



S11

Annual Report 20**16**

S 11 Group Public Company Limited

Motorcycle Hire Purchase Credit Provider



2016 ANNUAL REPORT

S 11 GROUP PUBLIC COMPANY LIMITED



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Message from the Chairman

In 2016, the number of motorcycles registered throughout the country has slightly increased from 2014 and 2015 respectively amid decelerated economic condition. The Company aims to operate its business with due care and sustainable growth. We recognize the quality of debtors as the most important aspect.

As a consequence, in 2016, the Company's operating result has grown continuously. The total revenue was Baht 1,310.08 million, increased by 15.46 percent, and profit for the year was Baht 421.44 million, increased by 19.39 percent. At the end of 2016, the Company recognized the account receivables for hire-purchase contracts equal to Baht 3,894.25 million (Net of provisions and write-offs).

I would 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 for over the years is not by chance, but is through the effort and commitment of all executives and employees. This has allowed the Company to achieve our continuous growth.

In building the success, the Company is to align with the principle of good corporate governance and conduct its business with fiduciary duty and transparency. All stakeholders' benefits are most concerned of. We are also committed to be part of Thailand's economical and social development toward sustainability.

Mr. Samart Chiradamrong
Chairman



Part 1
Business Operation





1. Policy and Overview of S11 Group Business

1.1 Vision Mission and Business Strategies

Vision

The Company aims to be a leading loan service provider as well as conduct a transparent business. Consistent growth is also the goal, along with the contributing to society's educational development.

Mission

The Company is a loan provider to individuals. We commit the following to our stakeholders.

- Mission to the Company

Build stability internally while being flexible to rapid external changes in order to expand our business.

- Mission to the employees

Build a good working environment along with work-life balance of the employees while developing discipline, morals and skills.

- Mission to the shareholders

Earn a satisfying return of investment while the business is conducted with good corporate governance and transparent business policies.

- Mission to the customers and trade partners

Compliance with all laws and fairness in dealings with customers and trade partners

Business strategies

The Company is to focus on the existing markets as there are opportunities of expansion. We hope to maintain the geographical sales ratio as in 2016. As of 31 December 2016, the provincial sales ratios were 71.37 percent in Bangkok and Vicinities, 18.23 percent in Chonburi, 5.20 percent in Ayuthaya, 0.17 percent in Nakhon Pathom, 3.28 percent in Rayong and 1.74 percent in Chanthaburi. In addition, the Company starts providing collateral loan to the existing high quality customer as to supplies their satisfactions.

1.2 Significant corporate events

1.2.1 Historical Background

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

April 2011 : A group of founding shareholders sold their shares to Thai, Singaporean and Japanese investors. Moreover, at the Extraordinary General Meeting of Shareholders no.1/2011 held on April 20, 2011, it was approve that the par value of the Company's share be changed from Baht 100.00 to Baht 5.00 per share.



July 2011 – November 2013

- July 2011

: The Company periodically increased its registered capital between July 2011 to November 2013.
- May 2011

: The Company commenced the motorcycle hire-purchase service in Bangkok and Vicinity areas in which has achieved very positive feedback from both dealers and manufacturers.
- July 2011

: The Company expanded its business to other provinces, initially at Chonburi's Amata Industrial Estate and opening a branch office in Chonburi, corresponding to the business growth in the province.
- August 2011

: The Company continued to expand its market by introducing the service in Rojana Industrial Park in Ayutthaya province.
- September 2011

: The Company purchased a 4 Rai 3 Ngan 69 square wah land for the construction of the current head office of the Company.
- December 2012

: The Company business has grown continually and spread from Bangkok Metropolitan area to Chonburi, Ayutthaya and Chachoengsao.
- December 2013

: The Company registered its conversion to a public limited company on December 18, 2013 with the registered and paid up capital of Baht 533,000,000, consisting of 106,600,000 shares at a par value of Baht 5.00.
- March 2014

: The 2014 Annual General Meeting of the Shareholders approved the increase of the Company's registered capital from Baht 533,000,000 to Baht 613,000,000 by issuing 16,000,000 new ordinary shares with a par value of Baht 5.00 per share as Initial Public Offering (IPO) shares.
- August 2014

: The Company acquired 2 Rai 3 Ngan 15 square wah land in Ta-Pong district, Rayong with the approximate value of Baht 4,500,000 for the construction of the Company's branch office with the aim to support the expansion of the business in eastern area.
- September 2014

: The Extraordinary General Meeting of the Shareholders no.1/2014 held on September 10, 2014 approved the change of a par value from Baht 5.00 per share to 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, 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.
- December 2014

: 66 new trade partners were acquired, with 144 branch offices covering Bangkok Metropolitan area, Chonburi, Ayuttaya, Chachoengsao, Rayong and Chanthaburi.
- February 2015

: The Company listed its shares in the Stock Exchange of Thailand and tender offer newly issued 80,000,000 ordinary shares by way of initial public offering. The Company started trading on February 25, 2015.



September 2015 : The Company acquired 1 Rai 2 Ngan 79 square wah land in Na-Pa district, Chonburi with the approximate value of Baht 5,950,000 for the construction of the Company's branch office with the aim to support the expansion of the business in eastern area.

1.2.2 Key Changes and Essential Developments in 2016

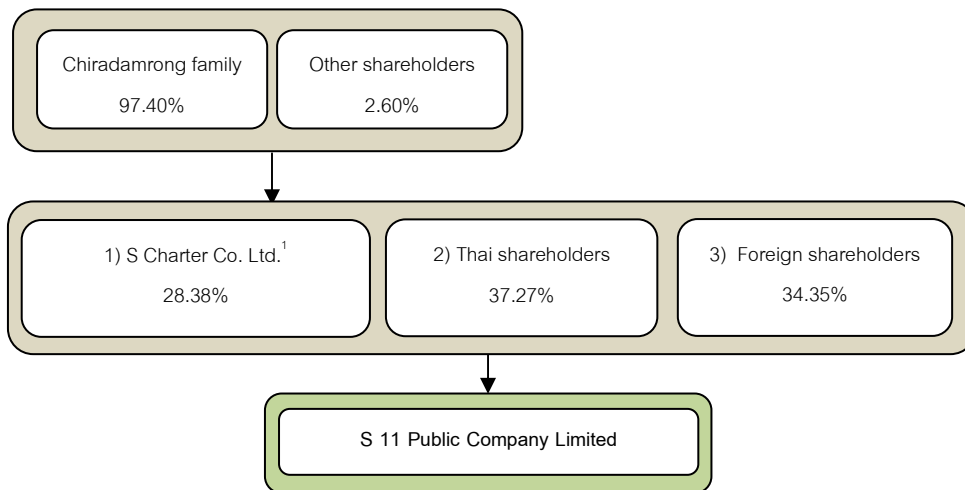
April 2016 : The 2016 Annual General Meeting of Shareholder held on April 7, 2016 approved the issuing and offering debentures and debt instruments which are securities according to the Securities and Exchange Act with a total value of not exceeding Baht 2,000 million.

May 2016 : The Company published the credit rating result held by TRIS Rating Company Limited on May 11, 2016. TRIS Rating assigns the company rating of S11 at "BBB-".

January 2017 : The Company has invested in Mod S Company Limited with the registered and paid-up capital of Baht 1,000,000, consisting of 25 percent of the Company and 75 percent of E-Hong Moddaeng Motor Lease Company Limited of the registered and paid up capital. The objective of the business operation is to manage and develop quality of assets and investigate property execution.

1.3 Shareholding structure

On December 31, 2016, the Company's registered capital was Baht 613,000,000 and paid-up capital was Baht 613,000,000, consisting of 613,000,000 ordinary shares with the par value of Baht 1.00 per share. The shareholding structure of the Company consisted of 28.38 percent held by S charter Co. Ltd., 34.35 percent held by foreign investors and 37.27 percent held by other Thai investors who are concerned with S Charter Co. Ltd.



Remark: Major shareholders' report as at the closing date of the share-registered book, January 9, 2017 prepared by Thailand Securities Depository Co., Ltd. (TSD)

¹97.40 percent of the totals shares in S Charter Co., Ltd. are held by Mrs. Katika Kusawadee, Mr. Karn Chiradamrong, Mr.Samart Chiradamrong, Mrs.Chalatip Chiradamrong and Mr.Chatchai Chiradamrong, while 2.60 percent held by other shareholders.



1.4 Relations with the major shareholders of the business group

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



2. Business Feature

2.1 Overall View of the Company's Business

The Company conducts loan services for the hire-purchase of motorcycles, targeting individuals earning stable, mid to low range of income. Motorcycles under hire-purchase are 97.80 percent new and 2.20 percent used, with average price per motorcycle of Baht 50,000 – 52,500. Over 90 percent of the motorcycles are Honda. Others are of popular Japanese brands, i.e. Yamaha, Kawazaki, and Suzuki.

2.2 Revenue Structure

Unit: Baht

Type of Revenues	2014		2015		2016	
Hire-purchase interest incomes ¹	887,504,649	95.02%	1,068,497,872	94.17%	1,207,904,169	92.20%
Fee and service incomes ²	37,690,150	4.04%	48,078,800	4.24%	53,035,136	4.05%
Other incomes ³	8,830,416	0.95%	18,049,971	1.59%	49,140,867	3.75%
Total revenues	934,025,215	100.00%	1,134,626,643	100.00%	1,310,080,172	100.00%

Remarks: ¹Hire-purchase interest incomes are net of commission fees and direct expenses

²Fee and service incomes are penalty fees for overdue, tax renewal and ownership transfer registration service fees.

³Other incomes are 1) income from reversal of (a) sales of repossessed assets and (b) bad debts recovery, and 2) discount on motorcycle insurance.

As at 31 December 2015, the revenue structure of the Company comprised of 94.17 percent of hire-purchase interest incomes, 4.24 percent of fee and service incomes, and 1.59 percent of other incomes. While the revenue structure as of 31 December 2016 comprised of 92.20 percent of hire-purchase interest incomes, 4.05 percent of fee and service incomes, and 3.75 percent of other incomes.

2.3 Nature of Service

The Company conducts loan services for the hire-purchase of motorcycles which is not regulated by Bank of Thailand. The services are provided to customers purchasing motorcycles from the dealers who are to introduce the Company's hire-purchase services to the customers. When a loan proposal is approved, the loan service provider is to pay the purchased motorcycle cost to the dealer.

Relevant parties in the motorcycle hire-purchase business are the hire-purchase service provider (the Company), motorcycle dealers, and customers who apply for the hire-purchase loan. Details are as follows.

