluable. Also, I would like to state that the success of the Company over the last 3 years is not by chance, but is through the effort and commitment of all executives and employees. This has allowed the Company that to achieve our continuous growth.

We hope to continue building on our success, but we will always stick to our moral and ethical guidelines of working with honesty and transparency. We also work towards sustainable, long term success for all our stakeholders.

Yours sincerely,

Mr. Samart Chiradamrong
Chairman





Part 1
Business Operation





1. Policy and Overview of S11 Group Business

1.1 Vision Mission and Strategy

Vision

To be the leading company in motorcycle hire purchase business with excellent service

Mission

Provide credit to retailers in motorcycle hire purchase business with responsibility to stakeholders

- Mission to organization

Be a dynamic organization in order to rapidly response to opportunities and risks

- Mission to employee

Keep and create good organization culture and environment where employees can have work- life balance and motivation to continuous development.

- Mission to shareholders

Conduct business with good governance and provide reasonable return to the shareholders.

- Mission to customers and partners

Comply with law and regulations and adhere to fairness, honesty, integrity, and ethics with responsibility to customers society and environment.

Business strategy

Increase market shares in existing markets where there are opportunities to expand such as in Chonburi, Ayutthaya, Chachoengsao and Rayong. On December 31, 2014, the business operation by area was 70.30 percent in Bangkok and metropolitan area, 16.50 percent in Chonburi, 8.45 percent in Ayutthaya, 0.90 percent in Chachoengsao, 3.20 percent in Rayong and 0.60 percent in Chantaburi.

1.2 Company background

March 2011 : S 11 Group Public Company Limited ("Company") was initially registered as S11 Group Company Limited on March 9, 2011 with the registered and paid-up capital of Baht 5,000,000. There were 50,000 ordinary shares with a par value of Baht 100.00. The objective of the business operation is to offer motorcycle hire-purchase services in Bangkok metropolitan area and other provinces.

April 2011 : Some of existing shareholders sold partial shares to Thai, Singaporean and Japanese investors. The Extraordinary General Meeting of the Shareholders no.1/2011 held on April 20, 2011 approved the change of a par value from Baht 100.00 to a par value of Baht 5.00 per share.



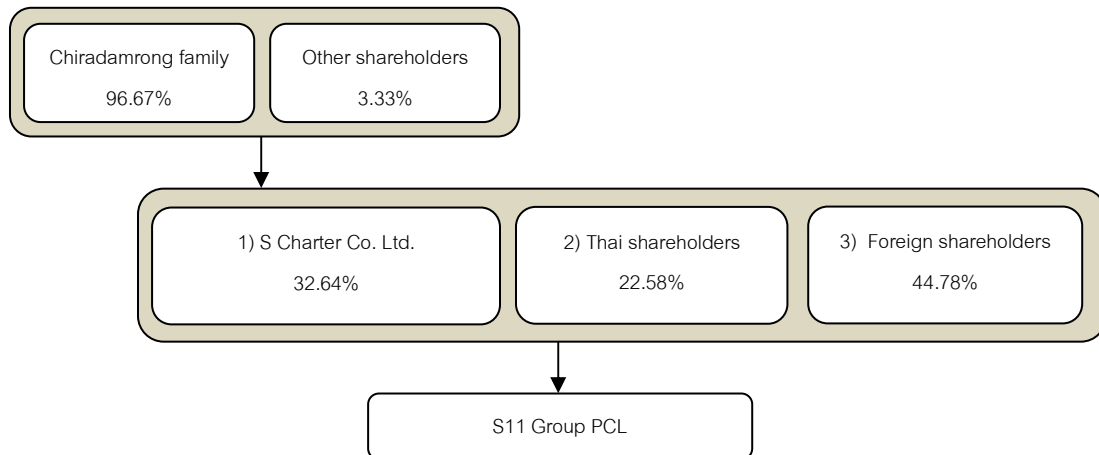
Mar 2011 – November 2013

- Mar 2011 – November 2013 : The Company increased its registered capital continuously since July 2011 until November 2013.
- May 2011 : The Company started its motorcycle hire-purchase service in Bangkok metropolitan area and achieved outstanding feedbacks from both dealers and manufacturers.
- July 2011 : The Company expanded its business to other provinces, starting with the initiation in Amata industrial district as well as the as a branch opening in Chonburi to support the business development in the area.
- August 2011 : The Company focused on continuously increasing credit service of motorcycle hire-purchase share market and expanded the market in Rojana industrial park, Ayutthaya.
- September 2011 : The Company acquired 4 Rai 3 Ngan 69 square wah of land to construct the Company's head office.
- December 2012 : Credit service of motorcycle hire purchase has continuously grown in Bangkok, Nonthaburi, Pathum Thani, Samut Prakan, Chonburi, Ayutthaya and Chachoengsao.
- December 2013 : The Company registered a public conversion under the name of S 11 Group Public Company Limited on December 18, 2013 with the registered and paid up capital of Baht 533,000,000 dividend into 106,600,000 shares at a par value of Baht 5.00.
- March 2014 : The 2014 Annual General Meeting of the shareholders approved to the capital increased from Baht 533,000,000 to Baht 613,000,000 by Initial Public Offering (IPO) of 16,000,000 newly ordinary shares with a par value of Baht 5.00 per share.
- August 2014 : The Company acquired 2 Rai 3 Ngan 15 square wah of land in Ta-Pong district, Rayong in the approximate value of Baht 4,500,000 for the construction of the Company's branch to support the business in eastern area.
- September 2014 : The Extraordinary General Meeting of the Shareholders no.1/2557 held on September 10, 2014 approved the change of a par value from Baht 5.00 per share to a par value of Baht 1.00 per share and the change of the allocation of newly issued 16,000,000 ordinary shares at a par value of Baht 5.00 per share by way of initial public offering in the value not less than par value to the allocation of newly issued 80,000,000 ordinary shares at a par value of Baht 1.00 per share by way of initial public offering in the value not less than par value.
- December 2014 : The Company has more than 66 business alliances dealers, comprising of 144 branches covering the Bangkok metropolitan area, Chonburi, Ayuttaya, Chachoengsao, Rayong and Chanthaburi.



1.3 Shareholder's structure

On December 17, 2014, the Company has registered capital of Baht 613,000,000 and paid up capital of Baht 533,000,000 divided into 533,000,000 ordinary shares at a par value of Baht 1.00¹ per share. The shareholder's structure of the Company consisted of 32.64 percent of S charter Co. Ltd., 44.78 percent of foreign investors and 22.58 percent of Thai investors who are not S Charter Co. Ltd.



- 1) Shareholders of S Charter Co. Ltd. consisted of Miss.Katika Chiradamrong, Mr.Karn Chiradamrong, Mr.Samart Chiradamrong, Mrs.Chalatip Chiradamrong and Mr.Chatchai Chiradamrong holding shares in the total amount of 96.67 percent and 3.33 percent of other shareholders.
- 2) Other Thai shareholders who are not S Charter Co. Ltd. consisted of 11.40 percent of Mr.Sirawat Wanglee and his wife and 11.14 percent of the employees, management and outsider.
- 3) Foreign shareholders consisted of 42.05 percent of Singaporean investors and 2.73 percent of Japanese investors.

1.4 Relationship between major shareholders business group

The Company has no relationship with the major shareholders business group.

¹ The Company had registered the paid up capital from Baht 533,000,000 to Baht 613,000,000 to the public company registrar of the Ministry of Commerce on February 16, 2015. The Company then has a registered and paid up capital of Baht 613,000,000 divided into 613,000,000 ordinary shares at a par value of Baht 1.00 per share.



2. Business Operation by Area

2.1 Overall of the Company's Business

The Company operates a motorcycle hire purchase business, in which the target customers are retail customers with stable, middle to low income. The portfolio of motorcycles financed comprise of 99 percent of new, and 1 percent of used motorcycles. The average prices per motorcycles is approximately 48,000 – 50,000 Baht, and are made-up of popular Japanese-brands such as Honda, Yamaha, Kawazaki, and Suzuki. More than 90 percent of the motorcycles under hire purchase contracts are Honda.

2.2 Revenues Structure

Unit: Baht

Type of Revenues	2011		2012		2013		2014	
Hire purchase interest income ¹	73,299,135	97.27%	388,617,682	97.10%	706,895,025	96.14%	887,504,649	95.02%
Fee and service income ²	-	0.00%	6,631,008	1.66%	20,822,665	2.83%	37,690,150	4.04%
Other income ³	2,060,796	2.73%	4,993,452	1.25%	7,531,869	1.02%	8,830,416	0.95%
Total revenues	75,359,931	100.00%	400,242,142	100.00%	735,249,559	100.00%	934,025,215	100.00%

Remarks: ¹ Interest income from hire purchase is net of commission fees and direct expenses

² Fee and service income is penalty fee on overdue, income from tax extension and ownership transfer of motorcycle registration

³ Other incomes are 1) Income from reversal of a) sale of repossessed assets and b) bad debts recovery and 2) discount on motorcycle insurance. In 2011, fee and service income was included under other incomes.

As at December 31, 2013, the revenues comprised of 96.14 percent of hire purchase interest income, 2.83 percent of fee and service income and 1.02 percent of other income. As at December 31, 2014, the revenues comprised of 95.02 percent of hire purchase interest income, 4.04 percent of fee and service income and 0.95 percent of other income. The source of revenues was generated by the Company.

2.3 Nature of Service

The Company operates a motorcycle hire purchase business which is not regulated by Bank of Thailand by giving hire purchase credit to customers who buy motorcycles from the dealers. However, the Company co-operates with dealers as each dealer will determine and recommend the customers to companies who provide hire purchase credit services. When the customer has credit approved, the hire purchase credit provider will pay motorcycle cost to that dealers.

Relevant parties in the motorcycle hire purchase business are the Company, who renders hire purchase services, motorcycle dealers, and customers who obtain hire purchase, detailed as follows:



2.3.1 Hire purchase credit provider

The Company, as a motorcycle hire purchase credit provider, will offer credit services regarding brands and models such as credit amount, down payment, term and installment of payment, registration fee, and insurance to dealers. When customers demand for motorcycle hire purchase credit, customers are required to complete the hire purchase and guarantee contract (if any) and submit important documents such as ID card, house registration, statement of salary (if any), and consent letter. The customers' details will be then applied to the head office for the consideration. Once the case was approved, the credit analyst officer will arrange all of the contracts and relevant documents to be signed and submitted to the Company for the authorized signatory. The complete contracts will be sent to customer then.

2.3.2 Motorcycle Dealers

The Company reaches its customers through motorcycle dealers which includes both dealers and sub-dealers. Therefore, the motorcycle dealers have a dominant influence on the customers' choices.

However, no dealers account for more than 30 percent of the total hire purchase receivables. This reduces the business risk of the Company.

Business alliances of the Company are varying in most of all brands. Market shares correspond to the market share of the brand itself. The most popular motorcycles are Honda, Yamaha, Kawasaki, and Suzuki, respectively. As of December 31, 2014, Honda accounted for the highest proportion of 91.22 percent, followed by Yamaha of 7.40 percent, Kawazaki of 1.12 percent, and Suzuki of 0.23 percent. Of the Company's total receivables, 98.74 percent are new.

2.3.2 Hire Purchase Customers

The Company's target customers are individuals with stable middle to low income such as government official or companies' employees, and factory employees. Most of the customers do not have sufficient financial proof to make them eligible for financial service (credit) with other financial institutions.

The Company has classified the customers into 2 main types, as follows:

1. Customers with sufficient financial proof

Most of these customers are residing in Bangkok and metropolitan area, with an occupation and stable income which can be verified with other financial institutions. Customers and guarantors are required to present ID cards and copies of salary receipts. As of December 31, these customers accounted for 24.09 percent of the Company's hire purchase customers.



2. Customers without sufficient financial proof

Most of these customers are, for instance, small merchants, general contractors and motorcycle taxi riders. It is essential to understand and be acquainted with these customers. The customers and guarantors are required to present ID cards to the credit analyst officer. The officer must then verify the information by visiting the customers' residence. As of December 31, 2014, these customers accounted for 75.91 percent of total hire purchase receivables. According to past records, the payment behavior of these customers is better than those customers with financial proof. This could be the fact that these customers require motorcycles as part of their occupations and they cannot obtain financial services (credit) from other financial institutions which require them to have more stringent financial proof.

The classification of customers according to areas, as of December 31, 2014, is summarized as follows:

1. Customers in the head office area comprising of customers in Bangkok, Nonthaburi, Pathumtani and Samut Prakan. These customers account for 75.91 percent of the total hire purchase receivables.
2. Customers in Chonburi area account for 16.45 percent of the total hire purchase receivables.
3. Customers in Ayutthaya area account for 8.47 percent of the total hire purchase receivables.
4. Customers in Chachoengsao area account for 0.93 percent of the total hire purchase receivables.
5. Customers in Rayong area account for 3.21 percent of the total hire purchase receivables.
6. Customers in Chanthaburi area account for 0.62 percent of the total hire purchase receivables.

Hire Purchase Details per motorcycle

Down Payment	Baht 500 - 30,000
Principal	Average Baht 48,000-50,000
Interest rate	1.25 - 2.30 percent per month (flat rate)
Repayment	Monthly
Repayment Period	From 6 to 36 months
Guaranty	Guarantor



2.4 Marketing and Competition

2.4.1 Competitive Strategies

The Company determines the various competitive strategies in accordance with areas which are different in environment and competitors. However, the Company substantially emphasizes on comparative advantage and optimization of the business benefits.

1. Bangkok and metropolitan area – the major market shares where the competition is extremely strong. Therefore, the competitive strategy in this area is to maintaining the existing customers' base, existing dealers, focusing on differentiation strategy of credit providing in order to expand more customers' base.
2. Eastern area – where the hire purchase demands are rather high and the competition is exceedingly strong. However, the Company is expertise in this area and beliefs in the continuously expansion capability. Therefore, the competitive strategy in this area is to expanding more customers' base by emphasizing on speed and excellent services.
3. Ayutthaya area – where the competition is modest compared with Bangkok and metropolitan area and eastern area. Therefore, the competitive strategy in this area is to expanding more customers' base as well as focusing on excellent services and credit controlling.

In order to support the abovementioned strategies and maintain the customers' base, the Company determines the following strategies:

1. Customer strategy satisfy: the Company uses this strategy to its dealers by emphasizing on convenient services and speedily credit approval as well as providing the customers' information and problem resolving to dealers.
2. Promotion strategy: the Company has various promotion strategies in order to enhance the customers' demands which are categorized in accordance with each dealer characteristic and easily to change.

2.4.2 Price Policy

The Company's price policies are depending on brand and competition in each area therefore the interest rates are different. The Company determines the interest rate by considering the following factors:

- **Average returns** – which are determined by competitors, dealer, brand and model of the motorcycles.
- **Economy** – which is affecting the present and future loan rate that impacts the Company's and dealers' operations.

The interest rate return, however, depends on competitive environment.



2.4.3 Distribution Channel

The Company provides motorcycle hire purchase service only in Thailand. The distribution channels are as follows:

1. Through dealers who will introduce the Company's service to customers.
2. Through the officers of the Company who are stationed at the dealers' stores.

From the past records, the Company had been providing most services through the first channel with 99.50 percent of total hire purchase receivables. As of December 31, 2014, the Company had 66 dealers, 144 branches, consisted of 48 dealers in Bangkok and metropolitan area, 6 dealers in Ayuthaya, 6 dealers in Chonburi, 1 dealer in Chachoengsao, 2 dealers in Rayong and 1 dealer in Chantaburi. The Company focuses on Honda, Yamaha, Suzuki, and Kawazaki brands.

2.4.4 Market Competition

From the table below, it shows that the amount of newly registered motorcycles in Bangkok increased from 328,366 units in 2009 to 405,649 units in 2014, or equivalent to an average growth rate of 5.00 percent. Newly registered motorcycles in the Northern increased from 267,239 in 2009 to 279,136 in 2014, or equivalent to an average growth rate of 4.06 percent. Newly registered motorcycles in the Eastern increased from 171,683 in 2009 to 213,402 in 2014, or equivalent to an average growth rate of 0.10 percent. Newly registered motorcycles in the Western increased from 127,435 in 2009 to 134,919 in 2014, or equivalent to an average growth rate of 2.23 percent. This shows that in 2009 to 2014, Bangkok and the Eastern have the highest growth rate.

Statistic of newly registered motorcycles in 2009 - 2014

Country-wide, by region

Regions	2010		2011		2012		2013		2014	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Bangkok	386,474	19.53	389,847	18.27	456,000	20.20	459,360	21.65	405,649	22.29
Central	92,152	4.66	94,155	4.41	107,907	4.78	96,683	4.56	88,568	4.86
Eastern	204,705	10.34	222,419	10.42	252,752	11.20	238,779	11.25	213,402	11.72
Northeastern	536,232	27.10	589,004	27.60	609,519	27.00	555,299	26.17	464,258	25.51
Northern	300,855	15.20	322,289	15.10	347,820	15.41	332,308	15.66	279,136	15.34
Western	146,239	7.39	150,878	7.07	157,383	6.97	153,032	7.21	134,919	7.41
Southern	312,250	15.78	365,785	17.14	325,995	14.44	286,516	13.50	233,439	12.83
Countrywide	1,978,907	100.00	2,134,377	100.00	2,257,376	100.00	2,121,977	100.00	1,819,371	100.00

Source: Department of Land Transport



Comparative proportion of the Company's market share for the past 3 years

Market Share (percent)	2012	2013	2014
Bangkok and Vicinity	6.09	6.63	8.55
Chonburi	4.91	9.03	8.40
Ayutthaya	11.16	13.81	18.95
Chachoengsao	1.71	1.65	2.10
Rayong	-	-	3.50
Chantaburi	-	-	1.99

Source: the Company

The above table shown that the Company was able to increase the highest market share in Ayutthaya where is 8.50 percent of overall portfolio, from 13.81 percent in 2013 to 18.95 percent in 2014 or increased 37.21 percent. Market share of Bangkok and metropolitan area where is 75.91 percent of overall portfolio and the competition be extremely strong and the major customers' base of the Company, increased from 6.63 percent in 2013 to 8.55 percent in 2014 or 28.95 percent. In conclusion, the highest market potential regarding the highest growth rate is Central area.