2.3.1 Loan service provider

The Company, as a motorcycle hire-purchase loan service provider, offers credit services under terms detailed in the "Rate Sheet" based on motorcycles' brand and model to the customers. Rate sheet or hire-purchase service conditions are; for example, credit amount, down payment amount, term and installment of payment, registration fee, and loss insurance. When there is a customer requesting for the service, they are required to complete the hire-purchase and guarantee (if any) contracts, and submit relevant documents, e.g. an ID card, a house registration, a bank statement showing income received (if any), and a consent letter to disclose the information at the Credit Bureau. All the above stated documents are, then, to be sent to the Company's head office for consideration.

Once the loan application is approved, the Company's credit analyst officer arranges the hire-purchase and guarantee (if any) contracts together with other relevant documents for signing. All signed documents are to be submitted to the Company for the authorized signatories first, then sent back the customer's copy.



2.3.2 Motorcycle Dealers

Motorcycle dealers are channels to the customers. There are dealers and sub-dealers who have direct contact with the customers. It is inevitable that the dealers can significantly influence the customers' choices of loan service providers; therefore, there is no dealer which has introduced more than 30 percent of the total hire-purchase receivables in order to reduce the Company's business risk.

All motorcycle brands co-operate with the Company. Loan approval to brand ratio conforms to the market share of each brands. Popularity ranking of motorcycles are Honda, Yamaha, Kawasaki, and Suzuki, respectively. As of 31 December 2016, Honda had accounted for the highest proportion of 94.25 percent, followed by Yamaha of 5.04 percent, and others of 0.71 percent. The Company's total receivables are new motorcycles which accounted for 97.80 percent.

2.3.3 Customers

The Company's target customers are individuals with stable middle to low income such as government official or company employees, and factory employees. Most of the customers cannot provide sufficient financial evidence in order to be eligible for loan service provided by financial institutions.

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

1. Customers with sufficient financial evidences

Most of this customer resides in Bangkok and the surrounding Vicinity, with permanent occupations and stable incomes. Their financial records can be checked with financial institutions. Customers and guarantors are required to present ID cards and copies of salary receipts. As of 31 December 2016, the customers of this type accounted for 23.62 percent of the Company's customers.

2. Customers without sufficient financial evidences

Most of this customer is, for instance, merchants, general contractors or motorcycle taxi riders. It is essential to have direct contact and be acquainted with these customers. They and their guarantors are required to present ID cards to the credit analyst officer who must then verify the information by visiting the customers' residence. As of 31 December 2016, the customers of this type accounted for 76.38 percent of total customers. Their payment histories are, however, better than the first type of customers (with financial evidences). It is probably because motorcycles are a necessary part in their occupations and they are not eligible to receive loans from financial institutions where stringent financial evidences are required.

As of 31 December 2016, the customers can be classified according to the service areas as follows;

1. The customers in the head office area which are Bangkok, Nonthaburi, Pathum Thani and Samut Prakarn. These customers accounted for 71.37 percent of the total customers.
2. The customers in Chonburi area account for 18.23 percent of the total customers.
3. The customers in Ayuthaya area account for 5.20 percent of the total customers.
4. The customers in Nakhon Pathom area account for 0.17 percent of the total customers.
5. The customers in Rayong area account for 3.28 percent of the total customers.
6. The customers in Chanthaburi area account for 1.74 percent of the total customers.



Hire Purchase Details per motorcycle

Down Payment amount	Baht 500 - 30,000
Principal	Average Baht 50,000 - 52,500
Interest rate	1.10 - 2.30 percent per month (flat rate)
Repayment	Monthly
Repayment Period	From 6 to 36 months
Guaranty	Personal Guarantee

2.4 Marketing and Competition

2.4.1 Competitive Strategies

Different competitive strategies are chosen to apply with different areas according to the competitive environment and competitors. However, all strategies used are aimed to create comparative advantages and optimization of the business benefits.

1. Bangkok and the surrounding Vicinity are areas where the Company has major market and where the competition is extremely high. Therefore, the competitive strategy in this area is to secure the loyalty of the existing customers and dealers, and present the alternative features of hire-purchase service in order to widen the customers' base.
2. Eastern area shows a high demand of the hire-purchase loans, and the competition is, therefore, strong. The Company is conversant with this area and foresees the promising growth. Therefore, the strategy is to broaden the customers' base with speedy and excellent services.
3. Ayutthaya area market is less competitive when compared with Bangkok and eastern area. The strategy is to widen customers' base as well as loan application screening control and excellent services.

Strategies, as shown in the following, are deployed as means to encourage the sales and expand the customer base:

1. Build up the satisfaction to customers by providing convenient services and speedy credit approval. There is also an information service for the Company's dealers. Moreover, problems arisen from the cooperation between the Company and dealers must be taken seriously and jointly discussed for resolutions.
2. Enhancing the customers' choice opportunity by customizing sale promotions to specific dealers in order to serve the division. This is to gear up the sales by increasing the chances that the Company will be chosen for recommendation by the dealers to the customers.

2.4.2 Price Policy

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

- Average returns determined by other loan providers and motorcycles dealer affiliates.
- Economic trend influencing the current and future loan interest rate and inevitably affecting the Company's and dealers' operation plans.

The interest rate return, however, depends on competitive environment at a certain point of time.



2.4.3 Distribution Channel

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

1. Through dealers introducing or suggesting the Company's service to customers.
2. Through the officers of the Company assigned to be based at the dealers' stores.

According to the records, the Company provides mostly through the first channel with 99.50 percent of total hire-purchase receivables. As of 31 December 2016, the Company has 92 dealers, 155 branches, consisting of 73 dealers in Bangkok and Vicinity area, 5 dealers in Ayuthaya, 7 dealers in Chonburi, 1 dealer in Nakhon Pathom, 5 dealers in Rayong and 1 dealer in Chanthaburi. Motorcycle brands that the Company is focusing on are Honda, Yamaha, Suzuki, and Kawazaki.

2.4.4 Market Competition

Over past several years, motorcycle market competition is as follow;

Statistic of newly registered motorcycles between 2014 to 2016

Country-wide, divided by region

Newly Registered	2014		2015		2016	
	Units	Percent	Units	Percent	Units	Percent
Bangkok	392,295	23.09	395,190	23.65	436,815	25.13
Central	78,531	4.62	72,397	4.33	72,894	4.19
Eastern	200,050	11.77	198,397	11.87	208,171	11.98
Northeastern	434,383	25.56	431,396	25.81	425,892	24.50
Northern	255,576	15.04	243,542	14.57	247,269	14.23
Western	121,907	7.17	117,092	7.01	122,768	7.06
Southern	216,476	12.74	213,223	12.76	224,445	12.91
Countrywide	1,699,218	100.00	1,671,237	100.00	1,738,254	100.00

Source: Department of Land Transport

The Company market shares are as follow;

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

Market Share (percent)	2014	2015	2016
Bangkok and Vicinity	8.55	9.72	9.64
Chonburi	8.40	9.24	11.15
Ayuthaya	18.95	13.96	15.95
Chachoengsao	2.10	0.49	-
Rayong	3.50	5.28	4.30
Chanthaburi	1.99	6.51	6.77
Nakhon Pathom	-	-	2.12

Source: the Company's record



2.5 Funding

2.5.1 Source of funds

Source of funds of the Company can be concluded as follows:

1. Hire purchase loan payment which is the main source of funds of the Company. The Company deploys this payment, after deducted by the expenses, as a 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. However, as of 31 December 2016, there was none.
4. Shareholders' equity consisting of registered and paid-up capital, and retained earnings.
5. Initial public offering (IPO) money
6. Short-term loans from bills of exchange
7. Long-term loans from bond

As of 31 December 2016, source of funds regarding accounts payables, loans and shareholders' equity are shown in the following table:

Unit: Baht

Source of Funds	2014		2015		2016	
Loans	1,958,181,638	65.01%	1,802,455,655	51.17%	2,231,676,961	53.90%
Bank overdraft and short-term loans from financial institution	0.00	0.00%	50,000,000	1.42%	0.00	0.00%
Short-term loans	0.00	0.00%	422,338,883	11.99%	325,492,123	7.86%
Current portion of long-term loans	1,155,216,199	38.35%	939,133,131	26.66%	777,146,012	18.77%
Long-term loans – net of current portion of long-term loans	802,965,439	26.66%	390,983,641	11.10%	481,214,537	11.62%
Debt issued - debentures	0.00	0.00%	0.00	0.00%	647,824,289	15.65%
Shareholder's equity	1,054,027,883	34.99%	1,719,849,387	48.83%	1,908,640,958	46.10%
Total	3,012,209,521	100.00%	3,522,305,042	100.00%	4,140,317,919	100.00%

2.5.2 Fund management policy

The Company set the fund management policy by sourcing funds to conform with the operational uses as well as considering the repayment term, debt to equity ratio and loan terms and conditions.

2.5.3 Terms and conditions of loan agreements

The major source of funds for business expansion derives from loans given by domestic financial institution. Terms and conditions of the loan agreement can be summarized as follows:

1. S Charter Company Limited, the Company's major shareholder, shall maintain the shareholding portion of not less than 26 percent of the total issued shares after the Company listed with Stock Exchange of Thailand (SET).
2. The Company must maintain the debt to equity ratio of not exceeding 4.0:1.
3. The Company must maintain the hire purchase receivables with over three months overdue to total hire purchase receivables ratio of not exceeding 15 percent.
4. The Company must maintain the total hire purchase receivables to loans liabilities ratio no less than 1.3:1.
5. The Company must maintain the hire purchase receivables with less than three months overdue to loans liabilities ratio no less than 1.2:1.



2.5.4 Lending policy

The Company has set the requirement for the customers proposing for loan services to pertain the adequate income showing the loan repayment ability, and targeted persons with steady and sufficient income for repayment.



3. Risk Factors

Risks that potentially significantly impact the Company's business operations and its returns to shareholders can be summarized as follows:

3.1 Risk of competition for market share

The Company requires more time in an attempt to expand its market share and to compete with other new comers as it is only 5 years that the Company has entered into the motorcycle hire-purchase service business. Nevertheless, the Company is run by a highly experienced team of management and staff with more than 20 years of experience in the business which enhances the good relationship with dealers.

3.2 Risk of quality of hire-purchase portfolio deteriorating

In the business, the Company aims to greatly expand its hire-purchase portfolio in order to gain a larger market share; therefore, the balance between portfolio expansion and the flexibility in credit approval should momentarily be taken into consideration. Otherwise, the Company may be at risk of recognizing more expenses rising from bad debts and doubtful debts as the quality of hire-purchase portfolio reduce.

The Company has set measures to mitigate such risk by swiftly repossessing the motorcycles with repayments that are overdue, or meet the repossession conditions, then sell the repossessed motorcycles in the shortest time. The delay in repossession may cause loss of value to the motorcycles and incur additional losses from the sale of the repossessed motorcycles.

However, the Company has been efficient in disposing off the repossessed motorcycles. Statistically, the Company has disposed 95.99 percent in 2014, 97.26 percent in 2015, and 99.40 percent in 2016 of total repossessed motorcycles.

Details	2014	2015	2016
Beginning Balance of repossessed motorcycles (units)	235	332	250
Repossessed motorcycles (units)	8,054	8,782	9,520
Total repossessed motorcycles (units)	8,289	9,114	9,770
Repossessed motorcycles sold (units)	7,957	8,864	9,463
Repossessed motorcycles sold / Total repossessed motorcycles (%)	95.99	97.26	99.40
Assets foreclosed (Baht)	343,707,432	381,210,789	426,766,815
Loss from diminution and disposal of foreclosed assets (Baht)	137,971,647	137,584,449	147,688,718



Another measure mitigate the risk of the hire-purchase portfolio deterioration is to set a strict policy on the allowance of doubtful debts and the allowance for assets for sales to cover bad debts, and loss on diminution of assets and sales of assets incurred each year as follows:

Unit: Baht

Details	2014	2015	2016
Allowance for doubtful debts	293,930,172	391,066,479	489,913,743
Allowance for impairment losses	5,962,111	4,655,099	5,828,755
Bad Debts	98,127,207	107,389,963	156,915,781
Losses from diminution and disposal	137,971,647	137,584,449	147,688,718

3.3 Risk of the failure to collect the remaining of principal outstanding of the hire-purchase agreements from the customers or guarantors in case of losses from the sale of asset

The Company may encounter a risk of failure to collect the portion of loss from the customers or the guarantors in case of losses from the sale of asset. The prices of repossessed motorcycles normally depend on the condition, period of use, and popularity. The motorcycles repossessed excessively late after the hire-purchase agreements are made, the condition of such motorcycles may be impaired and their prices are lowered. To prevent this risk, the Company should find the quickest means to follow up those hire-purchase accounts under overdue criteria, repossess the motorcycles, and sell them off.

3.4 Risk of the failure to repossess the motorcycles which have overdue payments

Since motorcycles are movable assets, a risk falls on tracking the motorcycles to be repossessed. Failure to repossess the motorcycle has direct effects on the Company's financial and operational results.

To minimize such risk, the Company tends to selectively approve the hire-purchase service to those customers either residing, or working in the proximities of the allied dealer's shops. The Company also preliminarily evaluates the qualities of customers by remunerating the credit analyst officers with respect to their customers' payment behaviours.

3.5 Risk of failure to comply with the obligations imposed by the loan agreements

Due to significant provisions specified in the loan agreement, the Company is required to comply with obligations; for instance, maintaining the shareholding portion of major shareholder, i.e., S Charter Co., Ltd., maintaining the debt to equity ratio, or maintaining ratio of hire-purchase receivables over 3 months overdue to total hire purchase receivables. The Company may be at risk if it is not able to comply with these obligations and subsequently a higher-interest-expense is imposed, or the loans may be called for early repayment by the bank, or the Company may not receive further loans from the bank. Also, the Company may not be able to pay a dividend.

However, despite this risk, the Company has always been capable of compliance with the Bank's obligations. Listing in the Stock Exchange of Thailand also reduces the risk as it increases the Company's negotiation and credibility for relaxation on these obligations.



3.6 Risk of the fluctuation of interest rate

The increase of interest rates reduces the gap of the Company's interest rates it charges and that which it pays. However, the impact on the Company's performance from the reduced interest margin is not significant because the increase is relatively small compared to the interest margins in the hire-purchase business. Moreover, the Company's comparative advantage in cost management shall mitigate the risk of the interest margin reduction.

3.7 Risk of the dependence on a specific group of skilled professionals

The Company's rapid success after 5 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, there can be a risk to business continuity.

Such risk is prevented as the key management team, who are also the founders of the Company together with major shareholders, directly hold 3.43 percent of the Company's shares. This is to create motivation to work for the best benefit of the Company, and of all shareholders. Moreover, the Company has continuously train and develop new staffs in order to increase operational efficiency and prepare for future growth.

3.8 Risk of the hire-purchase agreement and motorcycles registration book losses or fire damage

The hire-purchase agreements and motorcycles registration books, which representing the ownership of the motorcycles, are important legal documents in business operation. However if these documents are lost or damaged from fire, it may affect the Company's operation.

Realizing such risk, the Company stores these documents in storage room of the Company. The Company has purchased the fire insurance on the building where documents are kept, and also store all documents in electronic files for any back-up needed in case of loss or damage of the originals.

3.9 Risk of the Revenue Department's claim for the advanced value added tax (VAT)

Due to the obligation to file VAT to the Revenue Department from the Customers' repayments, whether or not the actual repayments by the customers are made, the Company has its duty to advance the VAT payment for the customers missing out any repayment in any month. This advance VAT payment can be reimbursed by writing off the hire-purchase receivables as bad debts, according to the Revenue Department's rule, after the overdue motorcycles are repossessed and sold off in the market. Before the reimbursement is filed, the possibility of its loss should be deemed as the Company's risk as these repossessed hire-purchase receivables may have to be written off as bad debts.

3.10 Risk of the shareholding of more than or equal to 25 percent by other major shareholder(s)

After to the public offering, the major shareholder of the Company is S Charter Co., Ltd., holding 28.38 percent of the total Company's shares. Holding shares greater than 25 percent enables such shareholder(s) (currently S Charter Co., Ltd. is a sole shareholder holding more than 25 percent of the total shares) to cast vetoes or disapprove votes in any agenda of the shareholders' meeting demanding by law and regulation 3/4 votes of total votes from shareholders attending the meeting and eligible to vote .

**4. General Information**

Company Name : S 11 Group Public Company Limited.

Registration Number : 0107556000698

Core Business : Hire-purchase financing service for motorcycles.

Location : 888 Soi. Chatuchot 10, Chatuchot Road, Ao-Ngoen Sub-district, Saimai District,
Bangkok 10220

Registered Capital : Baht 613,000,000

Paid-up Capital : Baht 613,000,000 as of 31 December, 2016

Type of Share : 613,000,000 ordinary shares at par value of Baht 1.00 per share as at 31 December 2016

Home Page : www.sgroup.co.th

E-mail : info@sgroup.co.th

Telephone Number : (66) 2022 8888

Fax Number : (66) 2158 7948

References

Securities Registrar : Thailand Securities Depository Company Limited
93 Stock Exchange of Thailand building,
Rajadapisek Road, Din Daeng District, Bangkok 10400
Tel. (66) 2009 9000 Fax. (66) 2009 9991

Bond Registrar : Bangkok Bank Public Company Limited
333 Silom Road, Bangrak District, Bangkok 10500
Tel. (66) 2230 1000 , (66) 2231 4333

Auditor : Ms. Somjai Khunapasut, Certified Public Account No.4499
EY Office Limited
33rd floor, Lake Rajada Office Complex
193/136-137, Rajadapisek Road, Klongtoey District, Bangkok 10110
Tel. (66) 2264 0777 Fax. (66) 2264 0789-90
Home Page: www.ey.com



Legal Advisor : Wayu & Partners Company Limited.

9/8 Soi.Sukhumvit 63, Sukhumvit Road, Khlong Ton Nua Sub-district, Wattana District

Bangkok 10110

Tel. (66) 2714 2799 Fax. (66) 2714 2798



Part 2

Management and Corporate Governance





5. Securities and Shareholder Information

5.1 Registered capital and paid-up capital as of 31 December 2016

Registered Capital : Baht 613,000,000

Paid-up Capital : Baht 613,000,000, consisting of 613,000,000 ordinary shares at par value of Baht 1.00 per share.

5.2 Shareholders

- S 11 Group Public Company Limited

Top 10 shareholders as of December 31, 2016 were as follows:

No.	Shareholder List	Number of Share	Proportion (%)
1	S CHARTER COMPANY LIMITED	173,984,165	28.38
2	CREDIT SUISSE AG, SINGAPORE BRANCH ¹	113,255,450	18.48
3	MR. SIRAWAT WANGLEE	55,099,700	8.99
4	UOB KAY HIAN PRIVATE LIMITED ²	38,611,800	6.30
5	MR. LIAU KIM SAN JEREMY	28,379,000	4.63
6	MISS. JUNRI SUGIURA	14,558,000	2.38
7	MR. SOMYOD SUTEERAPORNCHAI	13,201,000	2.15
8	MR.SAMART CHIRADAMRONG	10,973,147	1.79
9	MR.VEEAJET WONGKUSONKIJ	9,048,900	1.48
10	BANK OF SINGAPORE LIMITED	7,804,713	1.27
Total top 10 shareholders		464,915,875	75.85
Total minor shareholders		148,084,125	24.15
Total		613,000,000	100.00

Remark: Major shareholders' report as at the closing date of the share-registered book, January 9, 2017 prepared by Thailand Securities Depository Co., Ltd. (TSD)

¹ Directors holding shares indirectly and through Custodian, totaling 102,005,000 shares

² Directors holding shares through Custodian, totaling 27,193,800 shares



5.3 Dividend Payment Policy

The Company has the dividend payment policy of a minimum 40 percent of its net profit after deducting the corporate income tax and any legal reserves. However, the Company holds its right to pay out the dividend lower than the policy as the Company's business profit, financial status, capital liquidity, the necessity of the working capital optimization for operation expense, or business expansion, and other factors concerning the Company's business management. The dividend pay-out shall be approved by the Shareholders, except the interim dividend pay-out which shall be approved by the Board of Directors and acknowledged by the Shareholders at the next shareholders' meeting.