2.5 Source of Funds

2.5.1 Source of funds

Source of funds of the Company are as follows:

1. Hire purchase interest income – which is the main source of funds. The Company uses the net hire purchase interest income, less from expenses, for the working capital.
2. Short-term and long-term loans from domestic commercial banks and financial institutions
3. Short-term loans from major shareholders and directors – there were none of this transaction as of December 31, 2014.
4. Shareholders' equity consists of registered and paid-up capital and retained earnings.



As of December 31, 2014, source of funds regarding accounts payables, loans and shareholders' equity were shown as in the following table:

Unit: Baht

Source of Funds	2011		2012		2013		2014	
Loans	217,758,709	32.10%	1,144,693,194	67.16%	1,603,189,002	65.59%	1,958,181,638	65.01%
Short-term loans from directors	-	0.00%	56,855,577	3.34%	-	0.00%	-	0.00%
Current portion of long-term loans	87,561,242	12.91%	532,707,020	31.25%	952,055,532	38.95%	1,155,216,199	38.35%
Long-term loans – net of current portion	130,197,467	19.19%	555,130,597	32.57%	651,133,470	26.64%	802,965,439	26.66%
Shareholders' equity	460,688,778	67.90%	559,791,778	32.84%	841,005,824	34.41%	1,054,017,883	34.99%
Total	678,447,487	100.00%	1,704,484,972	100.00%	2,444,194,826	100.00%	3,012,209,521	100.00%

2.5.2 Source of funds management policy

According to the future source of funds management policy, the Company is searching for the source of funds that conform to their purpose, have properly repayment period and debt to equity ratio as well as considering terms and conditions of loan agreement.

2.5.3 Terms and conditions of loan agreement

The major source of funds for business expansion is deriving from long-term loans of financial institution. Land and House Bank Public Company Limited (the "Bank") is currently the only lender. Terms and conditions of the loan agreement can be summarized as follows:

1. S Charter Company Limited, the Company's major shareholder, must maintain the shareholding portion no less than 26 percent of the total issued shares after the Company listed into SET.
2. The Company must maintain a debt to equity ratio not exceeding 2.5:1.
3. The Company must maintain the hire purchase receivables with over three months overdue to total hire purchase receivables ratio not exceeding 15 percent.
4. The Company must maintain the total hire purchase receivables to loans ratio no less than 1.3:1.
5. The Company must maintain the hire purchase receivables with less than three months overdue to loans ratio no less than 1.2:1.
6. The Company may pay the dividends after the loan agreement conditions have been fulfilled.

2.5.4 Financing policy

According to the hire purchase customers' qualification, the customers are required the adequately incomes which including common people that have steady and sufficiently income for the loan repayment.



3. Risk Factors

Risks with potential significant impact on the business operation, as well as return on investment, in the Company's ordinary shares can be summarized as follows:

3.1 Competition risk for market share

Having been in operation for 3 years, the Company may face greater competition to increase its market share going forward. To further increase market share, the Company may require additional time, as well as assume additional risk as a new entrant into the industry. Nevertheless, the Company has a highly experienced team of management and staff who have a thorough understanding of the hire purchase business with more than 20 years experience. This accounts for the Company's good relationship with the dealers, who refer customers to the Company's hire-purchase service. This also makes the Company unafraid to compete with players in the industry that have larger market shares. In addition, becoming a listed company in the Stock Exchange of Thailand allows the Company to access another source of funds. As such, the Company will be better equipped for competition, and increase the Company's chances to continuously build a sustainable business.

3.2 Risk from decreased quality of hire purchase portfolio, affecting the Company's performance

The Company, as a relatively new market entrant, aims to expand its hire-purchase portfolio at a high growth rate in order to obtain market share. The Company must therefore consider the appropriateness between portfolio expansion and the flexibility in credit approval, in order to obtain good quality credit customers. If the Company does not maintain appropriate measure, the Company may have to realize more expense from bad debts and doubtful debts from increased allowance in doubtful debt when the quality of hire-purchase portfolio reduces.

The Company takes measure to mitigate the risk of potential increase in expense due to deteriorating quality of hire purchase portfolio by repossessing the motorcycles with overdue problems, or those that deem appropriate to repossess, as soon as possible and sell them as soon as possible as well. The delay in repossession may cause damage to the motorcycles, therefore incurring additional losses from the sale of the repossessed motorcycles.

In the past, the Company has been very efficient in disposing repossessed motorcycles. The Company has disposed 97.12 percent, 96.23 percent, and 95.99 percent of all motorcycles repossessed in the years 2012, 2013, and 2014 respectively. The Company incurred loss from the allowance and sale of foreclosed assets of 51.43 million Baht, 109.21 million Baht, and 134.56 million Baht in the years 2012, 2013, and 2014 respectively. These figures are lower than the value of foreclosed assets, which is equivalent to the remaining principal outstanding of hire purchase receivables in the amount of 143.63 million Baht, 257.02 million Baht, and 343.71 million Baht in the years 2012, 2013, and 2014 respectively.



Detail	2012	2013	2014
Beginning Balance of repossessed motorcycles (bikes)	16	98	235
Repossessed motorcycles (bikes)	3,387	6,129	8,054
Total repossessed motorcycles (bikes)	3,403	6,227	8,289
Repossessed motorcycles sold (bikes)	3,305	5,992	7,957
Repossessed motorcycles sold / Total repossessed motorcycles (%)	97.12	96.23	95.99
Assets foreclosed (Baht)	143,631,146	257,015,279	343,707,432
Loss from diminution and disposal of foreclosed assets (Baht)	51,427,453	109,212,445	137,971,647

Moreover, the Company has measures to mitigate risk in case the quality of hire purchase portfolio deteriorates, which will subsequently affect the Company's performance. The Company's strict policy on making provisions for allowance of doubtful debts and allowance for assets for sales to cover bad debts, and loss on diminution of assets and sales of assets incurred each year, has results as follows:

Unit: Baht

Detail	2012	2013	2014
Allowance for doubtful debts	65,817,720	181,665,754	293,930,172
Allowance	1,814,172	4,254,446	5,962,111
Bad Debt	47,380,468	73,960,216	98,127,207
Loss from diminution and disposal	51,427,453	109,212,446	137,971,647

3.3 Risk from the Company's inability to collect the remaining of principal outstanding of the hire purchase agreements from the customers/guarantors when there's loss incurred from the sale of asset

If there's loss incurred on the sale of assets, the Company encounters the risk on not being able to collect the portion of loss from the customers/the guarantors. Generally, the price of repossessed motorcycle depends on its conditions, period of use, and popularity. If the motorcycle is repossessed long after the hire purchase agreement has been made, the conditions may deteriorate, lowering the price for sale. To prevent this risk, the Company focuses on the quickest means for follow-up on those hire purchase accounts under overdue criteria for repossession, and sells the repossessed assets as soon as possible.

**3.4 Risk from the inability to repossess the motorcycles with overdues exceeding the Company's criteria**

Since motorcycles are mobile, there's high risk when it comes to tracking the motorcycles location if customer accounts become overdued to the level that the Company anticipate no more repayment will be made and the Company deems it appropriate to repossess the motorcycle. If the Company cannot repossess these motorcycles and sell them and receive payment, it is going to directly affect the business, financial position, and performance.

To minimize the risk, the Company focuses on hire purchase service to those customers residing, or working, within a reasonable proximity of allied dealer's shops. Moreover, the Company has the policy to preliminarily evaluate the quality of customer by giving incentives to the credit analyst officer with respect to their customers' payment behaviors.

3.5 Risk from the Company's inability to comply with the obligations imposed by the loan agreement

Under important conditions specified in the loan agreement, the Company has to comply with certain obligations such as the obligation to maintain the shareholding portion of major shareholder S Charter Co., Ltd., to maintain debt to equity ratio, and to maintain ratio of hire purchase receivables over 3 months overdue to total hire purchase receivables. The Company may be at risk for not being able to comply with these obligations which subsequently imposes higher-interest-expense burden to the Company. The Company's borrowings may be called by the Bank. The Company may not receive further extension on the term of loan. The Company then may not be able to pay dividend.

In this case, from the Company's past history on the loan agreement, the Company has been able to comply with all obligations. Moreover, becoming a listed company in the Stock Exchange of Thailand should reduce the risk that the Company would not be able to comply with the abovementioned. By being a listed company would increase the Company's credibility, and the Company anticipates that it would be possible to negotiate on further relaxation on these conditions.

3.6 Risk from being dependent on a single source of fund

Currently the Company's internal source of fund is cash from operation and external source of fund from Bank's borrowing. As at 30 September 2014, the Company has the amount of loan outstanding of 1,878.20 million Baht and still has undrawn credit line from Land and House Bank Public Company Limited. Sole reliance of external source of fund from Land and House Bank Public Company Limited would create liquidity risk to Company if the Bank does not approve the extension of loan agreement when the former one matures. However, from the Company's historical repayment record to Land and House Bank Public Company Limited, and the Company's historical compliance to the loan agreement conditions, the Company has had good historical repayment and has been able to comply with all the loan agreement conditions.

In this case, becoming a listed company in the Stock Exchange of Thailand can reduce the dependent risk on a sole provider of fund, and can increase the opportunity to access new source of fund for the Company such as public offering of shares and the offering of bonds.

3.7 Risk from the fluctuation of interest rates on the Company's performance

The increase in interest rates will reduce the gap on the Company's interest rates. However, the impact on the Company's performance from reduced interest margin will not be significant because any increase in interest rates is relatively small compared to the interest margins in hire purchase business. Moreover, new hire purchase agreements will mitigate the risk from the reduction in interest margin because the Company can then determine new interest rates on hire purchase agreements according to the newly increased interest expense level.



3.8 Risk of dependence on a specific group of skilled professionals

The Company's rapid success after 3 years since establishment is owed to a group of experienced, skilled, and well-known management and staff who are experts in the industry. In the future, if the Company happens to lose this specific group of professionals, it may become a risk to business continuity.

The risk can be prevented by having the main management team, who are also the founders of the Company, own a portion of the shares in the Company together with the major shareholders. These managements and staff directly hold 4.48 percent of the Company, which is a means to increase incentive in exchange of their expertise for the benefit of the Company, and it will positively affect all shareholders of the Company in the future.

3.9 Risk from possible damage to hire purchase agreement and motorcycles registration book caused by fire

If the hire purchase agreements and registration books, which represent ownership rights and are, considered important legal documents for business operations, become lost or damaged from fire, then it may affect the business and the Company's performance.

The Company realizes the risk and therefore has set out a measure to mitigate the risk by having shelves for storage of important documents before delivering them to the financial institution. Also, the Company has fire insurance on the building and the Company has also set out a policy to store all documents in electronic form, in order to back-up documents in case they get lost or damaged.

3.10 Risk from uncertainty on the claim of advance VAT paid to Revenue Department

The Company has an obligation to file VAT from repayments whether customers repay installments or not. In the case that customers miss the repayments and the Company must repossess then sell the assets, the Company can reclaim advance VAT from the Revenue Department by writing off the Hire Purchase receivables as bad debts. However, the Company has not proceeded with the claim on advance VAT paid to Revenue Department therefore there may be a risk that the claim may not be recoverable. The Company then bears the risk to write-off Revenue Department receivables of those repossessed Hire Purchase receivables as bad debts.

As at 30 September 2014, the Company has outstanding Revenue Department receivables on repossessed motorcycles in the amount of 7.6 million Baht. Therefore, the Company may have the risk of writing-off more of those Revenue Department receivables as bad debts if the claim on VAT from the Revenue Department is unsuccessful. This will therefore increase expense in the income statement for the 9-month period ended 30 September 2014 by 7.6 million Baht, causing net profit to reduce from 148 million Baht to 140.40 million Baht.

3.11 Risk of possible objection from the Revenue Department on the recognition of expense for Bank's loan fee, in which there's a difference between accounting and tax expense

The Company has contracted to a fee to the Bank when entering into each loan agreement. In the realization of fees as a taxable expense, the Company may book the total amount of the mentioned fees as expense for calculation of corporate income tax on accrual basis, even though the fees have not been paid in the accounting period.



In term of the recognition of accounting expense for the fees according to the loan agreement, different business may choose to realize the expense according to the amortization on the term of the loan or may choose to realize the whole amount of expense all at once. During the year 2013, the Company realized the expense for the fees in the financial statement according to the term of the loan, and then realized the expense all at once for the purpose of calculation of corporate income tax paid to Revenue Department. These results in the difference between the actual tax paid and the tax payable based on the financial statements. The corporate income tax in the financial statements is higher than that of corporate income tax paid to Revenue Department, therefore imposing a risk that there will be increased income tax assessment.

3.12 Risk of the holding of major shareholders more than or equal to 25 percent

After to the public offering, the major shareholders of the Company are the family of Mr. Samart Chiradamrong which includes S Charter Co., Ltd., Mr. Samart Chiradamrong, Ms. Katika Chiradamrong, and Mr. Karn Chiradamrong, of whom together hold the shareholding portion of 30.01 percent which is greater than 25 percent. This makes Mr. Samart Chiradamrong's family able to cast a veto or disapprove votes in shareholder's meetings governed by law and regulation that demand no less than 3 in 4 votes, including only votes from shareholders attending the meeting and with the rights to vote.

3.13 Risk of the decline in share price when the Company's shares are traded in the Stock Exchange of Thailand

The Company has previously offered common shares at the price of 5 Baht per share, equal to the par value, to existing shareholders of who are either qualified, or not qualified, as strategic shareholders. As such, some shareholders has already acquired the shares at a price lower than the IPO price. From the stipulation that the Company must arrange for the portion of strategic shareholders' share of no less than 55 percent of paid-up capital of post-IPO to be in silent period for 1 year, the investors subscribing for the shares in the public offering incur the risk from the decline in share price if the shareholders who are excluded from the 55 percent shares in silent period decide to sell their shares.

The Company changed the par value of THB 5.00 per share to THB 1 per share on September 10, 2014.



4 Operating Assets

4.1 Main fixed assets as of December 31, 2013 are as follow:

Unit: Baht

Type of Asset	Ownership Status	Obligations	Cost Price	Net Book Value
Land	Owner	Mortgaged as a collateral from Land and House Pubic Company Limited	31,192,489	31,192,489
Building and Premises				
Buildings	Owner	Mortgaged as a collateral from Land and House Pubic Company Limited	25,513,741	24,839,665
Branch Buildings	Owner	-	810,000	713,720
Assets During Construction	Owner	-	705,090	705,090
Furniture and Office Equipment				
Air-conditioner	Owner	Mortgaged as a collateral from Land and House Pubic Company Limited	3,235,034	2,287,729
Telephone and Accessory	Owner	-	579,550	380,887
Decorations and Tools	Owner	-	3,549,855	2,532,572
Computer System	Owner	-	4,570,613	2,071,599
Motor Vehicles	Owner	-	9,841,720	3,835,708
Total			79,998,092	68,559,459

Remark: On December 31, 2013, the Company has Baht 3,148 million credits financing from Land and House Public Company Limited, with collaterals comprising of abovementioned obligations, hire-purchase contract at the value of 124.78 percent of the drawdown amount and personal guarantee by Mr. Samart Chiradamrong, Miss. Katika Chiradamrong and Mr. Karn Chiradamrong, including some of S Charter Co., Ltd.'s shares.



4.2 Main fixed assets as of December 31, 2014 are as follow:

Unit: Baht

Type of Asset	Ownership Status	Obligations	Cost Price	Net Book Value
Land	Owner	Mortgaged as a collateral from Land and House Pubic Company Limited	31,192,489	31,192,489
Land	Owner		4,230,750	4,230,750
Building and Premises				
Buildings	Owner	Mortgaged as a collateral from Land and House Pubic Company Limited	26,217,398	24,249,769
Branch Buildings	Owner	-	810,000	674,720
Furniture and Office Equipment				
Air-conditioner	Owner	Mortgaged as a collateral from Land and House Pubic Company Limited	3,400,434	1,805,694
Telephone and Accessory	Owner	-	2,154,480	1,896,539
Decorations and Tools	Owner	-	4,239,049	2,441,175
Computer System	Owner	-	5,845,231	2,146,512
Motor Vehicles	Owner	-	14,198,589	5,372,154
Total			92,288,420	74,009,802

Remark: On December 31, 2014, the Company has Baht 4,198 million credits financing from Land and House Public Company Limited, with collaterals comprising of abovementioned obligations, hire-purchase contract at the value of 103.5 percent of the drawdown amount and personal guarantee by Mr. Samart Chiradamrong, Miss. Katika Chiradamrong and Mr. Karn Chiradamrong, including some of S Charter Co., Ltd.'s shares.



5. Legal Disputes

As of December 31, 2014, the Company had no legal disputes which negatively affect to the assets of more than 5 percent of the shareholders' equity and had no legal disputes that significantly affect to the operating performance of the Company.

**6. General Information**

Company Name : S 11 Group Public Company Limited.

Registration Number : 0107556000698

Core Business : Hire purchase financing of motorcycles.

Location : 888 Soi.Chatuchot 10, Chatuchot Road, Kwang Ao-Ngoen, Khet Saimai,
Bangkok 10220

Registered Capital : Baht 613,000,000

Paid-up Capital : Baht 533,000,000 as of December 31, 2014
(Baht 613,000,000 as of February 16, 2015)

Type of Share : 533,000,000 Ordinary shares at par value of Baht 1.00 per share as at December 31, 2014
(613,000,000 Ordinary shares at par value of Baht 1.00 per share as at February 16, 2015)

Home Page : www.sgroup.co.th

E-mail : info@sgroup.co.th

Telephone Number : (66) 2790 0888

Fax Number : (66) 2158 7948

References

Securities Registrar : Thailand Securities Depository Company Limited
62 Stock Exchange of Thailand building, Rajadapisek Road, Klongtoey, Bangkok 10110
Tel. 0 2790 0888 Fax. 0 2158 7948

Auditor : Ms.Somjai Khunapasut Certified Public Account No.4499
EY Office Limited
33rd floor, Lake Rajada Office Complex 193/136-137, Rajadapisek Road, Klongtoey,
Bangkok 10110 Tel. 0 2264 0777 Fax. 0 2264 0789-90
Home Page: www.ey.com

Legal Advisor : Wayu & Partners Company Limited.
9/8 Soi.Sukhumvit 63, Sukhumvit Road, Khlong Ton Nua, Wattana, Bangkok 10110
Tel. 0 2714 2799 Fax. 0 2714 2798



Part 2

Management and Corporate Governance



**7. Security and Shareholder Information****7.1 Registered capital and paid capital as of December 31, 2014**

Registered Capital : Baht 613,000,000

Paid up Capital : Baht 533,000,000¹ divided into 533,000,000 ordinary shares at par value of Baht 1.00 per share.**7.2 Shareholder**

- S 11 Group Public Company Limited

First 10 shareholders on December 31, 2014 were as follows:

No.	Shareholder List	Number of Share	Proportion (%)
1	S CHARTER COMPANY LIMITED	173,984,165	32.64
2	MR. RICHARD WEE KENG KWOK	96,981,500	18.20
3	MR. EE GUAN HUI GILBERT	55,206,500	10.36
4	MR. SIRAWAT WANGLEE	55,014,000	10.32
5	MR. TAY CHRISTOPHER CHARLES	28,751,000	5.39
6	MR. LIAU KIM SAN JEREMY	28,347,500	5.32
7	MISS. JUNRI SUGIURA	14,408,000	2.70
8	MR. SOMYOD SUTEERAPORNCHAI	12,600,000	2.36
9	MR. SAMART CHIRADAMRONG	9,963,000	1.87
10	MRS. CHITRAPORN WANGLEE	5,732,500	1.08
Total of first 10 shareholders		480,988,165	90.24
Total of retail shareholders		52,011,835	9.76
Total		533,000,000	100.00

Remark: After the capital increase by way of initial public offering of 80,000,000 newly issued ordinary shares, the Company will has Baht 613,000,000 of the registered and paid up capital divided into 613,000,000 ordinary shares at a par value of Baht 1.00 per share.

¹ The Company had registered the paid up capital from Baht 533,000,000 to Baht 613,000,000 to the public company registrar of the Ministry of Commerce on February 16, 2015. The Company then has a registered and paid up capital of Baht 613,000,000 divided into 613,000,000 ordinary shares at a par value of Baht 1.00 per share



- S Charter Company Limited

Registered and Paid up Capital : Baht 150,000,000 divided into 30,000,000 ordinary shares at par value of Baht 5.00 per share

As of December 31, 2014, the shareholders' list was as follows:

No.	Shareholder List	Number of shares	Proportion (%)
1	MISS. KATIKA CHIRADAMRONG	9,427,015	31.42
2	MR. KARN CHIRADAMRONG	9,407,815	31.36
3	MR. SAMART CHIRADAMRONG	8,784,400	29.28
4	MRS. WANNA LAICHAREONWONG	1,000,000	3.33
5	MRS. CHALATIP CHIRADAMRONG	888,600	2.96
6	MR. CHATCHAI CHIRADAMRONG	492,170	1.64
	Total	30,000,000	100.00

Ultimate Shareholders of the Company that hold shares through S Charter Co., Ltd are including Miss. Katika Chiradamrong, Mr. Samart Chiradamrong, Mrs. Chalathip Chiradamrong and Mr. Chatchai Chiradamrong. Nevertheless, the ultimate shareholders can be concluded as follows

- Miss. Katika Chiradamrong holds 500 shares of the Company or 0.00 percent and is deemed as the same group of S Charter Co., Ltd in accordance with section 258 of Security and Exchange Act which counted a certain juristic person holding share more than 30 percent of registered and paid up capital as the same group of a shareholder.
- Mr. Kan Chiradamrong holds 500 shares of the Company or 0.00 percent and is deemed as the same group of S Charter Co., Ltd in accordance with section 258 of Security and Exchange Act which counted a certain juristic person holding share more than 30 percent of registered and paid up capital as the same group of a shareholder.
- Mr. Samart Chiradamrong holds 9,963,000 shares or 1.87 percent and is deemed as the same group of S Charter Co., Ltd in accordance with section 258 of Security and Exchange Act which counted a certain juristic person managed by shareholder as the same group of a shareholder.
- Mr. Samart Chiradamrong, Miss. Katika Chiradamrong and Mr. Kan Chiradamrong are counted as the same group regarding the relationship of father, daughter and son respectively.
- Mrs. Chalathip Chiradamrong and Mr. Chatchai Chiradamrong hold 0 shares and are deemed as the same group of Mr. Samart Chiradamrong regarding the relationship of sister and brother of Mr. Samart Chiradamrong.

7.3 Policy of Dividend Payment

The Company's policy is to pay dividends at a minimum rate of 40 percent of its net profit after income tax and legal reserve. However, the Company may determine the dividend payout at a lower rate than the above rate, depending on the Company's business profit, financial statement, capital liquidity, necessity of the optimization of working capital to operate or expand business, and other factors concerning the management of the Company relying on the decision of the board of directors and/or the shareholders.

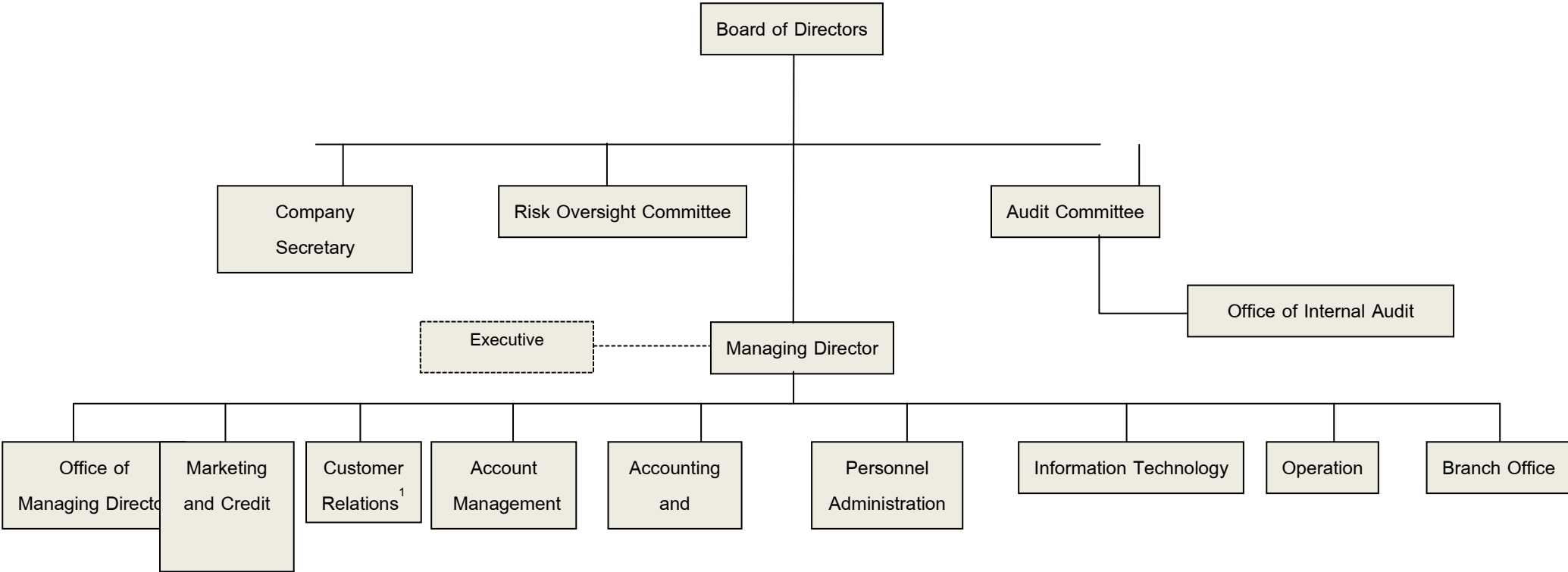


8. Management Structure

The Board of Directors is responsible for monitoring and controlling business operations of the Company. Other Boards and committees will be appointed according to the needs and suitability to carry out specific mission and tasks. The management structure of the Company is exhibited as follows:



Organization Chart as of December 31, 2014



Remark: ¹ The Board of Directors' meeting no. 6/2014 held on August 14, 2014 has approved the Company to restructuring by adding "Customer Relation department" regarding the internal audit's suggestion.

² Mr. Smart Chiradamrong has been delegated by the Board of Directors to monitor and supervise the management with certain important areas, without having any role in day-to-day operational management.



8.1 Committee

The Company has committees who specify guidelines and policies of the Company namely Board of Directors, Audit Committee and Oversight Risk Management Committee. These committees are fully qualified according to of the Public Company Limited Act and the Notification of the Capital Market Supervisory Board.

Board of Directors

On December 31, 2014, the Board of Directors was as follows:

Board of Directors	Position
1. Mr. Samart Chiradamrong	Chairman
2. Mr. Surasak Khemthongkam	Director / Managing Director
3. Mr. Sirawat Wanglee	Director
4. Mr. Richard Wee Keng Kwok	Director
5. Mr. Ee Guan Hui Gilbert	Director
6. Mr. Thosaporn Lerdbhan	Director
7. Mr. Chatchai Chotanakarn	Director / Independent Director / Chairman of AC
8. Mrs. Vachira Na Ranong	Director / Independent Director / AC
9. Dr. Tanisorn Dejthamrong	Director / Independent Director / AC

Secretary of the Board of Directors: Miss. Katika Chiradamrong

Authorized Directors

Mr. Samart Chiradamrong or Mr. Surasak Khemthongkum or Mr. Sirawat Wanglee or Mr. Thosaporn Lerdbhan, two of these directors jointly sign and affix the Company's seal.

Audit Committee

On December 31, 2014, Audit Committee was as follows:

Directors	Position
1. Mr. Chatchai Chotanakarn	Independent Director / Chairman of Audit Committee
2. Mrs. Vachira Na Ranong ¹	Independent Director / Audit Committee
3. Dr. Tanisorn Dejthamrong	Independent Director / Audit Committee

Remark: ¹The director with sufficient knowledge and experience to audit the credibility of the financial statement. Mrs. Vachira Na Ranong graduated with a bachelor degree majoring in finance and banking from the Department of Commerce and Accountancy from Chulalongkorn University, and a master degree in Business Administration from Marshall University, USA. Currently, Mrs. Vachira is a director and treasurer of the Thai Investor Association.

Mrs. Wanna Laicharoenwong is the secretary of the Audit Committee.

Oversight Risk Management Committee

Oversight Risk Management Committee is as follows:

Directors	Position
1. Mr. Surasak Khemthongkam	Chairman of Oversight Risk Management Committee
2. Mr. Thosaporn Lerdbhan	Oversight Risk Management Committee member
3. Mr. Wanchai Boontham	Oversight Risk Management Committee member
4. Mr. Kritsakorn Netprapha	Oversight Risk Management Committee member
5. Miss. Watcharaporn Maruthong	Oversight Risk Management Committee member
6. Miss. Jamsiri Sangkarak	Oversight Risk Management Committee member
7. Miss. Aree Srikraiot	Oversight Risk Management Committee member

Secretary of Oversight Risk Management Committee: Miss. Katika Chiradamrong



In 2014, detail of Board of Directors attendant was as follow:

Directors	Position	2014		2014	
		Number of Board of Directors' Meeting	Number of Attendance	Number of Audit Committee's Meeting	Number of Attendance
1. Mr. Samart Chiradamrong	Chairman	7	7	-	-
2. Mr. Surasak Khemthongkam	Director/ Managing Director	7	7	-	-
3. Mr. Sirawat Wanglee	Director	7	7	-	-
4. Mr. Richard Wee Keng Kwok	Director	7	3	-	-
5. Mr. Ee Guan Hui Gilbert	Director	7	3	-	-
6. Mr. Thosaporn Lerdbhan	Director	7	7	-	-
7. Mr. Chatchai Chotanakam	Director / Independent Director / Chairman of AC	7	7	9	9
8. Mrs. Vachira Na Ranong	Director / Independent Director / AC	7	7	9	9
9. Dr. Tanisorn Dejthamrong	Director / Independent Director / AC	7	7	9	9

8.2 Management

On December 31, 2014, the management was as follows:

Executives	Position
1. Mr. Samart Chiradamrong ¹	Chairman
2. Mr. Surasak Khemthongkam	Managing Director
3. Mr. Kritsakorn Netprapha	Marketing and Credit Manager
4. Mr. Wanchai Boontham	Account Management Manager
5. Miss. Watcharaporn Maruthong	Accounting and Finance Manger
6. Mr. Thosaporn Lerdbhan	Information Technology Manager
7. Miss. Jamsiri Sangkarak	Personnel and Administration Manager
8. Miss. Aree Srikraiot	Operation Manager

Remark: ¹The Chairman has been delegated by the Board of Directors to monitor and supervise the management with certain important areas, without having any role in day-to-day operational management.

On February 20, 2014, the Company established the Office of Internal Audit and appointed Mrs. Wanna Laichareonwong as the Office of Internal Audit manager.



8.3 Company Secretary

The Board of Directors has appointed Miss. Katika Chiradamrong to be the Company Secretary.

8.4 Remuneration of Directors and Management

8.4.1 Cash

Directors

In 2014, the remuneration of Directors was as follows:

Directors	2014		
	Number of attendance		Remuneration ¹ (Baht)
	Board of Directors	Audit Committee	
1. Mr. Samart Chiradamrong	7	0	150,000
2. Mr. Surasak khemthongkam	7	0	150,000
3. Mr. Sirawat Wanglee	7	0	150,000
4. Mr. Richard Wee Keng Kwok	3	0	110,000
5. Mr. Ee Guan Hui Gilbert	3	0	110,000
6. Mr. Thosaporn Lerdbhan	7	0	150,000
7. Mr. Chatchai Chotnakarn	7	9	240,000
8. Mrs. Wachira Na Ranong	7	9	240,000
9. Dr. Tanisorn Detchthamrong	7	9	240,000
Total	-	-	1,540,000

Remark: ¹ Remuneration is consisted of attendance fee and bonus

Management

In 2014, the remuneration of management was as follows:

List	2014	
	Number of Employees	Remuneration (Baht)
Salary	8	12,877,584
Bonus	8	4,322,075
Provident Fund	8	383,087
Pension	8	3,068,994
Total	8	20,651,740

8.4.2 Other Remunerations

In 2014, there was no other remunerations other than the above mentioned.

8.5 Employee

Number of Employees

On December 31, 2014, the number of overall employees of the Company was 303 people (without executives) consisted of 226 people of in-house employees and 77 people of outsourced employees. Details were as follows:

In-house Employee

No	Departments	Number of Employees in 2013	Number of Employees in 2014
1	Account Management	24	41
2	Information Technology	11	13
3	Accounting and Finance	8	11
4	Personnel and Administration	7	19
5	Operations	17	22
6	Office of Managing Director	16	8
7	Marketing and Credit	53	53
8	Branch Offices	12	18
9	Customer Relations	-	41
	Total	148	226



Outsourced Employee

No	Departments	Number of Employee in 2013	Number of Employees in 2014
1	Marketing and Credit	68	77
	- Credit Office (Outsource)		

Remuneration of Employee

List	2013		2014	
	Number of Employees	Remuneration (Baht)	Number of Employees	Remuneration (Baht)
Salary	148	37,908,871	203	48,704,175
Bonus ¹	148	6,264,579	203	11,771,814
Provident Fund	148	815,301	203	1,008,117
Pension	148	1,147,287	203	2,071,416
Total	148	46,136,038	203	63,555,522

Above remuneration of employee does not include the remuneration of management in clause 8.2

Personnel Development

The Company has plans to develop human resources by setting targets of human resource development that every employee has balanced learning and to achieve certain goals. The Company defines the development of work skills and creates mechanisms for self-learning and development. Superior officers have a duty to develop subordinates to be able to learn by themselves continuously. In addition, the Company defines controlling and assessment of results of personnel development occasionally to recognize weaknesses to be improved.

The Company defines training courses for knowledge and skills improvement regarding the necessity, objective and work benefits. However, the training courses are as follows:

1) **Job and Functional Area Knowledge**

It is to develop knowledge, ability and work skill in each position effectively and successfully.

2) **People Skill and Self Development**

It is to develop working potential as well as good interpersonal skills.

3) **Good Attitude and Core Value**

It is to instruct personnel knowledge and core values of the Company including personnel development with respect to fine characteristics and behaviors as required by the Company, having a good attitude toward the Company, managers, colleagues and society.



9. Good Governance

9.1 Corporate Governance Policy

The Company has established the corporate governance policy and Good Corporate Governance Manual in writing to provide guideline for the Board of Directors, executives, and employee in compliance with relevant laws and regulations, concerning the highest responsibility, transparency, and fair treatment of stakeholders as well as the supporting of management with honest, efficiency and effectiveness. (Details of the Corporate Governance Manual are on the Company's website)

9.1.1 Rights and equal treatment of Shareholders

The Company is fully aware of its duty to protect the interests of every shareholder to ensure equality and fair treatment for all further ensure the maximum benefits of shareholders. The efforts are as follows:

1. Rights of ownership. Controlling the Company by appointed director as representative.
2. Rights to purchase, sale or transfer of shares.
3. Rights to attend Shareholders' Meetings, vote as well as the rights to express opinions independently, and the rights to make decisions on important affairs of the Company.
4. Rights to appoint a proxy to attend and vote at a meeting of shareholders on his/her behalf.
5. Rights to elect or remove members of the Board of Directors.
6. Rights to appoint the external auditor and determine audit fee.
7. Rights to obtain relevant, adequate, and in timely manner information of the Company.
8. Rights to receive their rightful portion of dividends.
9. Rights to obtain related party transactions.