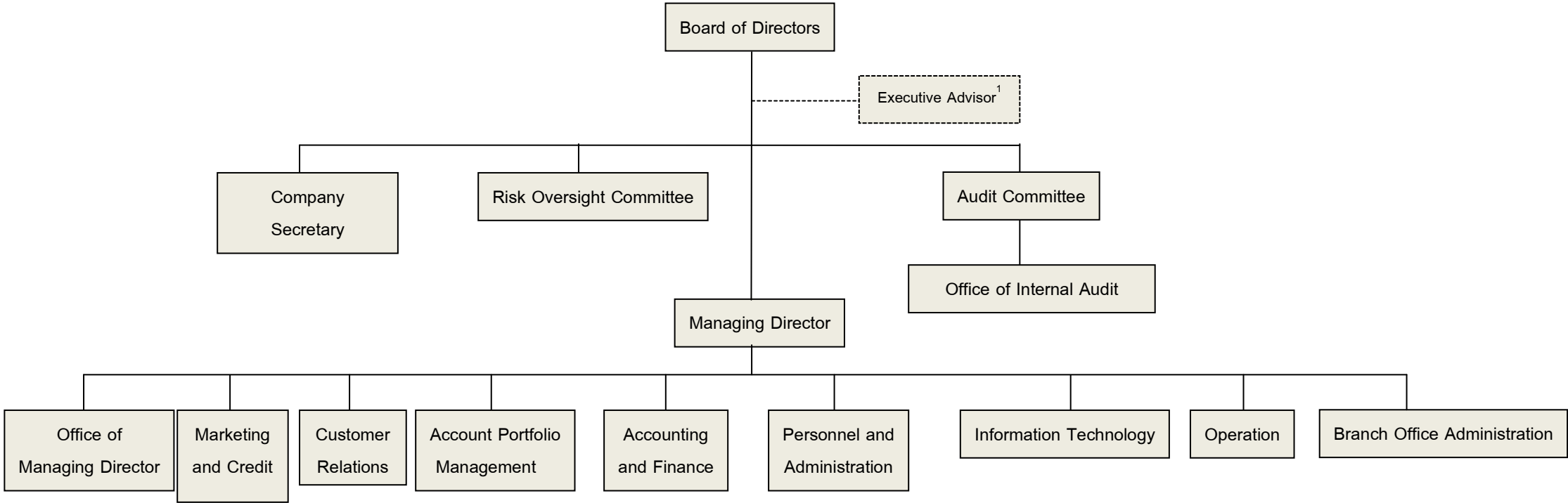


6. Management Structure

The Board of Directors of the Company is responsible for monitoring and controlling the Company's business operation. Committees shall be appointed to serve the needs in carrying out specific mission and tasks. The management structure of the Company is exhibited as follows:



Organization Chart as of 31 December 2016



Remark: ¹ Mr. Samart Chiradamrong is assigned by the Board of Directors to monitor and supervise the management officers on significant issues, without having any role in day-to-day operational management.



6.1 Committees

The Company is operated by assigned committees consisting of the Board of Directors, Audit Committee, and Oversight Risk Management Committee. These committees are legitimately qualified with the requirements of the Public Company Limited Act and the notifications of the Capital Market Supervisory Board .

Board of Directors

On 31 December 2016, the Board of Directors consists of 9 directors as shown below:

Name of the directors	Positions
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. Tay Christopher Charles ¹	Director
6. Mr. Thosaporn Lerdbhan	Director
7. Mr. Chatchai Chotanakarn	Director / Vice Chairman / Chairman of the Audit Committee / Independent Director
8. Mrs. Vachira Na Ranong	Director / member of the Audit Committee / Independent Director
9. Dr. Tanisorn Dejthamrong	Director / member of the Audit Committee / Independent Director

Remark: ¹ was appointed on May 12, 2016.

Secretary of the Board of Directors: Mrs. Katika Kusawadee

Authorized Signatory 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 31 December 2016, the Audit Committee consists of 3 directors as shown below:

Name of the directors	Positions
1. Mr. Chatchai Chotanakarn	Chairman of Audit Committee / Independent Director
2. Mrs. Vachira Na Ranong ¹	Audit Committee member / Independent Director
3. Dr. Tanisorn Dejthamrong	Audit Committee member / Independent Director



Remark: ¹The director with sufficient knowledge and experience to audit the credibility of the financial statement. Mrs. Vachira Na Ranong graduated with a bachelor's degree majoring in finance and banking at the Faculty of Commerce and Accountancy, Chulalongkorn University, and a master's degree in Business Administration at Marshall University, USA. Currently, Mrs. Vachira is a director and Association President of the Thai Investor Association. (More details are given in the Attachment 1 Details of Directors, Management, Controlling Persons and Secretary of the Company.)

Secretary of the Audit Committee: Mrs. Wanna Laicharoenwong

Oversight Risk Management Committee

On 31 December 2016, the Oversight Risk Management Committee consists of 9 directors as shown below:

Executives	Position
1. Mr. Surasak Khemthongkam	Chairman of the Oversight Risk Management Committee
2. Mr. Kritsakorn Netprapha	Oversight Risk Management Committee member
3. Mr. Wanchai Boontham	Oversight Risk Management Committee member
4. Miss Watcharaporn Maruthong	Oversight Risk Management Committee member
5. Mr. Thosaporn Lerdbhan	Oversight Risk Management Committee member
6. Miss Jamsiri Sangkarak	Oversight Risk Management Committee member
7. Miss Aree Srikrairo	Oversight Risk Management Committee member
8. Miss Jeeranai Promtong	Oversight Risk Management Committee member
9. Mr. Paiboon Chaibenjaphol	Oversight Risk Management Committee member

Secretary of the Oversight Risk Management Committee: Mrs. Katika Kusawadee

The directors' meeting attendance in 2016 is as follows;

Name of the directors	Positions	2016		2016	
		Numbers of Board of Directors' Meeting	Numbers of Attendance	Numbers of Audit Committee's Meeting	Numbers of Attendance
1. Mr. Samart Chiradamrong	Chairman of the Board of Directors	4	4	-	-
2. Mr. Surasak Khemthongkam	Director / Managing Director	4	4	-	-
3. Mr. Sirawat Wanglee	Director	4	4	-	-
4. Mr. Richard Wee Keng Kwok	Director	4	3	-	-
5. Mr. Tay Christopher Charles ¹	Director	4	2	-	-
6. Mr. Thosaporn Lerdbhan	Director	4	4	-	-



Name of the directors	Positions	2016		2016	
		Numbers of Board of Directors' Meeting	Numbers of Attendance	Numbers of Audit Committee's Meeting	Numbers of Attendance
7. Mr. Chatchai Chotanakarn	Director / Vice Chairman / Chairman of the Audit Committee / Independent Director	4	4	4	4
8. Mrs. Vachira Na Ranong	Director/ member of the Audit Committee / Independent Director	4	4	4	4
9. Dr. Tanisorn Dejthamrong	Director/ member of the Audit Committee / Independent Director	4	4	4	4

Remark: ¹ was appointed on May 12, 2016.

6.2 Management

On 31 December 2016, the management of the Company are listed as follows:

Executives	Position
1. Mr. Samart Chiradamrong	Chairman ¹
2. Mr. Surasak Khemthongkam	Managing Director
3. Mr. Kritsakorn Netprapha	Marketing and Credit Manager
4. Mr. Wanchai Boontham	Account Receivable Management Manager
5. Miss Watcharaporn Maruthong	Accounting and Finance Manager
6. Mr. Thosaporn Lerdbhan	Information Technology Manager
7. Miss Jamsiri Sangkarak	Personnel and Administration Manager
8. Miss Aree Srikraiot	Operation Manager
9. Miss Jeeranai Promtong	Customer Relations Manager
10. Mr. Paiboon Chaibenjaphol	Office of Internal Audit Manager

Remark: ¹ The Chairman is assigned by the Board of Directors to monitor and supervise the management in certain significant areas, without having any role in day-to-day operational management.

6.3 Company Secretary

The Board of Directors appointed Mrs. Katika Kusawadee as the Company Secretary.



6.4 Remuneration of the Directors and the Management

6.4.1 Cash remuneration

Directors

The remuneration of the Directors in 2016 is as follows:

Name of the directors	2016		
	Numbers of attendance		Remuneration ¹ (Baht)
	Board of Directors	Audit Committee	
1. Mr. Smart Chiradamrong	4	-	130,000
2. Mr. Surasak khemthongkam	4	-	130,000
3. Mr. Sirawat Wanglee	4	-	130,000
4. Mr. Richard Wee Keng Kwok	3	-	120,000
5. Mr. Tay Christopher Charles ²	2	-	110,000
6. Mr. Thosaporn Lerdbhan	4	-	130,000
7. Mr. Chatchai Chotnakarn	4	4	170,000
8. Mrs. Vachira Na Ranong	4	4	170,000
9. Dr. Tanisorn Detchthamrong	4	4	170,000
Total	-	-	1,260,000

Remark: ¹ Remuneration consists of attendance fee and bonus

² was appointed on May 12, 2016.

Management

The remuneration of management in 2016 is as follows:

Items	2016	
	Number of Employees	Remuneration (Baht)
Salary	10	14,004,882
Bonus	10	8,453,143
Provident Fund	10	416,906
Retirement pension	10	1,051,659
EJIP		907,454
Total	10	24,834,044

6.4.2 Other Remunerations

In 2016, there was no other remunerations other than the above mentioned.



6.5 Employees

Number of Employees

As of 31 December 2016, the total number of the Company's employees is 376 people, divided into 269 people of in-house employees and 107 people of outsourced employees. Details are as follows:

In-house Employees

No	Departments	Numbers of Employees in 2015	Numbers of Employees in 2016
1	Account Receivable Management	61	45
2	Information Technology	15	15
3	Accounting and Finance	11	12
4	Personnel and Administration	21	21
5	Operations	27	29
6	Office of Managing Director	8	9
7	Credit and Marketing	49	57
8	Branch Office Administration	5	27
9	Customer Relations	42	54
	Total	240	269

Outsourced Employee

No	Department	Number of Employees in 2015	Number of Employees in 2016
1	Credit and Marketing	88	107
	- Credit Analyst Offices (Outsourced)		

Remuneration of Employees

Items	2015		2016	
	Numbers of Employees	Remuneration (Baht)	Numbers of Employees	Remuneration (Baht)
Salary	230	46,030,325	259	51,086,116
Bonus	230	16,559,189	259	15,635,916
Provident Fund	230	1,279,063	259	1,456,500
Retirement pension	230	97,646	259	859,317
EJIP		967,086		2,581,873
Total	230	64,933,309	259	71,619,722

The above remuneration of employees does not include the remuneration of management in clause 8.2

Human Resource Development

The Company sets the development plan by creating a learning balance for its employees, which is to improve their working skills and strengthen their self-learning. Superior officers are assigned to encourage their subordinates to be able to learn by themselves. In addition, following-up and assessing of the outcome are regularly conducted as to find out the drawbacks and improve for more suitable methods.