Shareholders' Meeting

1. Fixing date, time and place for the Shareholders' Meetings
The Board of Directors shall fixing date, time and place of Shareholders' Meetings.
2. Notification of Shareholders' Meetings
Notification of Shareholders' Meetings shall be sent to the shareholders prior the meeting date in accordance with relevant laws and regulations.
3. Provision for shareholders to propose matters to be included in the Meeting agenda
Apart from the rights of shareholders regarding the Public Company Limited Act, shareholders holding in aggregate at least 1% of all issued shares of the Company have the rights to propose in advance agenda items by submitting agendas, details, and rational in writing to the Company. The Board of Directors shall consider such agendas in the following practices:
 - 3.1 To propose matters to be included in the Annual General Meetings, submitting agendas, details, and rational in writing to the Company prior in Octobers to Decembers.
 - 3.2 To propose matters to be included in the Extraordinary General Meetings, submitting agendas, details, and rational in writing to the Company prior 30 days.



- 3.3 To propose matters after fixing Shareholders' Meetings date, submitting agendas, details, and rational in writing to the Company within 7 days from the date of the Board of Directors' Meetings approved the fixing date of Shareholders' Meeting.
4. Meetings attendance and registration
Shareholders have rights to attend, vote or appoint a proxy to attend and vote at a meeting of shareholders on his/her behalf. Shareholders or proxy may register prior the meeting time.
5. Shareholders' opportunity for query, comment, voting and minutes' recording
The Board of Directors gives an opportunity to every shareholder to ensure equality and fairness treatment for auditing the Company's operations. Shareholders are provided the opportunity for fully query and comment independently. Every shareholder present in person or being represented by proxy is entitled to one vote per share. The Company shall record the minute of Shareholders' Meetings as well as queries and comments, resolutions, numbers of agreed, disagreed and absent in writing for shareholders' and relevant persons reviews.
6. The attendant of the Board of Directors
The Board of Directors attaches great significance on meeting attendant, presenting adequately information, and giving opportunity for shareholders to query and comment.

9.1.2 Disclosure and Transparency

The Company is responsible for information disclosure, with respect to financial reports and non-financial information, in an accurate, complete, transparent, equitable, and timely manner, in compliance with applicable laws and regulations through easy access channels including the Company's website, and the information dissemination channels of the Stock Exchange of Thailand and the Securities and Exchange Commission.

9.2 **Committees and sub-committees**

Committees of the Company consist of the Board of Directors, Audit Committee and the Oversight Risk Management Committee. Committees and sub-committees have scopes of authorities as follows:

9.2.1 Scope of authority of the Board of Directors

The scope of authority of The Board of Directors covering the current business and all future subsidiaries is as follows:

1. Performing its duties in compliance with laws, regulations, Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings with responsibility and all due circumspection and caution.
2. Directing the Company's visions, strategies, directions, policies, targets, operational plans and budgets.
3. Supervising the management and performance of Managing Director, management team or any persons assigned to do such duties in accordance with the Company's policies.
4. Monitoring overall performances of the Company and subsidiaries in accordance with the operational plan and budget of the Company.



5. Ensuring that the Company and subsidiaries use appropriate and effective accounting systems along with providing internal control systems and internal audit systems.
6. Reviewing and approving the Company's fiscal year financial statements and presenting to the Shareholders' Meetings.
7. Selecting and nominating the external auditor of the Company and subsidiaries along with suggesting the remuneration as proposed by the Audit Committee to the Shareholders' Meetings.
8. Providing the corporate governance in compliance with good corporate governance and monitoring the implementation of the policies with fairness to all involved parties.
9. Appointing the qualified persons who have not is under a prohibition stipulated by law to position in the Company and subsidiaries.
10. Appointing sub-committees such as the Audit Committee or other committees and specifying duties and authorities of such sub-committees to assist and support the duties of the Board of Directors. Supervising the operation of sub-committees in compliance with the corporate governance and reviewing the corporate governance policy and performance of each sub-committee at least once a year.
11. Defining and amending the authorized signatories.
12. Appointing the executives and secretaries of the Company and subsidiaries (Executives of the Company shall be as defined by Securities and Exchange Commission or Capital Market Supervisory Board) including determining remuneration for such executives.
13. Stipulating the policy on salaries, adjustments, bonuses, and other remunerations of employees and assigning the Managing Director to determine the remuneration of employees through an authority manual.
14. Defining operational authorities in appropriate and in compliance with laws by making the authority manual which will be revised at least once a year.
15. Seeking professional opinions from external organizations, if necessary, to support the decisions.
16. Supporting the directors' and executives' participation in relevant courses conducted by the Thai Institute of Directors.
17. Supervising and monitoring the management and operations of subsidiaries to preserve the Company's benefit. The Company defines certain matters that shall be approved by the Board of Directors' Meetings and/or the Shareholders' Meeting in the Corporate Governance Manual.
18. The Board of Directors will monitor the performance of subsidiaries to be in accordance with their business plan and budget on a continuous basis, and ensure that the subsidiaries discloses the related party transactions and asset acquisition/divestment properly and accurately.



19. The Board of Directors shall ensure that main subsidiaries have an appropriate internal control system that provides an anti-corruption, disclose information in a timely and appropriate manner. This internal control system should be easily access by the internal audit team and the Audit Committee and such audited report should be submitted to the executives and the Board of Directors.

However, to assign duty and responsibility of company's committee is not to authorize or sub-authorize that causes company's committee or proxy from company's committee can approve transaction that they or any persons have conflict (according to definition in notice of SEC or notice of Capital Market Supervisory Board) or may have interest with any types that may result in conflict of interest with the company or subsidiary unless it is to approve transaction following policy and principles approved by shareholder's meeting or company's committee

9.2.1 Scope of authority of Audit Committee

1. Reviewing the appropriateness of financial reporting system and disclosure of information in its financial statements in accordance with the legally defined Financial Reporting Standards, with transparency, correctness, and adequacy.
2. Reviewing the suitability and effectiveness of internal control system, recommending necessity matters to be audited and reporting such matters to the Board of Directors.
3. Reviewing the operations in compliance with related laws and regulations.
4. Appointing and nominating the independent person to by an external auditor and audit remuneration.
5. Reviewing the standardized of the internal audit plan.
6. Considering the Company's information disclosure regarding the related party transactions or conflict of interest transactions in a complete and accurate manner.
7. Reviewing the appropriateness and efficiency of the risk management system.
8. Reporting the Audit Committee's performance to the Board of Directors at least 4 times a year.
9. Appointing, transferring or dismissing the internal audit manager or other relevant persons.
10. Requesting the managers, executives or employees of the Company to provide information or submit necessity documents.
11. Authorized to engage third parties to render opinions or advise as necessary.
12. Disclosing the corporate governance report in the Company's annual report which duly signed by the chairman of the Audit Committee.
13. Performing a self-assessment and reporting such report and operational problems to the Board of Directors.
14. Reviewing and amending the charter of the Audit Committee.
15. Performing any other works as assigned by the Board of Directors which is within the scope of authority of the Audit Committee.



9.2.2 Scope of authority of Risk Management Committee

1. Stipulating the risk management policy and framing overall risk management of the Company that covers inherent risk of business operations.
2. Determining evaluated and inspected strategies in accordance with risk management policy, and monitoring the overall risk to be at an acceptable level.
3. Supporting a cooperation to manage overall risk of the Company and reviewing the sufficiency, efficiently and compliance to the policies of the risk management policies and systems.
4. Providing a systematically and continually of damage assessment and analysis either in normal or crisis conditions in order to covering every business operation.
5. Supporting and developing the risk management culture in accordance with the best practices.
6. Reporting the improved matters to the Board of Directors regularly in accordance with the stipulated policies and strategies.
7. Performing any other works as assigned by the Board of Directors.

9.3 **Nomination and Appointment of Directors and Top Executives**

9.3.1 Appointment of the Board of Directors

- Component of the Board of Directors

1. According to the Article of Associations of the Company, the Company has a Board of Directors consisting of at least 5 persons. At least one-half of the directors must reside in Thailand.
2. The Board of Directors consists of executive directors, non-executive directors and independent directors which at least one-third and not less than 3 directors are independent directors. The independent directors shall have qualifications as specified by Capital Market Supervisory Board, Securities and Exchange Commission and Stock Exchange of Thailand.
3. The Board of Directors must elect one of their members to be the Chairman.
4. The Board of Directors elects a person to be the secretary of the Board which need or need not be a director.
5. The Board of Directors elects a person to be the secretary of the Company which need or need not be a director.



- Election of the Board of Directors

Conducted by the Shareholders' Meetings in accordance with the following requirements:

1. Each shareholder has one vote for each share held
2. A shareholder may cast votes for each individual director or a group of directors as determined by a meeting of shareholders. In casting the votes, each shareholder must cast all the votes he/she has under sub-clause (1) above in electing the individual director or the group of directors, as the case may be, in which case those votes are not divisible.
3. The election of directors requires a resolution of shareholders passed by a majority vote. In the case of an equality of votes, the Chairman of the meeting must exercise a casting vote.
4. The term office of the Board of Directors is accordance with the Article of Associations of the Company. A retired director is eligible for re-election. In addition to vacating office upon the termination of the term office, directors shall vacate office upon:
 - (A) death
 - (B) resignation
 - (C) being disqualified or being under any of the prohibitions under the Public Company Limited Act and/or the Securities and Exchange Commission Act
 - (D) removal by a resolution of the meeting of shareholders
 - (E) removal by court order.
5. A resigned director may submit the resignation letter to the registrar.

9.3.2 Appointment of the Independent Director

The Board of Directors shall consider the qualification of a person to be an independent director in accordance with the Notification of the Capital Market Supervisory Board as follows:

1. At least one-third and not less than 3 directors are independent directors.
2. Be in compliance with the following requirement:
 - A. shall not hold shares exceeding 1% of the total number of voting shares of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, including share held by related persons of such independent director.
 - B. Shall neither be nor have ever been a director with management authority, employee, staff member, advisory who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than two year prior to the date of becoming of director. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.



- C. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child of other directors, of an executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary.
- D. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgement, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director. The term "business relationship" in the preceding mentioned shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3% or more of the net tangible assets of the applicant or Baht 20 million or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness shall include indebtedness incurred during the period of one year prior to the date on which the business relationship with the person commences.
- E. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.
- F. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fee exceeding Baht 2 million per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than two years prior to the date of becoming an independent director.
- G. Shall not be a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.
- H. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1% of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.



- I. Shall not have any other characteristic that limits his or her ability to express independent opinions regarding the Company's operations.
- J. Shall not be a director assigned by the Board of Directors to make a decision in operations of the Company, subsidiary, associate, same tier subsidiary company, major shareholder or controlling person of the Company.
- K. Shall not be a director of a registered subsidiary or same tier subsidiary company.

9.3.3 Appointment of the Audit Committee

- Component of the Audit Committee
 1. The Audit Committee shall consist of at least 3 independent directors.
 2. The Audit Committee shall be skillful and experienced in specific areas. At least one member of the Audit Committee shall have sufficient knowledge and experience in accounting or finance.
 3. The Board of Directors must elect one of Audit Committee members to be the Chairman of the Audit Committee.
 4. Internal Audit Manager is the secretary to the Audit Committee.
- Qualifications of the Audit Committee
 1. Being qualified under the Public Company Limited Act, the Securities and Exchange Commission Act and the regulations of the Stock Exchange of Thailand
 2. Appointed by the Board of Directors or Shareholders' Meetings
 3. Being qualified under the Notification of Capital Market Supervisory Board

9.3.4 Appointment of the Oversight Risk Management Committee

- Composition of the Oversight Risk Management Committee
 1. Consisting of not less than 3 knowledge and experience members of executives which appointed by the Board of Directors.
 2. The Board of Directors must elect one of the Oversight Risk Management Committee members to be the Chairman of the Oversight Risk Management Committee.
- Qualifications of the Oversight Risk Management Committee
 1. Appointed by the Board of Directors.
 2. Being knowledge, experience and expertise in the Company's business.
 3. Being maturity, stability, independent and able to express independent opinions.
 4. Readiness to dedicate time and perform duties in the interest of the Company.



9.4 Internal Information Control

The Board of Directors realizes the importance of the corporate governance, transparency and the prevention of the use of the Company's insider information for personal benefit. The internal information control policy is as follows:

1. Directors and executives (Top Executives) as defined by the Securities and Exchange Commission are required to make an initial reporting of their securities holding in the Company to the Securities and Exchange Commission within 30 days of the date on which they are appointed. They are also required to report on any changes in securities holdings as a result of the purchase, sale, transfer or acceptance of transfer of securities within 3 business days of the date of any changes.
2. Directors and executives (Top Executives) as defined by the Securities and Exchange Commission, and employees responsible for related functions as well as their spouses and minor children are prohibited from trading Company shares prior to the release of the Company's financial statements. The Company will inform all concerned persons in writing of the blackout period at least 30 days prior the release of the Company's disclosure and should wait for 24 hours after the release (blackout period).
3. Penalties shall be imposed for any breaches.

9.5 Audit Fee

9.5.1 Audit fee

Detail of Audit Fee	2013	2014
	EY Office Co., Ltd.	EY Office Co., Ltd.
Audit Fee ¹ (Baht)	1,430,000	1,400,000
Total Return (baht)	1,430,000	1,400,000

Remark: ¹ Travel cost and other expenses are excluded.

9.5.2 Non-audit fee

In 2014, the Company had no non-audit fee paid to any persons relevant to auditor and office of the auditors.



9.6 Good Corporate Governance Guidelines in Other Aspects

Transactions made between directors, executives or persons related to the Company Policy

To prevent directors, executives or persons related to the Company seeking their personal benefits, the Company specifies the practices as follows:

1. Avoid any actions of the conflict of interest to the Company.
2. All transactions between related parties shall be done on the same basis and conditions as applied to external parties. Personal vested interests shall not be entitled to vote for the approval of said transaction.
3. The Company follows strictly a policy to comply with the Notification of the Board of Governors of the Stock Exchange of Thailand concerning the connected transactions.
4. In case connected transactions are not normal business, such transactions shall be approved by the Board of Directors' Meetings or Shareholders' Meetings as stipulated by related laws.



10. Corporate Social Responsibility: CSR

10.1 Overall policy

The Company is committed to operating in a manner with good governance and morality, to take care of society and environment by recognizing relevant internal and external stakeholders of the organization including shareholders, employees, community along with wide society and true responsibility to society.

10.2 Organizational Social Responsibility Policy

1. For shareholders and investors, the Company will respect their rights and act to treat all equally, make the proper information disclosures for them to make investment decisions or relating to significant changes of business. The Company will not disclose internal data to persons relevant to executives or committee that will bring about damages to shareholders
2. For executives or Directors, the Company will promote good governance with transparent of management systems and remuneration systems and disclosed the financial statement completely and correctly.
3. For employees, the Company has policy to pay wages and remuneration fairly and punctually along with allocate welfare for employees stipulated by the law including health checkup and safety in work and support personnel development training continuously.
4. For customers, the Company will provide services honestly and give information about the benefits and obligations in a correct, sufficient and time manner and will comply with law associated with customers' right strictly
5. For trade partners, the Company will uphold fair contractual practices, support anti-corruption processes including every type of bribery, respect rights in asset or ownership of trade partners, take advantages and promote trade partners to be mutually social responsible with the Company.
6. For business competitors, the Company will operate business fairly and will not use influences.
7. For the community and environment, the Company will be responsible for society such as promoting scholarships for children of the Company's personnel, promoting local labor to work with the Company, supporting operating guidelines carefully that may affect environment, disclosing information that may have impact on the community and learning local culture to live together with happiness
8. For civil society, the Company will cooperate with other groups or networks to develop society and not allow other businesses to take part in human right infringements listen to information or make public hearing on operation that may generally affect society and the Company will pay tax to the government directly and punctually.



10.3 CSR that the Company operated and continues to support

10.3.1 CSR-in process

The Company pays tax correctly and punctually according to regulations of Revenue Department and acts to customers accordingly to law, regulations and the governments stipulate. Besides, the Company also recognizes stakeholders by disclosing information and maintains transparency and always inspects corruption in the organization along with supporting the development of personnel of the Company in terms of performance effectiveness and morality which is a part of organizational culture. Such operational practice is specified in good governance manual.

10.3.2 CSR-after process

The Company has been working on CSR-after processes by supporting many projects, as follows:

10.3.2.1 Scholarship for employee's children

The Company has been aware of the importance of human resource development, knowing that education can develop human resources and lead Thailand to prosperity. With an intention to reward its employees, boost their morale, and help them on tuition fee burden, the Company appoints the scholarship committee to grant its employees' children scholarship, with academic performance as main criteria for consideration. As a result of this process, it builds the employees' morale to work harder and is more aware of the importance of education. This is a strategy to develop human resource of not only the Company but also the nation.

10.3.2.2 Financial support for crime and narcotics fighting

The Company has been aware of the danger of narcotics, concerned that the spread of narcotics would lead to crimes and bring harm to the society. The Company has been donating money to the Royal Thai Police Headquarters via local police station to support crime and narcotic fighting, raising its employees' awareness about the danger of narcotics, and preventing narcotic use in the Company. This CSR-after processes benefit health, family well-being, and society of its employees as well as the nation.

10.3.2.3 Financial support for prevention of drug use and violence among school-age children

The Company has been aware of the importance of human resource development as well as mental development and narcotics prevention. The Company has been supporting educational projects that are fighting drug use and violence among school-age children by arranging various activities and educating students about the danger of narcotic and how to solve conflicts without violence in order to prevent society problems in the future.