The Company has built up the training courses for knowledge and skill improvement in various different areas. The objectives are as follows:

1) **Job and Functional Area Knowledge**

The training courses are aimed to enhance knowledge, abilities and work skills for each specific position to effectively achieve its mission.

2) **People Skill and Self-Development**

The training courses are aimed to develop abilities and interpersonal skills for better coordination with other employees.

3) **Good Attitude and Core Value**

The training courses are aimed to create the best understanding of the Company's core value for smooth co-working, and the positive attitudes toward the Company, superiors, colleagues and society.

Career Path

The Company has realized on the importance of employees in term of career progress. Therefore, the company has created career path to encourage employees' morale in operation and develop their ability that leads to future career. Moreover, career path is an important tool for human resource management that made planning, recruitment and development of knowledge, skill and ability faster for employees who assigned to work in any positions or taken responsible in any duties.



Management Succession Plan

In order to prevent the impact of the company's operation, the Company has prepared a succession plan for Managing Director and management in case of emergency situation or retirement. The company has authorized higher-level management to appoint representatives as well as allowed Managing Director and management to share knowledge to capable person to be such representatives by considering their qualification, knowledge, ability and experience that required by such positions.

The Board of Directors' Performance Assessment

According to the principles of Good Corporate Governance, the Company has provided the board of directors assess their performance once a year to review their operations, issues and obstacles of preceding year as well as improve their implementation and increase their work's effectiveness.

There are 3 assessment forms as follows:

1. **Self Assessment for the board of directors as a whole** consist of (1) Board structure and qualifications (2) Roles, duties and responsibilities of the board (3) The board meeting (4) Duties of directors (5) Relationship with management and (6) Director's self improvement and management training

2. **Self Assessment of committee as a whole** consist of (1) Committee structure and qualifications (2) Committee meeting and (3) Roles, duties and responsibilities of committee

3. **Self Assessment of the board of directors and of committee members on an individual basis** consist of (1) Board structure and qualifications (2) The board meeting and (3) Roles, duties and responsibilities of the board

Evaluation criteria:

1. More than 85 percent = Excellent
2. Between 75 to 85 percent = Good
3. Between 65 to 74 percent = Satisfactory
4. Between 50 to 64 percent = Fair
5. Less than 50 percent = Poor

Conclusion of the board of directors' performance assessment

1. **Self Assessment for the board of directors as a whole** indicated that their performance is excellent. Average point is 95.18 percent. Topic (4) Duties of directors, (5) Relationship with management and (3) The board meeting are the best performance respectively.

2. **Self Assessment of committee as a whole** indicated that their performance is good. Average point is 84.38 percent. Topic (2) Committee meeting, (1) Committee structure and qualifications and (3) Roles, duties and responsibilities of committee are the best performance respectively.

3. **Self Assessment of the board of directors and of committee members on an individual basis** indicated that their performance is excellent. Average point is 95.45 percent. Topic (2) The board meeting, (3) Roles, duties and responsibilities of the board and (1) Board structure and qualifications are the best performance respectively.



7. Corporate Governance

7.1 Corporate Governance Policy

To promoting corporate governance, the Company published its “Good Corporate Governance Manual” as a written policy in compliance with the Stock Exchange of Thailand rules and regulations. The Manual provides guidelines for the Board of Directors, executives, and employees to conduct the business under the relevant laws with responsibility, transparency and fairness. Loyalty, efficiency and effectiveness are significantly promoted and embedded in the Company’s business conduct.

7.1.1 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. The efforts are as follows:

1. Rights of ownership to monitor the Company operation by appointing and authorizing the Company’s directors
2. Rights to purchase, sell or transfer shares.
3. Rights to attend the Shareholders’ Meetings, vote on important affairs, and express opinions.
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. Determining the date, time and place for the Shareholders’ Meetings
The Board of Directors shall determine the date, time and place of Shareholders’ Meetings that are most convenient to the Shareholders.
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, the Shareholders holding in aggregate at least 1 percent of all issued shares of the Company have the rights to propose in advance agendas by submitting agenda subjects, details, and reasons 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 by submitting agendas, details, and reasons in writing to the Company yearly between October to December.
 - 3.2 To propose agendas to be included in the Extraordinary General Meetings by submitting agendas, details, and reasons in writing to the Company 30 days to the meeting date.



- 3.3 To propose matters after the Board of Directors approves the Shareholders' Meetings date by submitting agendas, details, and reasons in writing to the Company within 7 days from the date of the Board of Directors' Meetings.

Criteria for the submission of agendas in advance

Shareholders who wish to submit agendas shall be those who are entitled to attend the Meeting of Shareholders and who were listed in the record date for the right to attend the Meeting of Shareholders according to Section 225 of the Securities and Exchange Act B.E.2535. Shareholders shall submit agendas together with personal information includes name, address, telephone number, fax number and email (if any) of shareholders.

Consideration Procedure

Agendas together with details submitted by shareholders shall be collected by the management before further submission to the Board of Directors for consideration. The Company will consider adding agendas to the meeting and inform prior to shareholders via fax, email or other channels as deem appropriate.

4. Meetings attendance and registration

The 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 queries, comments, votes and minutes' records

Every shareholder has the rights to monitor the Company's operations, query and comment. Voting shall be casted freely. Every share counts as one vote. The Company shall record the minutes of Shareholders' Meetings with all queries and comments, resolutions, numbers of approving, disapproving and abstaining votes of each agenda in writing for the Shareholders' and relevant persons' references.

6. The meeting attendance of the Company's directors

The Board of Directors attaches great significance on meeting attendance as it is deemed as a director's duty to attend every shareholders' meeting in order to present adequate information, and respond to the Shareholders' queries and comments.

7.1.2 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, i.e., the Company's website, and the information dissemination channels of the Stock Exchange of Thailand and the Securities and Exchange Commission.

7.1.3 Whistle Blowing

According to the principles of Good Corporate Governance, the Company has intention to run businesses with sincerity, honesty, transparency and auditability. Therefore, the Company has set a whistle blowing policy for persons who witness or be aware of or suspect that the board of directors or management or employees violates any laws, procedures, rules or code of conduct of the Company in order to prevent any wrongdoings or frauds with an appropriate and fair process.

7.1.4 Supervision of the use of insider information

The Board of Directors has been aware of the importance of good corporate governance. In order to run a business with transparency and prevent seeking individual benefit from the use of insider information which not disclose to the public, the Company, therefore, set the insider information policy as follows:



1. Educated Directors, executives, the management in accounting and finance and employees about related legal and regulatory in order to be a pattern for them to follow strictly.
2. Educated Directors, executives and auditor, including the management in accounting and finance about duty of initial reporting on their securities holding in the Company also their spouse, people who live and cohabit together as husband and wife, their minor child and juristic person that they held shares more than 30 percent of all eligible vote according to section 59 to the Securities and Exchange Commission and penalties according to section 275, section 281/10 and section 317/4 of Securities and Exchange Act B.E. 2535.
3. Directors, executives and auditor, including the management in accounting and finance, are always required to initially report on their securities holding in the Company also their spouse, people who live and cohabit together as husband and wife, their minor child and juristic person that they held shares more than 30 percent of all eligible vote to company secretary before send 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.
4. Directors, executives and auditor, including the management in accounting and finance, employees and any related persons who acknowledge the significant insider information which may affect to the change of securities' pricing, shall be prohibited from trading Company's shares as well as be prohibited from disclose significant insider information to anyone at that time and prior to the release of the Company's financial statements or financial status and the Company's status until the release of the Company's disclosure. The Company shall inform all concerned persons in writing of the silent period, which is at least 30 days prior to the release of the Company's disclosure, and 24 hours after the release.
5. Penalties for insider trading shall be imposed for any breaches e.g. caution, suspension and dismissal depends on intention and effect of the action. Moreover, violation of the prohibition on insider trading can result in a prison sentence and civil and criminal fines for the individuals and the entities who commit the violation.

7.2 Committees and sub-committees

Committees of the Company consist of the Board of Directors, Audit Committee and the Oversight Risk Management Committee. Scopes of each committee's duties are as follows:

7.2.1 The Board of Directors' duties

The followings are duties of the Board of Directors of the Company and its subsidiaries:

1. Performing its duties in compliance with laws, regulations, the Articles of Association, the resolutions of the Board of Directors and resolutions of the Shareholders' Meetings with responsibility and all due circumspection and caution.
2. Directing visions, strategies, directions, policies, targets, operational plans and budgets of the Company and its subsidiaries in accordance with the guidelines made by the Board of Directors and the management.
3. Monitoring the performance of the Managing Director, the management team and any persons assigned for duties to be in accordance with the Company's policies.



4. Monitoring the Company and subsidiaries' operating results so as to achieve the operational plan and budget of the Company.
5. Ensuring that the Company and subsidiaries choose the appropriate and effective accounting system and establish the internal control and internal audit systems.
6. Ensuring that the Company's balance sheets and income statements are properly done at the end of every fiscal year, and signing on the approval of the financial statements to propose to the Shareholders' Meetings for their approval.
7. Approving the selection and nomination of the external auditor of the Company and subsidiaries, and suggesting the remuneration, proposed by the Audit Committee, to the Shareholders' Meetings.
8. Adopting the corporate governance policies for the Company and its subsidiaries in written and monitoring the implementation of the policies with fairness to all involved stakeholders.
9. Ensuring that the Company and its subsidiaries employ lawful persons to be their employees.
10. Appointing sub-committees, e.g. Audit Committee and other committees in order to assist and support the workloads of the Board of Directors, and assigning their scope of duties. The Board of Directors shall also monitor the sub-committees' performance to be in accordance with the charters, regularly update the corporate governance policies, and conduct a performance assessment of every committee at least once a year.
11. Considering the proposal to amend the Company's authorized signatory directors.
12. Appointing the executives (whose qualifications shall be accorded with the Securities and Exchange Commission (SEC) and Capital Market Supervisory Board's requirements) and the company secretaries as well as determining their remunerations.
13. Stipulating the compensation policy, salary range adjustment, bonus determination, and employee rewards, and assigning the Managing Director to determine the remuneration of non-executive employee according to the Company's Authorization Handbook.
14. Forming the authorization and approval ranks in any transactions and operations of the Company and assigning such authorization to the relevant in-charge persons. Such assignment shall be in accordance with the Company's Authorization Handbook and reviewed at least once a year.
15. Seeking professional opinions from external organizations, if necessary, to ensure the most suitable decisions.
16. Encouraging the Company's directors and executives to gain updated knowledge of their directorship or management tasks and responsibilities by joining the relevant courses conducted by the Thai Institute of Directors.
17. Supervising and monitoring the management and operations of the subsidiaries and joint venture companies to align with the Company's business conduction and to guarantee the Company's best benefit. Matters that needed to be approved by the Board of Directors or the Shareholders' meeting are defined in the Corporate Governance Manual.