10.3.2.4 Financial support for neighborhood National Children's Day events

Since the Company is located in a residential area, it needs to interact with people living nearby, so it has been aware of the importance of good relationships between the Company and its neighbors. The Company has been supporting and participating in National Children's Day events held by the local community in order to strengthen their bond, gain their trust, and prevent possible conflicts between the Company and its neighbors. The Children's Day events are well-received and make good impression on the locals.



10.3.2.5 Encouraging owners of neighboring lands to use their lands for public benefit together

The Company has encouraged owners of the neighboring three plots of land to increase the width of the road to three meter and use the free space for public benefit without seeking profit together e.g. a space for cars from opposite directions to avoid each other, a space for ATM, a temporary car park, or a space for vending stands. This makes good impression and tightens the bond with the local community.

10.3.2.6 Supporting environment-improving projects

The Company has been aware of both nationwide and worldwide environmental change. The Company has been arranging environment-improving projects, starting from developing waste disposal and water treatment systems in its building and planting trees to improve work atmosphere and the scenery along with the neighborhood; these projects improve the environment.

10.3.2.7 Supporting Operation Hope Foundation (OHF)

The Operation Hope Foundation (OHF) is a charitable non-profit organization from Singapore. Successful in Cambodia and Nepal, the OHF opens a children shelter for about 100-120 orphans and underprivileged children aged 6-12 years old at Moo 10, Pong Pa, Kaengsopa, Wangthong, Phitsanulok, Thailand.

The OHF is currently taking care of over 60 children aged 6-12 (approximately 30 boys and 30 girls). In addition to compulsory education, various activities and classes are scheduled for these students, e.g. English language, basic computer skill, chicken farming, and homegrown vegetable gardening for cooking purpose.

The Company has supported the OHF since January 2013, helping the OHF on proposal for the permission to open the children shelter. At the Board of Directors' meeting No. 3/2014 on April 2, 2014 regarding corporate social responsibility (CSR) processes, the Company considered its support on the OHF since January 2013 for ratification.

The OHF is responsible for all its expense. S11 Group supports the OHF on its construction and surrounding, facilities, and operations. The Company helps the OHF design and supervise the construction, lends the OHF its own properties e.g. construction equipment, vehicles, and manpower to help build dining hall, water tanks, lighting system, water pumps, and fencing, and sends its employees to help periodically.



10.4 Future CSR-after processes

The Company would continue further CSR-after process, planning to support the following projects in the future:

10.4.1 Anti-corruption projects

The Company strongly supports the fight against corruption and does this by adapting up-to-date processing and verification systems to keep up with technological developments, fostering integrity and morality in its directors and employee, and raising their awareness of the importance of honesty and negative consequences of corruption. These will lead to agreeable work ethics, in line with anti-corruption policies of both government and independent organizations.

10.4.2 Social responsibility projects supporting community and society improvement

S11 Group supports community and society improvement projects as regulated by law, e.g. providing local workforce opportunity to work for the Company and supporting local business to distribute income in the community. These will strengthen the bond between the Company and the neighborhood and promote local economic growth.

10.4.3 Other projects

S11 Group will support other projects along with other organizations and institutions in the future for participation and benefit to the society as regulated by law and corresponding to the Company's code of governance.

10.5 Follow-up, evaluation, and revision of CSR-after process

In addition to the aforementioned CSR processes, the Company considers to follow up, evaluate, and revise the projects it has supported and consider future CSR processes for the best public benefit.



11. Internal Control and Risk Management

11.1 Board of Directors' opinions regarding the internal control system

According to the Board of Directors' meeting no. 9/2014 on April 2, 2014 with 9 directors attending, conducting the sufficiency evaluation of the Company's internal control system as in the Enclosures No. 3, the Board of Directors considered the internal control system of the Company is sufficient to the Company's business and operation, there are no significant follow-up matters.

11.2 Audit committees' opinions about internal audit system

The Extraordinary General Meeting of Shareholders no. 3/2014 on December 9, 2013 had appointed 3 audit committees to independently inspect the efficiency and sufficiency of the internal audit system to ensure that the Company's operations are in accordance with relevant law and rules.

The Company has employed AMC International Consulting Co. Ltd. as the "internal auditor". Its working scope is to help the Audit Committees and the Board of Directors conduct the suitability evaluation of the Company's internal audit system, inspect significant issues from the Company's operation and compliance to relevant law, regulation, and rules to ensure that the Company's internal audit system is sufficient and efficient in accordance with the COSO (The Committee of Sponsoring Organizations of the Treadway Commission) five framework components: control environment, risk assessment, control activities, information and communication, and monitoring activities. The internal auditor has to inspect the system improvement and report to the audit committees.

The Audit Committees' meeting no. 2/2014 on February 20, 2014, Mrs. Wanna Laichareonwong was appointed to be the Office of Internal Audit manager. She was responsible for inspecting the internal audit system, cooperating, and providing support to ensure smooth process of the audit committees and AMC International Consulting Co. Ltd. which are appointed to work on internal control system. The Office of Internal Audit is an independent department directly reporting to the Audit Committees.

Consistently, the Office of the Internal Audit and Internal Auditor has been substantially supporting the Audit Committee for considering the internal control assessment of the Company.

The Audit Committee has considered the internal control assessment of the Company is sufficient and there are no significant follow-up matters.

11.3 The Office of Internal Audit

According to the Audit Committee's Meeting no. 2/2014 on 20 February 2014, Audit Committee considered the Office of the Internal Audit as an independent institute directly reporting to Audit Committee. The Company has considered the qualification of the internal auditor and the Office of the Internal Audit manager. Audit Committee has appointed Mrs. Wanna Laichareonwong as the Office of the Internal Audit manager who is responsible for internal auditing, coordinating and supporting between Audit Committee and AMC International Consulting Co., Ltd. Scope of work of AMC International Consulting CO., Ltd. is to support Audit Committee and the Board of Directors by evaluating suitability of internal control system, monitoring matters for work along with complying with law, regulation and principles to ensure that the Company has suitable, sufficient and effective internal control system.



However, to appoint, demote the Office of Internal Audit manager and to employ, terminate outsource to be internal auditor is the responsibility of Audit Committee according to "Corporate Governance Manual"

11.4 Risk Management

The Board of Directors no. 5/2013 on 25 July 2013 has approved the risk management policy as follows:

1. To manage risk is the responsibility of personnel in every level. They must realize their own risks in their department and organization and give precedence to the risk management effectively and efficiently.
2. To promote and support risk management as essential instrument of management in the organization that personnel at every level shall understand and follow the same guidelines
3. To develop risk management of organization continuously so that it is practiced as part of organizational culture. The organization then can operate business unceasingly and achieve its goals and objectives.

The Extraordinary General Meeting of Shareholders no. 1/2013 on 8 August 2013 has appointed the Risk Oversight Committee.



12. Related Party Transactions

12.1 Particulars of persons who may have conflict of interest for the year ended on December 31, 2013 and December 31, 2014

According to the Audit Committee Meeting no. 2/2014 held on February 20, 2014 and the Audit Committee Meeting no. 6/2014 held on August 14, 2014, the Audit Committee has considered the rationale and necessity of the related party transactions as follows:

1. Loan agreement between the Company and the directors and shareholder

Related Parties	Relationship	Description of Transaction	Transaction Value in 2013	Transaction Value in 2014	Pricing Policy	Rationale for and Necessity of Transactions, and the Opinion of Audit Committee
1. Mrs. Chitraporn Wanglee	Shareholder	Loan agreement in the form of 3-month promissory notes from the directors and shareholders of the Company are utilized as working capital and to maintain debt to equity ratio not exceeding 2:1, with interest rate of 8 percent per annum	Beginning balance <u>Add</u> increased borrowing <u>Less</u> repayment (As at 28 November 2013) Ending balance	Baht 56,117,592 Baht 0 Baht (56,117,592) Baht 0	-	The Audit Committee has examined and considered the transaction with the opinion that the interest rate and the transaction amount are reasonable and at optimal benefits to the Company.
2. Mr. Sirawat Wanglee	Shareholder / Director					
3. Miss. Junri Sugiura ¹	Shareholder					
4. Mr. Richard Wee Keng Kwok	Shareholder / Director					
5. Mr. Ee Guan Hui Gilbert	Shareholder / Director					
6. Mr. Tay Christopher Charles	Shareholder / Director					
7. Mr. Liao Kim Sam Jeremy ¹	Shareholder					
8. Mr. Samart Chiradamrong	Shareholder / Director					

Remark: ¹Miss.Junri Sugiura and Mr.Liao Kim San Jeremy are not considered as related parties because they are not a major shareholder nor a director nor a controlling person of the Company. In this case, the opinion on the rationale and necessity of the transaction by the Audit Committee is rendered on the total value borrowings from the directors and shareholders.



2. The interest rate on the promissory notes between the Company and the directors and shareholders

Related Parties	Relationship	Description of Transaction	Transaction Value in 2013	Transaction Value in 2014	Pricing Policy	Rational for and Necessity of Transactions, and the Opinion of Audit Committee
1. Mrs. Chitraporn Wanglee 2. Mr. Sirawat Wanglee 3. Miss. Junri Sugiura ¹ 4. Mr. Richard Wee Keng Kwok 5. Mr. Ee Guan Hui Gilbert 6. Mr. Tay Christopher Charles 7. Mr. Liau Kim Sam Jeremy ¹ 8. Mr. Smart Chiradamrong	Shareholder Shareholder / Director Shareholder Shareholder / Director Shareholder / Director Shareholder / Director Shareholder Shareholder / Director	According to the lending agreement between the Company and the directors and shareholders, the interest rate is determined at 8 percent per annum. The directors and shareholders had received interest payment from the Company, and reinvested the interest in the Company's increased share	In 2013, the Company had the interest expense according to the loan agreement with the directors and shareholders <u>Paid interest in 2013:</u> Baht 6,537,480	No Transaction	The interest expense of 8 percent per annum compared to the interest on the borrowings from the Bank who is a secured lender with the interest rate of MLR + 0.5%, which was 7.375 percent per annum during the time this agreement was made. The borrowing from shareholders and directors at 8 percent per annum is beneficial to the Company which allows the Company to reduce interest expense from an increase of 2 percent which would be equivalent to 9.375 percent. If the Company had not obtained borrowing from shareholders and directors, debt to equity ratio will exceed 2:1 and will incur additional 2 percent interest expense to the Company (the Bank allows the Company to include borrowing from shareholders and directors as equity)	The Audit Committee has examined and considered the transaction with the opinion that the interest rate and the transaction amount are reasonable and at optimal benefits to the Company.

Remark: ¹Miss.Junri Sugiura and Mr.Liau Kim San Jeremy are not considered as related parties because they are not a major shareholder nor a director nor a controlling person of the Company. In this case, the opinion on the rationale and necessity of the transaction by the Audit Committee is rendered on the total value borrowings from the directors and shareholders.

3. Remuneration to directors according to Management Agreement

Related Parties	Relationship	Description of Transaction	Transaction Value in 2013	Transaction Value in 2014	Pricing Policy	Rational for and Necessity of Transaction, and the Opinion of Audit Committee
Mr. Samart Chiradamrong	Chairman	In November 2013, the Company has remunerated Mr. Samart Chiradamrong in the amount of Baht 3,000,000 according to the Management Agreement dated on July 28, 2011 for the service that Mr. Samart Chiradamrong had entered into a person guarantee agreement for the loans borrowed from the financial institution, in order for the Company to obtain the loan for the use of business start-up and working capital. The amount totaled Baht 4,198 million from August 2011 to December 31, 2014	Baht 3,000,000 ¹	No Transaction	Compare to general guarantee fees determined by commercial banks, which is around 2.0-2.5 percent per annum of the credit line, the mention remuneration is considered a very small amount and is beneficial to the Company.	The Audit Committee has examined and considered the transaction with the opinion that the remuneration is rationale and at optimal benefits to the Company.

Remark: ¹ According to conditions in the Management Agreement dated on July 24, 2011, Mr. Samart Chiradamrong is granted the rights to acquire the Company's share at par value, Baht 5 per share, equivalent to 600,000 shares, with reference to the price of shares the Company had issued on the following day to all shareholders according to their shareholding portions. The difference between the fair price and the selling price amount to Baht 5.1 million is realized as selling and administrative expense in the income statement for the year 2013 and booked as share-based payment in the shareholders' equity in the financial statement.

- The abovementioned line of credit as at December 31, 2014 amounted to Baht 4,198 million, with collaterals comprising of land, building, furniture's, hire purchase contract at the value of 103.5 percent of the drawdown amount, and personal guarantee by Mr. Samart Chiradamrong, Ms. Katika Chiradamrong, and Mr. Karn Chiradamrong, including some of S Chartered Co., Ltd.'s shares.



12.2 Transactions made between directors, executives or persons related to the Company Policy

The Board of Directors' Meetings no. 3/2014 held on April 2, 2014 has approved the Corporate Governance Manual including regulations of transaction made between directors, executives or persons related to the Company with the following details:

1. Avoid any actions of the conflict of interest to the Company.
2. All transactions between related parties shall be done on the same basis and conditions as applied to external parties. Personal vested interests shall not be entitled to vote for the approval of said transaction.
3. The Company follows strictly a policy to comply with the Notification of the Board of Governors of the Stock Exchange of Thailand concerning the connected transactions.
4. In case connected transactions are not normal business, such transactions shall be approved by the Board of Directors' Meetings or Shareholders' Meetings as stipulated by related laws.

12.3 Future Related Party Transactions

Related party transactions in the future will continue to be based on the normal business practices and will follow the policy of the market determining prices in negotiated transactions, to ensure the Company's best interest and in accordance with rules and regulations as prescribed by laws. However, the Audit Committee shall review and consider the rational of related party transactions every quarter.

Related party transactions in the future which not be based on the normal business practices, the Audit Committee must reviews and considers the rational of those transactions prior execution. However, the Board of Directors shall specified guidelines and procedures for related party transactions that may cause conflict of interest in the future in accordance with Securities and Exchange Act, Notifications, rule and regulations of the Office of the Securities and Exchange Commission as well as discloses the related party transactions and asset acquisition/divestment properly and accurately, and Thai Accounting Standard.



Part 3

Financial Position and Operating Performance





13. Key Financial Information

(a) Auditor's Opinions

Audited Financial Statements:	Financial Statements for the year ended December 31, 2011
Auditor and auditor's opinions	Audited by Mr.Poj Asavasatchai, CPA no. 4891 from Dharmniti Auditing Co., Ltd. The auditor considered that the financial statements present fairly, in all material respects, the financial position of S 11 Group Public Company Limited as at December 31, 2011, its financial performance, changes in shareholders' equity and cash flow from March 9, 2011 (the Company established year) to December 31, 2011, in accordance with Generally Accepted Accounting Principles
Audited Financial Statements:	Financial Statements for the year ended December 31, 2012
Auditor and auditor's opinions	Audited by Mr.Poj Asavasatchai, CPA no. 4891 from Dharmniti Auditing Co., Ltd. The auditor considered that the financial statements present fairly, in all material respects, the financial position of S 11 Group Public Company Limited as at December 31, 2012, its financial performance, changes in shareholders' equity and cash flow for the year then ended, in accordance with Thai Financial Reporting Standard
Audited Financial Statements:	Financial Statements for the year ended December 31, 2013
Auditor and auditor's opinions	Audited by Miss.Somjai Khunapasut, CPA no. 4499 from EY Office Limited. The auditor considered that the financial statements present fairly, in all material respects, the financial position of S 11 Group Public Company Limited as at December 31, 2013, its financial performance, changes in shareholders' equity and cash flow for the year then ended, in accordance with Thai Financial Reporting Standard
Audited Financial Statements:	Financial Statements for the year ended December 31, 2014
Auditor and auditor's opinions	Audited by Miss.Somjai Khunapasut, CPA no. 4499 from EY Office Limited. The auditor considered that the financial statements present fairly, in all material respects, the financial position of S 11 Group Public Company Limited as at December 31, 2014, its financial performance, changes in shareholders' equity and cash flow for the year then ended, in accordance with Thai Financial Reporting Standard



(b) Table of Financial Status and Performance

● Statements of Financial Position

Unit: Baht

Statements of Financial Position	2011		2012		2013		2014	
Current assets								
Cash and cash equivalents	30,009,219	4.27%	25,040,969	1.43%	41,145,312	1.63%	35,013,496	1.13%
Current portion of hire purchase receivables - net	249,324,552	35.45%	802,970,259	45.87%	1,232,746,457	48.82%	1,501,815,293	48.44%
Assets foreclosed – net	400,130	0.06%	2,375,411	0.14%	5,545,158	0.22%	8,175,814	0.26%
Revenue Department receivables	5,359,401	0.76%	4,268,026	0.24%	20,287,344	0.80%	23,060,130	0.74%
Prepaid insurance premium	-	-	27,242,600	1.55%	34,936,412	1.38%	40,879,426	1.32%
Other current assets	20,651,634	2.94%	8,891,068	0.51%	17,063,822	0.68%	23,395,000	0.75%
Total current assets	305,744,936	43.48%	870,788,333	49.74%	1,351,724,505	53.54%	1,632,339,159	52.65%
Non-current assests								
Restricted bank deposits	99,731	0.01%	357,875	0.02%	769,688	0.03%	1,350,363	0.04%
Hire purchase receivables – net of current portion - net	357,904,170	50.89%	796,126,981	45.48%	1,064,213,010	42.15%	1,331,986,217	42.96%
Prepaid insurance premium	-	-	10,956,049	0.63%	12,994,779	0.51%	15,590,202	0.50%
Land, building and equipment - net	36,843,456	5.24%	65,357,139	3.73%	68,559,459	2.72%	74,009,802	2.39%
Deferred tax assets	2,314,667	0.33%	6,541,282	0.37%	26,442,166	1.05%	44,808,146	1.45%
Other non-current assests	325,795	0.05%	480,600	0.03%	130,601	0.01%	136,600	0.00%
Total non-current assests	397,487,819	56.52%	879,819,926	50.26%	1,173,109,703	46.46%	1,467,881,330	47.35%
Total assests	703,232,755	100.00%	1,750,608,259	100.00%	2,524,834,208	100.00%	3,100,220,489	100.00%
Current liabilities								
Trand accounts payables	549,530	0.08%	1,427,570	0.08%	14,432,226	0.57%	2,622,408	0.13%
Short-term loans from director	-	0.00%	56,855,577	3.25%	-	0.00%	-	0.00%
Current portion of long-term loans	87,561,242	12.45%	532,707,020	30.43%	952,055,532	37.71%	1,155,216,199	56.46%
Current portion of financial lease payables	1,912,796	0.27%	1,957,754	0.11%	572,220	0.02%	1,598,033	0.08%



Statements of Financial Position	2011		2012		2013		2014	
Income tax payable	3,001,398	0.43%	16,123,219	0.92%	26,470,356	1.05%	39,167,038	1.91%
Insurance premium payables	4,748,660	0.68%	8,060,940	0.46%	10,336,981	0.41%	10,654,078	0.52%
Accrued expenses	8,219,259	1.17%	15,304,212	0.87%	19,863,588	0.79%	16,139,377	0.79%
Other current liabilities	1,586,414	0.23%	2,913,113	0.17%	4,930,999	0.20%	11,057,462	0.54%
Total current liabilities	107,579,299	15.30%	635,349,405	36.29%	1,028,661,902	40.74%	1,236,454,595	60.43%
Non-current liabilities								
Long-term loans – net of current portion	130,197,467	18.51%	555,130,597	31.71%	651,133,470	25.79%	802,965,439	39.24%
Financial lease payables – net of current portion	1,297,376	0.18%	336,479	0.02%	507,515	0.02%	1,632,162	.08%
Deferred tax liabilities	3,469,835	0.49%	-	0.00%	-	0.00%	-	0.00%
Provision for long-term employee benefits	-	0.00%	-	0.00%	3,525,497	0.14%	5,140,410	0.25%
Total non-current liabilities	134,964,678	19.19%	555,467,076	31.73%	655,166,482	25.95%	809,738,011	39.57%
Total liabilities	242,543,977	34.49%	1,190,816,481	68.02%	1,683,828,384	66.69%	2,046,192,606	66.00%
Shareholders' equity								
Issued and fully paid-up	450,000,000	63.99%	470,000,000	26.85%	533,000,000	21.11%	533,000,000	50.57%
Share premium	-	-	4,000,000	0.23%	90,606,558	3.59%	90,606,558	8.60%
Capital reserve for share-based payment transactions	-	-	-	-	15,300,000	0.61%	15,300,000	1.45%
Appropriated – statutory reserve	-	-	534,778	0.03%	10,105,304	0.40%	20,756,407	1.97%
Unappropriated	10,688,778	1.52%	85,257,000	4.87%	191,993,962	7.60%	394,364,918	37.42%
Total shareholders' equity	460,688,778	65.51%	559,791,778	31.98%	841,005,824	33.31%	1,054,027,883	34.00%
Total liabilities and shareholders' equity	703,232,755	100.00%	1,750,608,259	100.00%	2,524,834,208	100.00%	3,100,220,489	100.00%



- Statements of comprehensive income

Unit: Baht

Statements of comprehensive income	2011		2012		2013		2014	
Revenues								
Hire purchase interest income	73,299,135	97.27%	388,617,682	97.10%	706,895,025	96.14%	887,504,649	95.02%
Fee and service income	-	-	6,631,008	1.66%	20,822,665	2.83%	37,690,150	4.04%
Other income	2,060,796	2.73%	4,993,452	1.25%	7,531,869	1.02%	8,830,416	0.95%
Total revenues	75,359,931	100.00%	400,242,142	100.00%	735,249,559	100.00%	934,025,215	100.00%
Expenses								
Selling and administrative expenses	(40,555,039)	53.82%	(90,705,760)	22.66%	172,295,707	23.43%	181,165,365	19.40%
Bad debts and doubtful accounts	(10,682,705)	14.18%	(102,515,482)	25.61%	189,808,250	25.82%	210,391,625	22.53%
Loss on impairment and disposal of assests foreclosed	(5,823,817)*	7.73%	(51,427,454)	12.85%	109,212,446	14.85%	137,971,647	14.77%
Total expenses	(57,061,561)	75.72%	(244,648,696)	61.13%	471,316,403	64.10%	529,528,637	56.69%
Profit before finance cost and income tax expenses	18,298,370	24.28%	155,593,446	38.87%	263,933,156	35.90%	404,496,578	43.31%
Financial cost	(3,435,417)	4.56%	(56,877,764)	14.21%	(114,681,241)	15.60%	(138,339,510)	14.81%
Profit before income tax expenses	14,862,953	19.72%	98,715,682	24.66%	149,251,915	20.30%	266,157,068	28.50%
Income tax expenses	(4,174,175)	5.54%	(23,612,682)	5.90%	(32,944,427)	4.48%	(53,135,009)	5.69%
Profit for the year	10,688,778	14.18%	75,103,000	18.76%	116,307,488	15.82%	213,022,059	22.81%
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	10,688,778	14.18%	75,103,000	18.76%	116,307,488	15.82%	213,022,059	22.81%

Remark: * In 2011, Loss on impairment and on disposal of assests foreclosed composed of only loss on disposal of assets foreclosed while loss on impairment of assets foreclosed is included in selling and administrative expenses.



- Cash flows statements

Unit: Baht

Cash flows statements	2011	2012	2013	2014
Cash flows from operating activities				
Profit before income tax	14,862,953	98,715,682	149,251,915	266,157,068
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Depreciation	1,381,734	4,466,243	5,691,646	7,013,653
Bad debts and doubtful accounts	10,682,706	102,515,482	189,808,250	210,391,625
Loss (gain) on disposal of assets	-	-	(50,652)	98,148
Loss on written-off assets foreclosed	5,823,817	49,841,158	-	-
Loss on impairment of assets foreclosed	227,877	1,586,295	2,440,274	1,707,665
Loss on written-off fixed assets	-	-	-	58,027
Provision for long-term employee benefits	-	-	3,525,497	1,614,913
Expense paid based on share-based payment	-	-	15,300,000	-
Hire purchase interest income	-	(388,617,682)	(706,895,025)	(887,504,649)
Interest expenses	2,985,417	54,829,765	114,681,241	138,339,510
Loss from operating activities before changes in operating assets and liabilities	35,964,504	(76,663,057)	(226,246,854)	(262,124,040)
Operating assets (increase) decrease				
Hire purchase receivables	(617,911,427)	(1,078,473,303)	(860,130,519)	(739,873,115)
Assets foreclosed	(6,451,824)	(53,402,734)	(5,610,020)	(4,338,321)
Revenue Department receivables	(5,359,401)	1,091,375	(16,019,317)	(2,772,786)
Prepaid insurance premium	-	(20,505,576)	(9,732,542)	(8,538,437)
Other current assets	(20,429,853)	(5,932,507)	(8,172,754)	(6,331,178)
Other assets	(325,795)	(154,705)	349,900	(5,999)
Operating liabilities increase (decrease)				
Trade accounts payables	549,530	878,040	13,004,655	(11,808,818)
Insurance premium payables	4,748,660	3,312,280	2,276,040	317,097
Accrued expenses	3,915,874	6,804,412	4,616,222	(3,647,578)
Other current liabilities	5,838,018	1,413,363	2,017,887	6,126,463
Cash flows used in operating activities	(599,461,714)	(1,221,632,412)	(1,103,647,302)	(1,032,997,712)
Cash received from interest	-	372,706,986	679,355,067	880,144,098
Cash paid for corporate income tax	(17,610)	(18,187,311)	(42,498,175)	(58,804,307)
Cash paid for interest	(2,933,636)	(53,811,239)	(115,398,064)	(133,984,576)
Net cash flows used in operating activities	(602,412,960)	(920,923,976)	(582,188,474)	(345,642,497)
Cash flows from investing activities				
Increase in restricted bank deposits	(99,731)	(258,244)	(411,713)	(580,675)
Increase in account receivable and loan to employees	(221,781)	-	-	-
Cash receipt from proceed of land, building and equipment	-	-	2,082,839	35,374
Cash paid for acquisition of land, building and equipment	(34,306,228)	(31,454,774)	(10,014,633)	(8,993,049)
Net cash flows used in investing activities	(34,627,740)	(31,713,018)	(8,343,507)	(9,538,350)



Cash flows statements	2011	2012	2013	2014
Cash flows from financing activities				
Proceeds from increase in share capital	450,000,000	24,000,000	149,606,558	-
Increase in short-term loans from related parties	-	56,117,592	75,981,216	-
Repayment of short-term loans from related parties	-	-	(132,098,808)	-
Cash receipt from long-term loans	230,000,000	1,156,000,000	1,273,000,000	1,564,770,000
Repayment of long-term loans	(12,241,290)	(285,921,092)	(747,726,623)	(1,203,558,807)
Repayment of financial lease payables	(708,791)	(2,527,756)	(2,126,019)	(1,512,037)
Repayment for loans issuing cost			(10,000,000)	(10,650,125)
Net cash flows from financing activities	667,049,919	947,668,744	606,636,324	349,049,031
Net increase (decrease) in cash and cash equivalents	30,009,219	(4,968,250)	16,104,343	(6,131,816)
Cash and cash equivalents at beginning of year	-	30,009,219	25,040,969	41,145,312
Cash and cash equivalents at end of year	30,009,219	25,040,969	41,145,312	35,013,496

Remark: * In 2014, the increased of assets foreclosed is composed of assets foreclosed and loss on impairment of assets foreclosed.



(c) Important Financial Ratios

Unit: Baht

Financial Ratios		2011	2012	2013	2014
Profitability ratios					
Interest income*	Percent	12.07	35.23	36.29	34.60
Interest expense	Percent	1.58	8.35	8.35	7.77
Interest margin	Percent	10.49	26.88	27.94	26.83
Net profit margin	Percent	14.18	18.76	15.82	22.81
Return on equity	Percent	2.32	14.72	16.61	22.48
Efficiency ratios					
Return on assets	Percent	1.52	6.12	5.44	7.57
Assets turnover	Times	0.11	0.33	0.34	0.33
Financial ratios					
Debt to equity	Times	0.53	2.13	2.00	1.94
Lending to borrowing	Times	2.79	1.62	1.42	1.44
Dividend pay-out	Percent	NA	NA	NA	NA
Asset quality ratios					
Allowance for doubtful debts to hire-purchase receivables	Percent	1.73	5.77	8.77	10.49
Non performing hire-purchase receivables to hire-purchase receivables**	Percent	2.26	3.03	4.36	8.99
Bad debts to hire-purchase receivables	Percent	NA	4.15	3.57	3.50

Financial Ratios		2011	2012	2013	2014
Shares					
Book value per share***	Baht per share	1.02	1.19	1.58	1.98
Earning per share***	Baht per share	0.04	0.16	0.24	0.40

Remark: * Interest income calculated by interest income from hire-purchase / hire-purchase receivables, net of allowance for doubtful debts

** The Company ceases recognizing revenue from hire-purchase receivables which has been defaulted for more than 4 installments. Interest is then recognized as income on accrual basis.

*** In 2011-2013, calculated on the basis of par value Baht 1 per share



14. Management Discussion and Analysis: MD&A

Management Discussion and Analysis compares the financial status and operating performance of the Company for 2014 and 2013.

14.1 Operating Performance for the Year 2014

- Revenues

Revenues are classified as follow:

Unit: Baht

Type of Revenues	2013		2014	
Hire purchase interest income	706,895,025	96.14%	887,504,649	95.02%
Fee and service income	20,822,665	2.83%	37,690,150	4.04%
Other income	7,531,869	1.02%	8,830,416	0.95%
Total revenues	735,249,559	100.00%	934,025,215	100.00%

Total revenues increased 27.24 percent from Baht 735.25 million in 2013 to Baht 934.03 million in 2014 as a result of the branch expansion of dealer.

Revenues structure of the Company comprises of hire purchase interest income, fee and service income and other income. Major income is hire purchase interest income which increased 25.55 percent from Baht 706.90 million in 2013 to Baht 887.50 million in 2014.

- Expenses

Unit: Baht

Type of Expenses	2013		2014	
Selling and administrative expenses	172,295,707	36.56%	181,165,365	34.21%
Bad debts and doubtful accounts	189,808,250	40.27%	210,391,625	39.73%
Loss on impairment and disposal of assests foreclosed	109,212,446	23.17%	137,971,647	26.06%
Total expenses	471,316,403	100.00%	529,528,637	100.00%

Total expenses increased 12.35 percent from Baht 471.32 million in 2013 to Baht 529.53 million in 2014. Expenses structure of the Company comprises of selling and administrative expenses, bad debts and doubtful accounts and loss on impairment and disposal of assests foreclosed.



- Selling and administrative expenses

Selling and administrative expenses increased 5.15 percent from Baht 172.30 million in 2013 to Baht 181.17 million in 2014 in accordance with the increase of the total revenues.

Selling and administrative expenses to total revenues ratio was 19.40 percent in 2014, decreased from 23.43 percent in 2013 as a result of the increase of the fixed assets productivity which generates higher hire purchase interest income.

- Bad debts and doubtful accounts

The Company had a policy to provide 1 percent allowance for doubtful accounts for hire purchase receivables with normal loans and less than two months past due, 2 percent allowance for doubtful accounts for hire purchase receivables with two months past due or more, but less than four months, full allowance for doubtful accounts for hire purchase receivables with 4 months past due or more.

Bad debts and doubtful accounts increased 10.84 percent from Baht 189.81 million in 2013 to Baht 210.39 million as a result of the thoroughly deceleration of the economic.

However, Bad debts and doubtful accounts to total revenues ratio was 22.53 percent in 2014, decreased from 25.82 percent in 2013 resulting from the stricken collection process.

Unit : Baht

	2013	2014
Bad debts and doubtful accounts	189,808,250	210,391,625
Bad debts and doubtful accounts to total revenues (%)	25.82	22.53

- Loss on impairment and disposal of assests foreclosed

Loss on impairment and disposal of assests foreclosed increased 26.33 percent from Baht 109.20 million in 2013 to Baht 137.97 million in 2014 as a result of the recession of the agricultural product prices and the decrease of the second hand motorcycle's demand which directly affected the reduction of the price of assets foreclosed.

Loss on impairment and disposal of assests foreclosed to hire purchase receivables, net ratio was 4.92 percent in 2014, decreased from 5.27 percent in 2013. Correspondingly, loss on impairment and disposal of assests foreclosed to total revenues ratio was 14.77 percent, slightly decreased from 14.85 percent in 2013 as a result of the deceleration of the economic and the decrease of the second hand motorcycle's demand.

Unit: Baht

	2013	2014
Loss on impairment and disposal of assests foreclosed	109,212,446	137,971,647
Loss on impairment and disposal of assests foreclosed to hire purchase receivables, net (percent)	5.27	4.92
loss on impairment and disposal of assests foreclosed to total revenues (percent)	14.85	14.77



- Total comprehensive income for the year

Total comprehensive income for the year increased 83.15 percent from Baht 116.31 million in 2013 to Baht 213.02 million in 2014 as a result of the brance expansion of dealers.

14.2 Financial Position

- Assets

At the end of December 2014, total assets was increased 22.79 percent from Baht 2,524.83 million to Baht 3,100.22 million. The major assests of the Company is hire purchase receivables which was Baht 2,296.96 million and Baht 2,833.80 million in 2013 and 2014 respectively or 90.97 percent and 91.41 percent of total assets respectively.

Unit: Baht

Statement of Financial Position	2013		2014	
Current assets				
Cash and cash equivalents	41,145,312	3.04%	35,013,496	2.14%
Current portion of hire purchase receivables - net	1,232,746,457	91.20%	1,501,815,293	92.00%
Assets foreclosed – net	5,545,158	0.41%	8,175,814	0.50%
Revenue Department receivables	20,287,344	1.50%	23,060,130	1.41%
Prepaid insurance premium	34,936,412	2.58%	40,879,426	2.50%
Other current assets	17,063,822	1.26%	23,395,000	1.43%
Total current assets	1,351,724,505	100.00%	1,632,339,159	100.00%

Unit: Baht

Statement of Financial Position	2013		2014	
Non-current assests				
Restricted bank deposits	769,688	0.07%	1,350,363	0.09%
Hire purchase receivables – net of current portion - net	1,064,213,010	90.72%	1,331,986,217	90.74%
Prepaid insurance premium	12,994,779	1.11%	15,590,202	1.06%
Land, building and equipment - net	68,559,459	5.84%	74,009,802	5.04%
Deferred tax assets	26,442,166	2.25%	44,808,146	3.05%
Other non-current assests	130,601	0.01%	136,600	0.01%
Total non-current assests	1,173,109,703	100.00%	1,467,881,330	100.00%



Nonetheless, at the end of December 2014, land, building and equipment increased 7.95 percent from Baht 68.56 million to Baht 74.01 million as a result of acquiring of Rayong land for supporting the business expansion to eastern area.

Hire purchase receivables

At the end of December 2014, total hire purchase receivables, net increased 23.37 percent from Baht 2,296.96 million to Baht 2,833.80 as a result of business expansion competency as well as the branch expansion of dealers which arising from a good reputation of management.

At the end of December 2014, hire purchase receivables with 4 months past due to total hire purchase receivables ratio was 8.43 percent, increased from 6.33 percent in 2013. Correspondingly, allowance for doubtful accounts to total hire purchase receivables ratio was 10.49 percent at the end of December 2014, slightly increased from 8.77 percent in 2013 as a result of the deceleration of the economic. However, net profit margin in 2014 was 22.81 percent, increased from 15.82 percent in 2013.