18. Follow up on the operational results of the subsidiaries and joint venture companies in pursuit of their business plan and budget regularly, and ensuring that the subsidiaries disclose their related party transactions and asset acquisition or disposal completely and accurately.
19. Ensuring that the subsidiaries adopt the suitable internal control system in preventing the fraud, and uncluttered operational work flows so as to allow the Company's directors and executives to effectively monitor their conduction, financial status and significant transactions. Meanwhile, reports on the internal control system check shall also be regularly presented to the Company's directors and executives. Moreover, any information of the subsidiaries' business shall be easily accessed by the Company's internal auditors and independent directors.

However, any authorizations of the Company's directors on their duties or responsibilities shall strictly not be the acts that allow them or their proxies to approve any issue which causes or may cause a conflict of interest against the Company or its subsidiaries (due to the Notifications of the Securities and Exchange Commission or Capital Market Supervisory Board), unless such issue is in accordance with the Company's policy or principle which is already approved by the Shareholders' or Board of Directors' meeting.

7.2.2 The Audit Committee's duties

1. Ensuring that the Company's financial reports are correct and reliable, and information disclosed shall be adequate. The Audit Committee shall coordinate with the external auditor and the executives on the quarterly and yearly financial reports.
2. Reviewing the suitability and effectiveness of the Company's internal control system and suggesting any revision if needed or deemed important. Such revision shall be presented to the Company's Board of Directors and jointly reviewed with the external and internal auditors.
3. Ensuring that the Company is in compliance with relevant laws and regulations.
4. Appointing and nominating the auditor and its remuneration to the Company's Board of Directors.
5. Ensuring that the Company's internal audit plan meets the generally accepted standards.
6. Ensuring that the accuracy and completeness of the Company's information disclosure in respect of the related party transactions or issue that may cause a conflict of interest against the Company.
7. Ensuring that the best suitable and efficient risk management system is deployed.
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 relevant documents, if necessary.
11. Hiring, by board's authorization, a third party to render opinions or advise.
12. Creating the corporate governance report and publishing in the Company's annual report. The corporate governance report shall be duly signed by the Chairman of the Audit Committee.
13. Performing the self-assessment and reporting to the Board of Directors along with operational issue findings.



14. Reviewing and amending the charter of the Audit Committee.
15. Performing any other works assigned by the Board of Directors which is within the scope of duties of the Audit Committee.

7.2.3 The Risk Management Committee's duties

1. Stipulating the risk management policy and its framework of the Company that covers inherent risk of business operations.
2. Adopting strategies conforming with the risk management policy and controlling the risk to the acceptable level by evaluation, examination and observation of the strategies' outcomes.
3. Encouraging the cooperation power to manage the risk of the Company and reviewing the sufficiency, efficiency and compliance of the policies.
4. Establishing the evaluation and analysis system for the damage assessment of normal and crisis conditions in order to ensure that the risk forecast has covered all stages of the Company's operation.
5. Supporting and developing the risk management culture in accordance with best practices.
6. Reporting regularly the improved matters to the Board of Directors in accordance with the stipulated policies and strategies.
7. Performing any other works assigned by the Board of Directors.

7.3 **Nomination and Appointment of the Directors and Top Executives**

7.3.1 Appointment of the Board of Directors

- Component of the Board of Directors

1. According to the Article of Associations of the Company, the Board of Directors shall consist of at least 5 persons. At least one-half of the directors shall reside in Thailand.
2. The Board of Directors shall consist of executive directors, non-executive directors and independent directors. The independent directors shall account for at least one-third of total directors, and not less than 3 directors. The independent directors shall have qualifications as specified by the Notifications of Capital Market Supervisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand.
3. The Board of Directors shall elect one of their members to be the Chairman.
4. The Board of Directors shall elect a person, regardless of his directorship, to be the Board secretary.
5. The Board of Directors shall elect a person, regardless of his directorship, to be the Company secretary.

- Appointing the Company's Directors

The Company's directors shall be appointed by the resolution of the Shareholders' Meetings with the following voting rules:



1. Each shareholder shall have one vote for each share held.
2. Each shareholder may exercise his/her vote(s) for any individual director, or group of directors as determined by the meeting. In casting the votes, each shareholder shall cast all the votes he/she has under item 1. Above at one time; votes shall not be divisible.
3. The resolution of shareholders in the director's election shall be passed by a majority vote. In the case of equal votes, the Chairman of the meeting shall exercise a casting vote.
4. The directorship term shall be as stated in the Company's Article of Associations. The retired director is eligible for re-election. At the end of directorship term, directors shall vacate office upon the following causes:
 - (A) Death;
 - (B) Resignation;
 - (C) Disqualification or prohibitions under the Public Company Limited Act and/or the Securities and Exchange Commission Act;
 - (D) Removal by a resolution of the Shareholders' meeting; and
 - (E) Removal by the court order
5. A resigned director may submit the resignation letter to the registrar.

7.3.2 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. Number of the independent directors shall be at least one-third of the total directors, and not less than 3 directors.
2. The independent director shall have the following qualifications:
 - A. Hold shares not exceeding 1 percent of all voting rights of the Company, its parent company, subsidiary, associate, major shareholder or controlling person. Shares held by the related persons of such independent director are included.
 - B. Never be appointed as a director having a role in the company operation, employee, staff member, advisory receiving a fixed salary, or controlling person of the Company, its parent company, subsidiary, associate, subsidiary company in the same share level, major shareholder or controlling person unless the foregoing status has ended not less than 2 years 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. Not related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child of members on the management team, major shareholder, controlling person, or candidates to the management team, or authorized persons to the Company or subsidiaries.



- D. Never be related to the business of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independency in discretion, and never be 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 such condition is terminated for at least 2 years. 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 percent 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. Never be an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and 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 such condition is terminated for at least 2 years.
- F. Never render a professional services, including legal and financial advisor receiving service fee exceeding Baht 2 million per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and a significant shareholder, controlling person or partner of such service render company, unless such condition is terminated for at least 2 years.
- G. never appointed as a director representing the Board of Directors, major shareholder or shareholder related to a major shareholder of the Company.
- H. Not belonging to any business in the same nature that is similar to or competing with the Company or its subsidiary, nor a significant partner in a partnership or director with management authority, employee, staff member or advisor receiving salary or holds shares exceeding one percent 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. No other characteristic limiting his/her abilities to express independent opinions regarding the Company's operations.
- J. Not 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. Not a director of a registered subsidiary or same tier subsidiary company.

7.3.3 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 1 member of the Audit Committee shall have sufficient knowledge and experience in accounting or finance.
 3. The Board of Directors shall elect one of Audit Committee members to be the Chairman of the Audit Committee.
 4. Internal Audit Manager shall be the secretary to the Audit Committee.
- Qualifications of the Audit Committee
 1. Meet the requirements of 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. Meet the requirement of the Notifications of Capital Market Supervisory Board

7.3.4 Appointment of the Oversight Risk Management Committee

- Composition of the Oversight Risk Management Committee
 1. The Oversight Risk Management Committee shall consist of not less than 3 skillful and experienced Company's executives appointed by the Board of Directors.
 2. The Board of Directors shall 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. Hold efficient knowledge, experiences and skills in the Company's business.
 3. Hold maturity, stability, independency and able to express independent opinions.
 4. Dedicate sufficient time to perform duties for the interest of the Company.

7.5 **Audit Fee**7.5.1 Audit fee

Details	2015	2016
	EY Office Co., Ltd.	EY Office Co., Ltd.
Audit Fee ¹ (Baht)	1,600,000	1,800,000
Total (baht)	1,600,000	1,800,000

Remark: ¹ Travel cost and other expenses are excluded.



7.5.2 Non-audit fee

In 2016, there was no non-audit fee paid to any persons relevant to auditor and office of the auditors.

7.6 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 regulates the practices as follows:

1. Any actions causing a conflict of interest to the Company shall be avoided.
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. Any connected transactions shall be strictly complied with the Notifications of the Board of Governors of the Stock Exchange of Thailand.
4. Any connected transactions that are not accorded with the normal business shall be approved by the Board of Directors' or Shareholders' meetings as stipulated by related laws.

Moreover, to operating a business with good corporate governance according to the guideline of Listed Company in the Stock Exchange of Thailand, the Company has set other significant policies providing as guidelines for Board of Directors, executives and employees. Such policies are part of the Good Corporate Governance Manual shown on the Company's website.



8. Corporate Social Responsibility (CSR)

8.1 Overall policy

The Company is committed to good governance and ethics in operating the business. Social and environmental responsibilities are also deemed significant as the Company is always aware of all stakeholders' benefits, internally and externally, from shareholders, employees, community to the society, and operating its business responsibly.

8.2 CSR Policy of the Company

1. All shareholders and investors shall be treated equally and given adequate information to best support their decision of investment. In respect of fairness, any important information shall not be disclosed internally to relevant persons, executives or directors prior to the Shareholders and investors.
2. The Company's executives and directors shall instill good governance and transparency in the management and remuneration policies. Disclosure of financial and non-financial information shall be made properly, completely and in a timely manner.
3. Wages and remuneration shall be fair and punctually-paid. Welfare, health check-up and workplace safety shall be provided to all employees as stipulated by the law and employee development shall be promoted extensively.
4. The Company shall provide honest services and accurate information to customers. Customers' right shall be highly respected.
5. The Company shall uphold fair contractual practices to all trade partners, support anti-corruption prevention such as bribery. Rights in assets or ownership of trade partners shall be highly respected, and the Company shall not take advantage from the trade partners. Moreover, CSR shall be developed among the Company and trade partners.
6. Fair play shall be the means the Company interacts with its trade competitors. Trade discrimination shall be prohibited.
7. CSR shall be embedded in the Company's business conduct, e.g. giving away the scholarships to children of the Company's employees, recruiting local labour to work for the Company, raising the environmental awareness within the Company, disclosing information that may have impacts on the community, and learning local traditions for peaceful living environment.
8. The Company shall cooperate with other groups or networks to develop the communities, and watch out for human right infringements. Public opinions on the Company's business conduction shall be taken into account. The Company shall also remain a good tax payer.