Unit: Baht

Aging	Hire Purchase Receivables			
	2013	Proportion to total receivables	2014	Proportion to total receivables
Not yet due and past due less than 1 months	2,021,875,677	81.57%	2,510,431,363	80.26%
Past due: 1 months or more, but less than 2 months	151,489,874	6.11%	178,255,396	5.70%
Past due: 2 months or more, but less than 4 months	148,293,442	5.98%	175,511,857	5.61%
Past due: 4 months or more, but less than 7 months	80,706,024	3.26%	105,289,791	3.37%
Past due: 7 months or more, but less than 12 months	62,806,391	2.53%	108,065,711	3.46%
12months or more	13,453,813	0.54%	50,177,564	1.60%
Total	2,478,625,221	100.00%	3,127,731,682	100.00%

Unit: Baht

Allowance for Doubtful Accounts Ratio	Allowance for Doubtful Accounts	
	2013	2014
1%	20,218,758	25,104,315
1%	1,514,899	1,782,554
2%	2,965,869	3,510,237
100%	80,706,024	105,289,791
100%	62,806,391	108,065,711
100%	13,453,813	50,177,564
Total	181,665,754	293,930,172



Unit : Baht

	2556	2557
Allowance for doubtful accounts	181,665,754	293,930,172
Hire purchase receivables	2,478,625,221	3,127,731,680
Hire purchase receivables - net	2,296,959,467	2,833,801,509
Allowance for doubtful accounts to hire purchase receivables (percent)	8.77	10.49
Allowance for doubtful accounts to hire purchase receivables – net (percent)	9.33	11.46

- Liabilities

At the end of December 2014, total assets was increased 21.52 percent from Baht 1,683.83 million to Baht 2,046.19 million. The major liabilities of the Company is long-term loans which was Baht 1,603.19 million and Baht 1,958.18 million in 2013 and 2014 respectively or 95.21 percent and 95.70 percent of total liabilities respectively.

Unit : Baht

Statement of Financial Position	2013		2014	
Current liabilities				
Trade accounts payables	14,432,226	0.86%	2,622,408	0.13%
Current portion of long-term loans	952,055,532	56.54%	1,155,216,199	56.46%
Current portion of financial lease payables	572,220	0.03%	1,598,033	0.08%
Income tax payable	26,470,356	1.57%	39,167,038	1.91%
Insurance premium payables	10,336,981	0.61%	10,654,078	0.52%
Accrued expenses	19,863,588	1.18%	16,139,377	0.79%
Other current liabilities	4,930,999	0.29%	11,057,462	0.54%
Total current liabilities	1,028,661,902	61.09%	1,236,454,595	60.43%
Non-current liabilities				
Long-term loans – net of current portion	651,133,470	38.67%	802,965,439	39.24%
Financial lease payables – net of current portion	507,515	0.03%	1,632,162	0.08%
Provision for long-term employee benefits	3,525,497	0.21%	5,140,410	0.25%
Total non-current liabilities	655,166,482	38.91%	809,738,011	39.57%
Total liabilities	1,683,828,384	100.00%	2,046,192,606	100.00%



- Source of Funds

As in end of 2013 and 2014, the Company had source of funds as follow:

Unit : Baht

	2013		2014	
Loans	1,603,189,002	65.59%	1,958,181,638	65.01%
Current portion of long-term loans	952,055,532	38.95%	1,155,216,199	38.35%
Long-term loans – net of current portion	651,133,470	26.64 %	802,965,439	26.66%
Shareholders' equity	841,005,824	34.41%	1,054,027,883	34.99%
Total	2,444,194,826	100.00%	3,012,209,521	100.00%

Loans in 2013 and 2014 were Baht 1,603.19 million and Baht 1,958.18 million respectively. Shareholders' equity was Baht 841.01 million and Baht 1,054.03 million respectively. However, debt to equity ratio in 2013 and 2014 was 2 times and 1.97 times respectively which was the average in the hire purchase industry. In addition, aforementioned ratio made the capital structure in accordance with credit financing agreement.

14.2 Factors Affecting the Financial Position and Operating Performance

- 1) In aggressively competitive environment, an increase of the hire purchase credit unbalancingly will cause to setting up the higher allowance for doubtful accounts as well as more bad debts and loss on impairment and disposal of assets, and less of net profit margin.
- 2) Decrease in the repayment ability resulting from the economic crisis.
- 3) After the IPO at the beginning of 2014, the total paid up shares will increase from 533 million shares to 613 million shares with Baht 1.00 of par value. In case the increased capital cannot generate more net profit margin than the previous ratio, the earning per share might decrease in accordance with the fully-diluted basis.



Attachment 1

Details of Directors, Management, Controlling Persons and Secretary of the Company

**Details of Directors, Management, Controlling Persons and Secretary of the Company**

Name	Age (year)	Educational Qualification / Directorship Training	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
					Period	Position	Organization / Company / Type of Business
1. Mr. Samart Chiradamrong	62	Master Degree in Engineering Management, University of St.Louis, Philippines Directors Accreditation Program (DAP) Class 5/2004, IOD	Direct : 1.87 Indirect ¹ : 9.57	Father of Miss Katika Chiradamrong (Company Secretary)	2013-Present	Chairman	S 11 GROUP PCL / Hire Purchase
					July 2011-2013	Chairman / Managing Director	S 11 GROUP PCL / Hire Purchase
					2007-2011	Vice President / Managing Director	GROUP LEASE PCL / Hire Purchase
					1990-2011	Vice President / Managing Director	GROUP LEASE PCL / Hire Purchase
					1988-1989	Managing Director	MBT FACTORING CO., LTD. / Factoring
					1980-1986	Managing Director	HIWAY CO., LTD. / Hire Purchase
2. Mr. Surasak Khemthongkum	49	MBA, Rangsit University Directors Accreditation Program (DAP) Class 63/2007, IOD	Direct : 0.34 Indirect ¹ : 0.25	None	2013-Present	Director / Managing Director	S 11 GROUP PCL / Hire Purchase
					July 2011-2013	Director / Credit & Marketing Manager	S 11 GROUP PCL / Hire Purchase



Name	Age (year)	Educational Qualification / Directorship Training	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
					Period	Position	Organization / Company / Type of Business
		Accounting for Non Accounting Audit Committee , SET			2007-2011	Director / Credit & Marketing Manager	GROUP LEASE PCL / Hire Purchase
					2003-2007	Credit & Marketing Manager	GROUP LEASE PCL / Hire Purchase
					1996-2003	Credit Supervisor	GROUP LEASE PCL / Hire Purchase
					1991-1996	Personnel & Administration	GROUP LEASE PCL / Hire Purchase
					1987-1990	Asset Investigation Officer	HIWAY CO., LTD. / Hire Purchase
3. Mr. Sirawat Wanglee	41	MBA, Kenan Flagler Business Scholl, University of North Carolina at Chapel Hill, USA Directors Accreditation Program (DAP) Class 81/2009, IOD	Direct : 10.32 Indirect ¹ : 1.08	None	2011-Present	Director	S 11 GROUP PCL / Hire Purchase
					2008-Present	Managing Director	WEERAWONG CO., LTD. / Real Estate
					2010-Present	Managing Director	WEERAWONG ESTATE CO., LTD. / Real Estate
					2008-2011	Fiscal Analyst	Ministry of Finance



Name	Age (year)	Educational Qualification / Directorship Training	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
					Period	Position	Organization / Company / Type of Business
4. Mr. Richard Wee Keng Kwok	50	B.A. Law University of Kent, Canterbury, United Kingdom Directors Accreditation Program (DAP) Class 108/2014, IOD	Direct : 18.20 Indirect ¹ : 0.00	None	2011-Present	Director	S 11 GROUP PCL
					2008-Present	Director	The Excimer Centre Pte.Ltd. / Optical Business
5. Mr. Ee Guan Hui Gilbert	49	Bachelor of Business Administration, National University of Singapore Directors Accreditation Program (DAP) Class 108/2014, IOD	Direct : 10.36 Indirect ¹ : None	None	2011-Present	Director	S 11 GROUP PCL / Hire Purchase
					2007-Present	Chief Executive Officer	GSH Corporation Ltd./ Real Estate Development / Real Estate Development
6. Mr. Thosaporn Lerdphan	47	Bachelor of Commerce and Accountancy, Krirk University Directors Accreditation Program (DAP) Class 105/2013, IOD	Direct : 0.45 Indirect ¹ : 0.42	Spouse of Miss. Watcharaporn Meruthong	July 2011-Present	Director / IT Manager	S 11 GROUP PCL / Hire Purchase
					2004-2011	IT Manager	GROUP LEASE PCL / Hire Purchase
					1991-2004	IT Division Chief	GROUP LEASE PCL / Hire Purchase



Name	Age (year)	Educational Qualification / Directorship Training	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
					Period	Position	Organization / Company / Type of Business
7. Mr. Chatchai Chotanakarn	61	M.S.(Computer Science) Florida Institute of Technology (USA) M.S.(Agricultural Economics) Kasetsart University Directors Accreditation Program (DAP) Class 62/2007, IOD	None	None	2013-Present	Chairman of the Audit Committee / Independent Director	S 11 GROUP PCL / Hire Purchase
					2014-Present	Advisory of Managing Director	BANGKOK LIFE ASSURANCE PCL / Life Assurance
					2008-2013	IT Senior Vice President	BANGKOK LIFE ASSURANCE PCL / Life Assurance
					2011-2007	IT Director	BANGKOK LIFE ASSURANCE PCL / Life Assurance
					1998 - 2000	IT Director	Financial Sector Restructuring Authority Organization
					1994 – 1998	IT Director	SAVCO WHOLESALE CO., LTD.
					1987 - 1994	Project Manager	BANK OF THAILAND



Name	Age (year)	Educational Qualification / Directorship Training	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
					Period	Position	Organization / Company / Type of Business
					1982 – 1987	IT Chief	Department of Agriculture Extension
					1978 - 1980	Chief Research and Evaluation	Department of Agriculture Extension
8. Mrs. Vachira Na Ranong	59	MBA in Finance, MARSHALL University, USA Director Certification Program (DCP) Class 124/2009, IOD Directors Accreditation Program (DAP) Class 61/2007, IOD Capital Market Academy Class 8	None	None	2013 – Present	Audit Committee / Independent Director	S 11 GROUP PCL / Hire Purchase
					2012 - Present	Director / Treasurer	THAI INVESTOR ASSOCIATION
					2003-2010	Deputy Secretary	General Administration Group Government Pension Fund (GPF)
					December 2002 – August 2003	Project Advisor	Fiscal Policy Research Institute (FPRI)
					January 1998 – November 2002	Assistant Secretary General	Financial Sector Restructuring Authority (FRA)
					December 1989 – September 1997	Vice President	FINANCE ONE PCL



Name	Age (year)	Educational Qualification / Directorship Training	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
					Period	Position	Organization / Company / Type of Business
					January 1988 – November 1989	Director	The Siam Sanwa Industrial Credit Co., Ltd. (SICCO)
					November 1979 – December 1987	Manager	Thai Investment and Securities Co., Ltd. (TISCO)
					February 1979 – November 1979	Officer	SGV NA THALANG CO., LTD.
9. Mr. Thanisorn Dejthamrong	61	Ph. D. (Economics), University of Washington, Seattle, Washington, USA Directors Accreditation Program (DAP) Class 106/2013, IOD	None	None	2013-Present	Audit Committee / Independent Director	S 11 GROUP PCL / Hire Purchase
					2006-Present	Economic Advisor	BANPU PCL / Energy
					2003-2005	Project Advisor	Fiscal Policy Research Institute Foundation
					2003-2005	Project Advisor	Government Saving Bank, Bank for Agriculture and Agricultural Cooperatives



Name	Age (year)	Educational Qualification / Directorship Training	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
					Period	Position	Organization / Company / Type of Business
					1998-2003	Director of Research Information Office	Financial Restructuring Authority (FRA)
					1995-1998	Assistant Managing Director	Kiatnakin Finance and Securities PLC
					1990-1992	Research Economist	Research and Training Centers of Southeast Asian Central Banks (SEACEN) Malaysia, seconded by the Bank of Thailand
					1988-1995	Assistant Economists	THE BANK OF THAILAND
					1982-1985	Economists	THE BANK OF THAILAND
10. Mr. Krisakorn Netprapa	44	MBA, West Coast University, USA	Direct : 0.29 Indirect ¹ : 0.00	None	2013-Present	Credit & Marketing Manager	S 11 GROUP PCL / Hire Purchase
					May 2011-2013	Marketing Division Chief	S 11 GROUP PCL / Hire Purchase



Name	Age (year)	Educational Qualification / Directorship Training	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
					Period	Position	Organization / Company / Type of Business
					2006-2012	Marketing Division Chief	GROUP LEASE PCL / Hire Purchase
11. Mr. Wanchai Boontham	56	BA of Law, Ramkhamhaeng University Mini M.B.A , Class RMM II, Rangsit University	Direct : 0.53 Indirect ¹ : 0.00	None	July 2011-Present	Account Management Manager	S 11 GROUP PCL / Hire Purchase
					2002-2011	Collection Service & Credit Collection Manager	GROUP LEASE PCL / Hire Purchase
					1992-2002	Collection Service & Credit Collection Manager Division Chief	GROUP LEASE PCL / Hire Purchase
					1990-1992	Credit Analyst Officer	GROUP LEASE PCL / Hire Purchase
					1985-1990	Court Execution Officer	HIWAY CO., LTD. / Hire Purchase
12. Miss. Watcharaporn Meruthong	46	Bachelor Degree in Accountant, Kirk University Bachelor Degree in Accountant, Chankrasem Rajabhat University	Direct : 0.42 Indirect ¹ : 0.45	Spouse of Mr. Thosaporn Lerdbhan	July 2011 -Present	Accounting & Finance Manager	S 11 GROUP PCL / Hire Purchase
					2005 -2011	Office of Internal Audit Manager	GROUP LEASE PCL / Hire Purchase



Name	Age (year)	Educational Qualification / Directorship Training	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
					Period	Position	Organization / Company / Type of Business
		MICRO MBA of Commerce and Accountancy, Chulalongkorn University			2004 -2011	Accounting & Finance Manager	GROUP LEASE PCL / Hire Purchase
					2004 -2011	Assistant Company Secretary	GROUP LEASE PCL / Hire Purchase
					2004- 2011	Assistant Secretary of Board of Director	GROUP LEASE PCL / Hire Purchase
					2004 -2011	Assistant Secretary of Audit Committee	GROUP LEASE PCL / Hire Purchase
					1991-2004	Accountant	GROUP LEASE PCL / Hire Purchase
13. Miss. Jamsiri Sangkarak	43	Bachelor Degree in HR, Sripatum University	Direct : 0.12 Indirect ¹ : 0.00	None	May 2011-Present	Personnel & Administration Manager	S 11 GROUP PCL / Hire Purchase
					2006-2011	Personnel Division Chief	GROUP LEASE PCL / Hire Purchase
14. Miss. Aree Srikratot	45	Bachelor Degree in Market, Phranakorn Rajabhat University	Direct : 0.11 Indirect ¹ : None	None	May 2011 -Present	Operation Manager	S 11 GROUP PCL / Hire Purchase
					1992-2011	Branch Office Chief	GROUP LEASE PCL / Hire Purchase



Name	Age (year)	Educational Qualification / Directorship Training	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
					Period	Position	Organization / Company / Type of Business
15. Mrs. Wanna Laichareonwong	55	Bachelor Degree in Business Administrative, Bangkok University Mini M.B.A. Class RMM II, Bangkok University	Direct : 0.35 Indirect ¹ : 1.09	None	February 2014 -Present	Audit Committee Secretary / Office of Internal Audit Manager	S 11 GROUP PCL / Hire Purchase
					September 2011 - 2013	Managing Director Secretary	S 11 GROUP PCL / Hire Purchase
					2008-2011	Company Secretary	GROUP LEASE PCL / Hire Purchase
					1990-2011	Managing Director Secretary / Management Secretary	GROUP LEASE PCL / Hire Purchase
					1985-1990	Inventory Planning Chief	NIKS (THAILAND) CO., LTD. / Camera Agency
1979-1984	Account Closing & Conveyance & Card Collection Chief	HIWAY CO., LTD. / Hire Purchase					
16. Miss. Katika Chiradamrong	31	MS (Actuary and Risk Management), NIDA University Directors Accreditation Program (DAP) Class 105/2013, IOD	Direct : 0.00 Indirect ¹ : 10.25	Daughter of Mr. Samart Chiradamrong	2011-Present	Company Secretary / Secretary of Board of Director / Secretary of Oversight Risk Management Committee	S 11 GROUP PCL / Hire Purchase

Remark: ¹ indirect shareholding including proportion of shareholding in the Company of spouse and/or minor child and/or proportion shareholding in S Charter Co., Ltd.

**Details of Management and Controlling Persons in Other Company**

NAME POSITION	S 11 GROUP PCL	S CHARTER CO., LTD.	S 11 MANAGEMENT CO., LTD.	WEERAWONG CO., LTD.	WEERAWONG ESTATE CO., LTD.	SAHAPITAKSIN CO., LTD.	WANGLEE CO., LTD.	THE EXCIMER CENTER PTE. LTD. (Singapore)	GSH CORPORATION CO., LTD.	BANGKOK LIFE ASSURANCE PCL
1. Mr. Samart Chiradamrong / Chairman	X	I	I							
2. Mr. Surasak Khemthongkum / Director / Managing Director	I, III	I	I							
3. Mr. Sirawat Wanglee / Director	I			I, III	I, III	I	I			
4. Mr. Richard Wee Keng Kwok / Director	I							I		
5. Mr. Ee Guan Hui Gilbert / Director	I								III	
6. Mr. Thosaporn Lerdbhan / Director / IT Manager	I, III	I	I							
7. Mr. Chatchai Chotanakarn / Chairman of Audit Committee / Independent Director	I, II									III



NAME POSITION	S 11 GROUP PCL	S CHARTER CO., LTD.	S 11 MANAGEMENT CO., LTD.	WEERAWONG CO., LTD.	WEERAWONG ESTATE CO., LTD.	SAHAPITAKSIN CO., LTD.	WANGLEE CO., LTD.	THE EXCIMER CENTER PTE. LTD. (Singapore)	GSH CORPORATION CO., LTD.	BANGKOK LIFE ASSURANCE PCL
8. Mrs. Vachira Na Ranong / Audit Committee / Independend Director	I, II									
9. Mr. Thanisorn Degthamrong Audit Committee / Independend Director	I, II									
10. Mr. Krisakorn Netprapa / Credit & Marketing Manager	III									
11. Mr. Wanchai Boontham / Account Management Manager	III									
12. Miss. Watcharaporn Meruthong / Finance & Accounting Manager	III									
13. Miss. Jamsiri Sangkarak / Personnel & Administration Manager	III									



NAME POSITION	S 11 GROUP PCL	S CHARTER CO., LTD.	S 11 MANAGEMENT CO., LTD.	WEERAWONG CO., LTD.	WEERAWONG ESTATE CO., LTD.	SAHAPITAKSIN CO., LTD.	WANGLEE CO., LTD.	THE EXCIMER CENTER PTE. LTD. (Singapore)	GSH CORPORATION CO., LTD.	BANGKOK LIFE ASSURANCE PCL
14. Miss. Aree Srikrairot / Operation Manager	III									
15. Mrs. Wanna Laichareonwong / Office of Internal Audit Manager	III									

Remark

X = Chairman I = Director II = Audit Committee III = Management



Attachment 2

Details of Head of Internal Audit and Head of Internal Compliance

**Details of Head of Internal Audit of the Company**

Name Position Appointment Date	Age (years)	Educational Qualification Training Course Program	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
					Period	Position	Organization / Company / Type of Business
Mrs. Wanna Laichareonwong / Office of Internal Audit Manager / February, 20, 2014	55	Bachelor Degree in Business Administrative, Bangkok University Mini M.B.A. Class RMM II, Bangkok University	Direct : 0.35 Indirect ¹ : 1.09	None	February 2014 - Present	Audit Committee Secretary / Office of Internal Audit Manager	S 11 GROUP PCL / Hire Purchase
					September 2011 - 2013	Managing Director Secretary	S 11 GROUP PCL / Hire Purchase
					2008-2011	Company Secretary	GROUP LEASE PCL / Hire Purchase
					1990-2011	Managing Director Secretary / Management Secretary	GROUP LEASE PCL / Hire Purchase
					1985-1990	Inventory Planning Chief	NIKS (THAILAND) CO., LTD. / Camera Agency
					1979-1984	Account Closing & Conveyance & Card Collection Chief	HIWAY CO., LTD. / Hire Purchase

Remark: ¹ indirect shareholding including proportion of shareholding in the Company of spouse and/or minor child and/or proportion shareholding in S Charter Co., Ltd.

**Detail of Outsource Organization Appointed for Internal Auditing**

Juristic Person	Name of Authorized Person	Position	Age (years)	Educational Qualification	Shareholding in the Company (%)	Relationship with other Director and Management	Work Experience		
							Period	Position	Organization / Company / Type of Business
AMC International Consulting Co., Ltd.	Mrs. Salin Niwatphumin	CEO	44	<ul style="list-style-type: none"> - M.B.A. in Finance and Marketing, Sasin, Chulalongkorn University (1 term studied at JL Kellogg, Northwest University, USA) - B.A. in Communications, University of Ottawa, Canada - Attended many training courses including management, risk analysis, internal audit, accounting, finance and banking 	None	None	2004-Present	CEO	AMC International Consulting Co., Ltd.
							2010-Present	Lecturer of Internal Control and Internal Audit Subject	Faculty of Commerce and Accountancy, Thammasart University
							2013-Present	Director Member of Oversight Risk Management Committee	Walailak University
							2009-2011	Honorary Member of Following, Auditing and Evaluating Committee	Walailak University
							2004-2008	CEO of AMC Office	AMC International Consulting Co., Ltd.
							2001-2004	Vice President, Credit Large Customer Department, Bangkok Sub-Branch	BNP Paribas (Thailand) / Bank
							1997-2001	Relationship Manager, Credit Large Customer and Communication Department, Bangkok Sub-Branch	HSBC (Thailand) / Bank
							1993-1996	Assistant Manager, Investment Banking-Capital Market (Bond and Derivative)	Nithipat Securities PCL



Attachment 3

Internal Control System Assessment Questionnaire





Internal Control Assessment Questionnaire

Background and Objectives

Proper Internal Control system is vital to listed companies as it shall prevent, manage and mitigate risk and loss that could impact the companies and their stakeholders. Therefore, Board of Directors is accountable to oversee that the company have implemented proper internal control system that is sufficient to govern and direct the company to achieve its missions and goals while complying with laws and regulations. Besides, the internal control system should also prevent the company from fraud and physical damage and ensure correct accounting and financial reporting.

The Securities Exchange Commission (SEC), coordinated with the Price Waterhouse Cooper (Thailand), had developed this Internal Control Assessment Questionnaire as a tool for listed companies for their self-assessment.

The questionnaire adopted the internal control concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which was revised on May 2013 and was adjusted to be applicable to Thai listed company. The questionnaire is constructed in 5 key areas including Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities.

Use of Questionnaire

The companies should apply this questionnaire as guidance for internal control assessment at least annually and may reassess in case of unexpected event which may impact its operations significantly. The assessment should be reviewed by the Audit Committee and the Board in order to lead to discussion about proper improvement of internal control system.

The assessment should be based on execution of the control. If the assessment reflects insufficient control in some areas, the company should provide with rationale and improvement method.



Control Environment

1. The organization demonstrates a commitment to integrity and ethical value.

Question	Yes	No
1.1 Board of Directors and senior management articulate and demonstrate the importance of integrity and ethical values across the organization. The various forms and mechanisms may include: <ul style="list-style-type: none"> 1.1.1 Day-to-day actions and decision making at all levels of the organization that are consistent with the expected standards of conduct. 1.1.2 Interactions with suppliers, customers, and other external parties. 	 ✓ ✓	
1.2 Practice of integrity and ethics is in place which may include: <ul style="list-style-type: none"> 1.2.1 Appropriate code of conduct for all employees 1.2.2 Prohibition of conflict of interest and corruption 1.2.3 Penalty when employee action deviates from the standard code of conduct 1.2.4 Communicate the standard code of conducts and penalty when its violated to all level of employees and external parties for adherence. 	 ✓ ✓ ✓ ✓	
1.3 A process of ongoing and separate evaluation of Code of Conduct is in place including; <ul style="list-style-type: none"> 1.3.1 Ongoing and separated evaluation by Internal Audit Unit or Compliance Unit 1.3.2 Employees self-evaluation 1.3.3 Separate evaluation by independent and external experts 	 ✓ ✓ ✓	
1.4 Deviations of the expected standard code of conduct are identified and remedied in a timely and consistent manner. <ul style="list-style-type: none"> 1.4.1 Having a process to investigate deviations of the expected standard code of conduct. 1.4.2 Having a process to penalize and conduct an appropriate action taken in timely basis. 1.4.3 The corrective action should be taken in consistent and timely basis. 	 ✓ ✓ ✓	



2. The Board of Directors is independent from the management and is accountable for an oversight of the development and performance of internal control.

Question	Yes	No
2.1 The board of directors demonstrate independence from management by their roles and responsibilities. The board must therefore retain objectivity in relation to management.	✓	
2.2 The board of directors oversee the business objectives to ensure that they are clearly defined and measurable to be a guidance for management and other employees.	✓	
2.3 The board of directors oversee the clear line of roles and responsibilities of the board committees and senior management and compliance with law and regulations. This includes the roles and responsibilities of audit committee, external auditors, internal auditors and the person with responsibility for financial reporting.	✓	
2.4 The director is competent and has expertise in business or ability to request for the experts when needed.	✓	
2.5 The board of directors consists of sufficient number of independent directors who are knowledgeable and independent.	✓	
2.6 The board of directors oversee the development and execution of internal control system including control environment, risk assessment, control activities, information and communication, and monitoring activities.	✓	

3. With the board oversight, Management establishes structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Question	Yes	No
3.1 Management establish organization structure which support the organization's goal, which taking into account business, regulation, and effective internal control system e.g. segregation of duties.	✓	
3.2 Senior management define reporting line which considered appropriate accountabilities, responsibilities and communication channel.	✓	
3.3 Clear and appropriate authority delegation of authority among the board of directors, senior management, management and staff is in place.	✓	



4. The organization demonstrates a commitment to attract, develop, and retain competent individuals.

Question	Yes	No
4.1 Policies and practice to attract, develop, and retain competent individuals is in place and is reviewed regularly.	/	
4.2 The organization has processes of performance evaluation, incentive, reward and penalty. The processes are communicated to all level of management and employees.	/	
4.3 The organization has a procedure to handle insufficiency of competent staff properly.	/	
4.4 The organization has a human resource management process of recruiting, development, mentoring, coaching, retaining for all level of management and employees.	/	
4.5 The organization has the appropriate succession plan.	/	

5. The organization assigns roles and responsibility of internal control in the pursuit of objectives.

Question	Yes	No
5.1 The board of directors and management establish the mechanisms to communicate and enforce accountability for performance of internal control responsibilities across organization and implement corrective action as necessary.	/	
5.2 The board of directors and management establish proper performance evaluation, incentives, and rewarding system taking into account code of conduct, short-term and long-term business objectives.	/	
5.3 The board of directors and management align incentives and rewards with the fulfillment of internal control responsibilities in the achievement of objectives.	/	
5.4 The board of directors and management evaluate and adjust pressures associated with the achievement of objectives as they assign responsibilities.	/	



Risk Assessment

6. Organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Question	Yes	No
6.1 The organization complies with the Generally Accepted Accounting Principles (GAAP) that are appropriate for its business and ensures the existence, completeness, rights and obligation, and valuation.	✓	
6.2 The organization defines financial materiality by assessing factors such as stakeholders, transaction size, and business trends.	✓	
6.3 The organization's financial statements reflect actual operational activities.	✓	
6.4 The board of directors or the Risk Management Committee approves and communicates risk management policies to management and employees as part of the organization culture.	✓	

7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as basis for determining how the risks should be managed.

Question	Yes	No
7.1 The organization identifies comprehensive risk that may affect the operational activities at corporate level, entity level, unit level, and functional level.	✓	
7.2 The organization assess comprehensive risk that may result from internal and external factors, including strategic risk, operational risk, reporting risk, compliance risk, and IT risk.	✓	
7.3 Management of all level participates in risk management.	✓	
7.4 The organization prioritize risk through frequency and impact assessment.	✓	
7.5 The organization has measures and plans to manage risk through risk acceptance, risk reduction, risk avoidance, or risk sharing.	✓	



8. The organization considers the potential for fraud in assessment risks to the achievement of objectives.

Question	Yes	No
8.1 The organization assess fraud risk resulting from falsify reporting, financial loss, corruption, management override of internal controls, misrepresentation of material reports, or embezzlement.	✓	
8.2 The organization reviews its performance measurements through achievement likelihood assessment and reviews incentive program to ensures that it does not encourage misconduct such as unrealistic target to encourage misrepresentation.	✓	
8.3 Audit Committee reviews and inquires management regarding fraud likelihood and fraud preventive and corrective measures.	✓	
8.4 The organization communicates to its employees to ensure that they understand and comply with policies and guidelines.	✓	

9. The organization identifies and assesses changes that could significantly impact the system of internal control.

Question	Yes	No
9.1 The organization assess external changes that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	✓	
9.2 The organization assess changes in business operation that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	✓	
9.3 The organization assess changes in organization leaders that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	✓	



Control Activities

10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Question	Yes	No
10.1 The organization's control measures are appropriate with its organization specific risks such as environmental, operational complexity, functional, operational boundary, and other specifics.	✓	
10.2 The organization has written internal control measures that appropriately covers its activities, which includes roles and responsibilities, and clearly indicate level of authority to prevent fraud.		
10.2.1 Collect and regularly update information on major shareholders, Directors, Management, and their related parties to assist in monitoring and reviewing related party transactions or conflict interest transactions.	✓	
10.2.2 In case the organization approves or enters into long-term contract with related party, the organization monitors to ensure compliance throughout the contract duration.	✓	
10.3 Control activities include a range and variety of controls and may include a balance of approaches to mitigate risk, considering both manual and automated controls, and preventive and detective controls.	✓	
10.4 Management considers control activities at various levels in the entity.	✓	
10.5 The organization segregates the following duties: (1) approval (2) data entry (3) custodial	✓	



11. The organization selects and develops general control activities over technology to support the achievement of objectives.

Question	Yes	No
11.1 The organization should determines the dependency and linkage between business processes and technology general controls.	✓	
11.2 The organization should have a proper control on IT infrastructure.	✓	
11.3 The organization should have a proper IT security system.	✓	
11.4 The organization should have a proper control on acquisition, development and maintenance of IT system.	✓	

12. The organization deploys control activities through policies that establish what is expected and in procedure that put policies into action.

Question	Yes	No
12.1 The organization has a policy that prevents major shareholders, directors, management from trading based on inside information by using approval process guided by regulators.	✓	
12.2 The organization has a policy indicated that transaction approval process has to be executed by an independent without conflict of interest.	✓	
12.3 The organization has a policy indicated that transaction approval processes are based on arm's length principle.	✓	
12.4 The organization has a process to monitor performance and provide directions to its subsidiaries.	✓	
12.5 The organization defines roles and responsibilities for its management and employees to carryout policies and processes.	✓	
12.6 The organization reviews the appropriateness of its policies and processes regularly.	✓	



Information & Communication

13. The organization obtains or generates and users relevant, quality information to support the functioning of other components of internal control.

Question	Yes	No
13.1 A process is in place to identify quality and relevance internal and external information required to achieve the objectives.	✓	
13.2 Information usage costs and benefits are considered. The consideration should include quantity and correctness of information.	✓	
13.3 The board of directors has material information sufficiently to make decision. The information may include detail of the agenda, reason, impact to the organization and optional solution.	✓	
13.4 The organization has processes to schedule the board meeting and provide necessary and sufficient supporting information before a specific time as the requirement by laws or regulation.	✓	
13.5 The organization should document sufficient information in the board of directors' minute of meeting to ensure appropriateness of directors duties, for examples, memo probing the question to management, comments and reason of disagreement	✓	
13.6 The organization has proper		
13.6.1 Document retention process to ensure completeness and filing of all important documents.	✓	
13.6.2 Control deficiencies and corrective action report from both external and internal auditors.	✓	



14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components internal control.

Question	Yes	No
14.1 The organization effectively communicates relevant and timely information regarding internal control to external parties and provides appropriate communications channels.	✓	
14.2 The organization reports material information to the board of directors consistently. Otherwise, the board of directors is enabled to access necessary information regards of their duties or reviews transaction i.e. the directors allows to request information from assigned a contact person, external auditors, internal auditors and they can request for the board meeting and other meeting between directors and senior managements.	✓	
14.3 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from internal parties.	✓	

15. The organization communicates with external parties regarding matters affecting the functioning of other components of internal control.

Question	Yes	No
15.1 The organization effectively communicates relevant and timely information regarding internal control to external parties and provides appropriate communications channels i.e. investor relation and customer complain hotline.	✓	
15.2 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from external parties.	✓	



Attachment 4

Report of the Audit Committee





Report of the Audit Committee

The Audit Committee of the Company comprises of three independent directors including:

1. Mr.Chatchai Chotanakarn President of Audit Committee and Independent Director
2. Mr.Thanisorn Dejthamrong Audit Committee and Independent Director
- 3 Mrs.Vachira Na Ranong Audit Committee and Independent Director

The Audit Committee independently performed its duties, as assigned by the Board of Directors, in accordance with the Charter of Audit Committee to review and serves best interest for all parties.

In 2014, the Audit Committee held 9 meetings with 100% attendance by the members. The Committee considered and reviewed quarterly and annual financial statements audited by external auditor as well as considered the process to maintain and develop internal audit quality in providing independent and objective manner and with value creation to the Company.

- Review of financial statements

The Audit Committee reviewed significant data and information in the quarterly and annual financial statements of the Company for the year 2014, considered the appropriateness, and accurate of financial statements disclosure policy, and concluded that the financial statements present fairly, in all material respects in accordance with Thai Financial Reporting Standard.

- Review of internal control system and internal audit system

The Audit Committee reviewed the results of internal control assessment which were reported by Internal Audit Office and external auditor and concluded that the Company had adequacy internal control appropriated to the Company's business operations, and had no matters significantly negative effected to the Company.

- Review of corporate governance

The Audit Committee instructed guidelines and procedures of information disclosure in accordance with relevant regulations as well as reviewed related party transactions, and concluded that there were no any related party transaction in 2014.

- Review of laws and regulations

The Audit Committee concluded that the Company strictly in accordance with relevant laws and regulations.

- Appointment of the external auditor and review of the audit fee

The Audit Committee reviewed and evaluated the independency of external auditor, and audit scope of quarterly and annual auditing. In 2014, the Audit Committee nominated Miss.Somjai Khunapasut CPA No.4499, Miss.Rattana Jala CPA No.3734 and Miss.Ratchada Yongsawadwanich of CPA No.3951 of EY Office Limited, determined audit fee, and proposed to the Board of Directors and Shareholders.



- Review of risk management.

The Audit Committee and the Board of Directors reviewed the Oversight Risk Management Committee report, considered the probability of fraud, and concluded that the Company incorporates risk management plan to the audit plan of the Office of Internal Audit correspondingly, appropriate, and had no matters significantly negative effected to the Company.

- The attendance of the audit committee:

Audit Committee	Board of Directors' Meetings	Audit Committee's Meetings
Mr. Chatchai Chotanakarn	7/7	9/9
Mr. Thanisorn Dejthamrong	7/7	9/9
Mrs. Vachira Na Ranong	6/7	9/9

In conclusion, the Audit Committee determined the Company's operations resulting in good performance and none of risk significantly to the financial statements for the year ends 2014.

Mr. Chatchai Chotanakarn

Chairman of the Audit Committee and Independent Director

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