8.3 CSR projects in the past and on-going projects

8.3.1 CSR-in process

The Company pays tax accurately, punctually and accordingly to Revenue Department's regulations. Customers of the Company are treated lawfully. Besides, the Company is constantly aware of stakeholders' best interest whereby any information is disclosed with no discrimination, and operations



can be checked for any corrupting act that may be occurred. Employee efficacy is extensively developed, both in term of performance and morality, which is a part of organizational culture. The operational practice is specified in good governance manual.

8.3.2 CSR-after process

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

8.3.2.1 Scholarship for employee's children

The Company is 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.

8.3.2.2 Financial support for crime and narcotics fighting

The Company is aware of the danger of narcotics as 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.

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

The Company is 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.

8.3.2.4 Financial support for neighbourhood 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 neighbours. 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 neighbours. The Children's Day events are well-received and make good impression on the locals.

8.3.2.5 Encouraging owners of neighbouring lands to use their lands for public benefit together

The Company encouraged owners of the neighbouring three plots of land to increase the width of the road to 3 meters 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.

8.3.2.6 Supporting environment-improving projects

The Company is aware of both nationwide and worldwide environmental change and has arranged 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 neighbourhood; these projects have improved the environment.

8.3.2.7 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 180-180/1 Moo 10, Pong Pa, Kaengsopa, Wangthong, Phitsanulok, Thailand.

The OHF is currently taking care of over 100 children aged 6-12 (approximately 50 boys and 50 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 home-grown vegetable gardening for cooking purpose.

The Company has supported 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 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, dormitory, water tanks, lighting system, water pumps, and fencing, and sends its employees to help periodically.

8.3.2.8 Supporting swimming project

The Company is aware of the importance of good health as well as water safety in daily activities. The Company has been supporting swimming projects that are enhancing good health and improving water safety of the participants.

8.3.2.9 Supporting Motorcycle Donation Project

The Company is aware of the importance of education as a mean for youth development. Therefore, the Company has donated non-auctioned repossessed motorcycles to academies in many provinces as to get the utmost asset utilization by applying to material, educational media and field training as well as using as a vehicle for transfer students, carry equipment and be a mower. In addition, the Company has donated repossessed motorcycles to provincial government office in order to use as a vehicle for support their missions.

8.3.2.10 Supporting Blood Donation Project

The Company is aware of the importance of population's quality of life without diseases. Therefore, the Company has been supporting employees to participate the blood donation project in order to help sick and injured people, reduce number of dead and retain patient's well-being. Other objectives are making donor's public mind, healthy and reducing their cancer risk.



8.3.2.11 Supporting Quality of Life Development Project

The Company is aware of the importance of human resources and population's quality of life by considering the sufficient of daily life facilities along with the effect of disaster. The Company, therefore, has donated necessary supplies to those people who are living far away as to help and support them to have a well-being.

8.4 Future CSR-after processes

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

8.4.1 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 lead to agreeable work ethics, in line with anti-corruption policies of both government and independent organizations.

8.4.2 Social responsibility projects supporting community and society improvement

The Company 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 neighbourhood and promote local economic growth.

8.4.3 Other projects

The Company 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.

8.5 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.

Additional Guidelines on Anti-corruption

According to the principles of Good Corporate Governance, the Company has intention to run businesses with good governance and take responsibility to stakeholders and social by focusing on any types of anti-corruption, proceeding with carefulness and auditable to assure that the Company operates with appropriateness and transparency. Therefore, the Company has set "An Anti-corruption Policy" in order to guide directors, managements and employees as well as promote as one's part of corporate culture that leads the Company to sustainability. An Anti-corruption Policy is a part of Good Corporate Governance Manual shown on the Company's website.



9. Internal Control and Risk Management

9.1 Board of Directors' opinions regarding the internal control system

According to the Board of Directors' meeting no. 1/2017 on February 14, 2017 with 9 directors attending, conducting the sufficiency evaluation of the Company's internal control system as shown in the Attachments 3, the Board of Directors considered the internal control system of the Company sufficient to the Company's business and operation, there are no significant follow-up matters.

9.2 Audit committees' opinions regarding the internal control system

The Extraordinary General Meeting of Shareholders no. 3/2013 held on 9 December 2013 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 issue 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) 5 framework components, namely, control environment, risk assessment, control activities, information and communication, and monitoring activities. The internal auditor is responsible for the inspection of the system improvement and report to the audit committees.

The Audit Committees' meeting no. 2/2014 held on February 20, 2014 has an opinion to appoint the Office of Internal Audit Manager to 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.

The Office of the Internal Audit and Internal Auditor agreed with the Audit Committee's opinion on the Company internal control in 2015.

In 2016, the Office of the Internal Audit had audited guidelines, regulations and the working procedures of each work function of the company proposed the Audit Committee considering for appropriateness and sufficiency of the company's internal control.

The Audit Committee deems that the internal control assessment of the Company is suitable, sufficient, and there was no negative issue that may affect significantly to the Company.

9.3 The Office of Internal Audit

According to the Audit Committee's Meeting no. 2/2014 held on 20 February 2014, the 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. The Audit Committee appointed Mrs. Wanna Laichareonwong as the Office of the Internal Audit manager who responsible for internal auditing, coordinating between Audit Committee and AMC International Consulting Co., Ltd. Scopes of work of AMC International Consulting Co., Ltd. are to supporting the Audit Committee and the Board of Directors, by evaluating suitability of internal control system, monitoring



matters for work, and complying with laws, regulations and principles to ensure that the Company maintains suitable, sufficient and effective internal control system. In 2015, the Audit Committee appointed Mr.Paiboon Chaibenchapon as the Office of the Internal Audit manager in accordance with the resolution of the Audit Committee no. 5/2015 held on 14 August 2015.

However, the Office of Internal Audit manager's appointment and removal, and termination of outsource employed to be internal auditor are the Audit Committee's tasks according to "Corporate Governance Manual"

9.4 Risk Management

The Company has been aware of the importance of the risk management and conducted an enterprise risk management policy in the Board of Directors Meeting no. 5/2013 held on July 25, 2013 and appointed the Risk Oversight Management Committee in the Extraordinary General Meeting of the Shareholders no. 1/2016 held on August 8, 2013 in order to set a risk management policy and risk management framework of the Company, assess, audit, follow and control the risk to be in the acceptable level as well as communicate to employees to be aware of the importance of the Company's risk management.

The Risk Management Policy

1. Risk management shall be considered as the responsibility of employees in every level. They shall be aware of the risks occurred in their own department and in the Company. Moreover, it shall be aimed for effective and efficient outcomes.
2. Risk management shall be regarded as an essential instrument in managing the Company. Employees at every level shall understand and practice under a common regime.
3. Risk management shall be developed continuously in order to be a good corporate culture for practice so as to enable the Company to cope with rapid changes and achieve its goals and objectives.

The Risk Management Procedure

1. Policy and Criteria Establishment: set a policy, objective, scope, responsibility, criteria and guideline for risk management according to strategy, goal, plan and business direction
2. Risk Identification: identify risks that may affect the objective and goal by considering risks that occur from internal and external factors such as environment, law, finance, information system, decision support system, human resource, reputation and image, and security system.
3. Risk Analysis: analyze and assess remaining risk level after evaluating the current internal control system and prioritizing the risk. In case of the remaining risk still in high or very high level, the Company shall immediately facilitate a risk eliminate measurement set by authorized chief executive. If the remaining risk still in middle or low level, the Company shall facilitate a risk eliminate measurement in department level or provide an improvement in the operational process.
4. Risk Management: set an important risk management plan in relation to prioritization in the risk analysis step. There are many methods to manage risks such as control, transfer, avoid and accept risk.
5. Monitoring and Review: monitor and evaluate risk management result according to defined plan which Risk Oversight Management Committee shall monitor and report to chief executive and the Board of Directors.



Performance of Risk Oversight Management Committee

Risk Oversight Management Committee has perform its duties and take responsibilities in accordance with the Risk Oversight Management Committee's Charter and perform any other works assigned by the Board of Directors that focusing on an appropriate enterprise risk management, supporting Office of Internal Audit and Audit Committee's operation in order to enhance the Company's risk management procedure be effective and efficient as well as controlling risks that may affect the management and the business operation to be in the acceptable level.

In 2016 Risk Oversight Management Committee has held 4 meetings to consider the risk situation last year and forecast the future risk, analyze and assess the risk quarterly, assess the enterprise risk, consider amendment laws and regulations that may affect the Company's working procedures in order to analyze and manage risks to get along with such principles.

Moreover, Risk Oversight Management Committee has raised the awareness to employees in every level as to make them aware of the importance of risk management in relation with the organizational insider corruption by strictly abide and cultivate to be the part of corporate culture in order to make the Company's operational approaches be transparent and auditable.



10. Related Party Transactions

10.1 The Important Related Party Transactions

As at December 31, 2016 and 2015, there are no related party transactions.

10.2 Policy on Pricing

To prevent conflict of interest that may arise from conducting related party transactions, the Company has prescribed the policy on pricing based on the normal business practices; price and conditions shall match the transactions made with unrelated persons and/or companies, and every transaction shall be made for the best benefit of the Company.

10.3 Measures for Related Party Transactions Approval

1. Any actions causing a conflict of interest to the Company shall be avoided.
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. Any connected transactions shall be strictly complied with the relevant laws and regulations on the information disclosure for the listed companies.
4. Any connected transactions that is not accorded with the normal business shall be approved by the Board of Directors' or Shareholders' meeting as stipulated by related laws.

10.4 Policy on Conducting Future Related Party Transactions

There is a potential that the Company may engage in the related party transactions, and they shall be based on the normal business practices. The policy shall be developed the clarity of transaction approval; price and conditions shall match the transactions made with unrelated persons and/or companies, and every transaction shall be made for the best benefit of the Company. The Audit Committee shall review and evaluate the suitability of the related party transactions at every quarter.

The related party transactions that are not based on the normal business practices, the Audit Committee shall inspect and evaluate the suitability of such transactions beforehand. Nevertheless, the Board of Directors shall perform any transactions that may conflict with the Company's interest, strictly in accordance with the Securities and Exchange Act, notifications, rules and regulations of the Office of the Securities and Exchange Commission, and shall accurately disclose the related party transactions or asset acquisition/disposal. Any conduction shall also be complied with the Thai Accounting Standard.



Part 3

Financial Status and Operating Performance





11. Key Financial Information

● Statements of Financial Position

Unit: Baht

Statements of Financial Position	2014		2015		2016	
Current assets						
Cash and cash equivalents	35,013,496	1.13%	41,321,048	1.13%	4,948,506	0.12%
Current portion of hire purchase receivables - net	1,501,815,293	48.44%	1,761,881,528	48.36%	2,038,475,099	47.59%
Assets foreclosed – net	8,175,814	0.26%	6,498,696	0.18%	8,478,179	0.20%
Revenue Department receivables	23,060,130	0.74%	32,259,654	0.89%	33,926,562	0.79%
Prepaid insurance premium	40,879,426	1.32%	47,972,239	1.32%	75,061,831	1.75%
Other current assets	23,395,000	0.75%	28,928,308	0.79%	70,195,892	1.64%
Total current assets	1,632,339,159	52.65%	1,918,861,473	52.66%	2,231,086,069	52.09%
Non-current assets						
Restricted bank deposits	1,350,363	0.04%	1,758,465	0.05%	537,057	0.01%
Hire purchase receivables – net of current portion - net	1,331,986,217	42.96%	1,562,533,065	42.88%	1,855,779,328	43.33%
Prepaid insurance premium	15,590,202	0.50%	18,067,482	0.50%	30,682,151	0.72%
Land, building and equipment - net	74,009,802	2.39%	79,126,517	2.17%	82,972,707	1.93%
Deferred tax assets	44,808,146	1.45%	63,000,404	1.73%	82,067,350	1.91%
Other non-current assets	136,600	0.00%	212,600	0.01%	223,950	0.01%
Total non-current assets	1,467,881,330	47.35%	1,724,698,533	47.34%	2,052,262,543	47.91%
Total assets	3,100,220,489	100.00%	3,643,560,006	100.00%	4,283,348,612	100.00%
Current liabilities						
Bank overdraft and short-term loans from financial institution	-	0.00%	50,000,000	2.60%	-	0.00%
Trade accounts payables	2,622,408	0.13%	3,136,150	0.16%	9,521,799	0.40%
Short-term loans	-	0.00%	422,338,883	21.95%	325,492,123	13.71%
Short-term loans from director	-	0.00%	-	0.00%	-	0.00%



Statements of Financial Position	2014		2015		2016	
Current portion of long-term loans	1,155,216,199	56.46%	939,133,131	48.82%	777,146,012	32.73%
Current portion of financial lease payables	1,598,033	0.08%	1,175,434	0.06%	456,728	0.02%
Income tax payable	39,167,038	1.91%	57,072,722	2.97%	58,790,052	2.48%
Insurance premium payables	10,654,078	0.52%	13,778,798	0.72%	18,444,426	0.78%
Accrued expenses	16,139,377	0.79%	18,443,607	0.96%	28,299,306	1.19%
Other current liabilities	11,057,462	0.54%	20,698,997	1.08%	19,114,878	0.80%
Total current liabilities	1,236,454,595	60.43%	1,525,777,722	79.31%	1,237,265,324	52.11%
Non-current liabilities						
Long-term loans – net of current portion	802,965,439	39.24%	390,983,641	20.32%	481,214,537	20.26%
Financial lease payables – net of current portion	1,632,162	0.08%	456,728	0.02%	-	0.00%
Provision for long-term employee benefits	5,140,410	0.25%	6,492,528	0.34%	8,403,504	0.35%
Debt issued - debentures	-	0.00%	-	0.00%	647,824,289	27.28%
Total non-current liabilities	809,738,011	39.57%	397,932,897	20.69%	1,137,442,330	47.89%
Total liabilities	2,046,192,606	66.00%	1,923,710,619	52.80%	2,374,707,654	55.44%
Shareholders' equity						
Issued and fully paid-up	533,000,000	50.57%	613,000,000	35.64%	613,000,000	32.12%
Share premium	90,606,558	8.60%	427,822,558	24.88%	427,822,558	22.41%
Capital reserve for share-based payment transactions	15,300,000	1.45%	15,300,000	0.89%	15,300,000	0.80%
Appropriated – statutory reserve	20,756,407	1.97%	38,406,028	2.23%	59,478,174	3.12%
Unappropriated	394,364,918	37.42%	625,320,801	36.36%	793,040,226	41.55%
Total shareholders' equity	1,054,027,883	34.00%	1,719,849,387	47.20%	1,908,640,958	44.56%
Total liabilities and shareholders' equity	3,100,220,489	100.00%	3,643,560,006	100.00%	4,283,348,612	100.00%



- Statements of comprehensive income

Unit: Baht

Statements of comprehensive income	2014		2015		2016	
Revenues						
Hire purchase interest income	887,504,649	95.02%	1,068,497,872	94.17%	1,207,904,169	92.20%
Fee and service income	37,690,150	4.04%	48,078,800	4.24%	53,035,136	4.05%
Other income	8,830,416	0.95%	18,049,971	1.59%	49,140,867	3.75%
Total revenues	934,025,215	100.00%	1,134,626,643	100.00%	1,310,080,172	100.00%
Expenses						
Selling and administrative expenses	181,165,365	19.40%	214,006,685	18.86%	260,016,449	19.85%
Bad debts and doubtful accounts	210,391,625	22.53%	204,526,270	18.03%	255,763,046	19.52%
Loss on impairment and disposal of assets foreclosed	137,971,647	14.77%	137,584,449	12.13%	147,688,718	11.27%
Total expenses	529,528,637	56.69%	556,117,404	49.01%	663,468,213	50.64%
Profit before finance cost and income tax expenses	404,496,578	43.31%	578,509,239	50.99%	646,611,959	49.36%
Financial cost	(138,339,510)	14.81%	(137,347,324)	12.11%	(119,887,037)	9.15%
Profit before income tax expenses	266,157,068	28.50%	441,161,915	38.77%	526,724,922	40.21%
Income tax expenses	(53,135,009)	5.69%	(88,169,505)	7.77%	(105,282,007)	8.04%
Profit for the year	213,022,059	22.81%	352,992,410	31.11%	421,442,915	32.17%
Other comprehensive income shall not to be reclassified to profit or loss in subsequent periods:						
Comprehensive income from actuarial loss	-	0.00%	(221,133)	0.02%	360,786	0.03%
Comprehensive income tax relating to actuarial loss	-	0.00%	44,227	0.00%	(72,157)	0.01%
Other comprehensive income for the year	-	0.00%	(176,906)	0.02%	288,629	0.02%
Total comprehensive income for the year	213,022,059	22.81%	352,815,504	31.10%	421,731,544	32.19%



- Cash flows statements

Unit: Baht

Cash flows statements	2014	2015	2016
Cash flows from operating activities			
Profit before income tax	266,157,068	441,161,915	526,724,922
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities			
Depreciation	7,013,653	7,156,459	6,201,259
Bad debts and doubtful accounts	210,391,625	204,526,270	255,763,046
Loss (gain) on disposal of assets	98,148	(193,235)	(71,367)
Loss on written-off fixed assets	58,027	19,487	8,711
Loss on impairment of assets foreclosed	1,707,665	(1,307,012)	1,173,656
Provision for long-term employee benefits	1,614,913	1,130,985	2,271,762
Hire purchase interest income	(887,504,649)	(1,068,497,872)	(1,207,904,169)
Interest expenses	138,339,510	137,347,324	119,887,037
Loss from operating activities before changes in operating assets and liabilities	(262,124,040)	(278,655,679)	(295,945,143)
Operating assets (increase) decrease			
Hire purchase receivables	(739,873,115)	(682,207,938)	(811,055,146)
Assets foreclosed	(4,338,321)	2,984,130	(3,153,139)
Revenue Department receivables	(2,772,786)	(9,199,524)	(1,666,908)
Prepaid insurance premium	(8,538,437)	(9,570,093)	(39,704,261)
Other current assets	(6,331,178)	(5,533,308)	(41,267,584)
Other non-current assets	(5,999)	(76,000)	(11,350)
Operating liabilities increase (decrease)			
Trade accounts payables	(11,808,818)	513,742	6,385,649
Insurance premium payables	317,097	3,124,720	4,665,628
Accrued expenses	(3,647,578)	2,349,370	5,312,062
Other current liabilities	6,126,463	9,590,196	(1,585,494)
Cash flows used in operating activities	(1,032,997,712)	(966,680,384)	(1,178,025,686)
Cash received from interest	880,144,098	1,055,566,457	1,193,356,435
Cash paid for corporate income tax	(58,804,307)	(88,411,852)	(122,703,780)
Cash paid for interest	(133,984,576)	(121,970,248)	(84,025,052)
Net cash flows used in operating activities	(345,642,497)	(121,496,027)	(191,398,083)
Cash flows from investing activities			
Decrease (Increase) in restricted bank deposits	(580,675)	(408,102)	1,221,408
Cash receipt from sell equipment	35,374	215,131	75,000
Cash paid for acquisition of land, building and equipment	(8,993,049)	(12,314,557)	(10,059,793)
Net cash flows used in investing activities	(9,538,350)	(12,507,528)	(8,763,385)



Cash flows statements	2014	2015	2016
Cash flows from financing activities			
Proceeds from increase in share capital	-	417,216,000	-
Increase (decrease) in bank overdraft and short-term loans from financial institution	-	50,000,000	(50,000,000)
Increase (decrease) in short-term loans	-	415,709,223	(115,356,911)
Cash received from debentures	-	-	647,300,000
Cash receipt from long-term loans	1,564,770,000	670,500,000	1,084,827,000
Repayment of long-term loans	(1,203,558,807)	(1,297,357,422)	(1,164,861,130)
Repayment of financial lease payables	(1,512,037)	(1,598,034)	(1,175,434)
Repayment for loans issuing cost	(10,650,125)	(10,000,000)	(4,006,000)
Payment for dividend	-	(104,158,660)	(232,938,599)
Net cash flows from financing activities	349,049,031	140,311,107	163,788,926
Net increase (decrease) in cash and cash equivalents	(6,131,816)	6,307,552	(36,372,542)
Cash and cash equivalents at beginning of year	41,145,312	35,013,496	41,321,048
Cash and cash equivalents at end of year	35,013,496	41,321,048	4,948,506



(c) Important Financial Ratios

Unit: Baht

Financial Ratios		2014	2015	2016
Profitability ratios				
Interest income*	Percent	34.60	34.70	33.47
Interest expense	Percent	7.77	7.40	6.02
Interest margin	Percent	26.83	27.30	27.45
Net profit margin	Percent	22.81	31.11	32.17
Return on equity	Percent	22.48	25.45	23.23
Efficiency ratios				
Return on assets	Percent	7.57	10.47	10.63
Assets turnover	Times	0.33	0.34	0.33
Financial ratios				
Debt to equity	Times	1.94	1.12	1.24
Lending to borrowing	Times	1.44	1.66	1.81
Dividend pay-out	Percent	NA	48.92	16.00
Asset quality ratios				
Allowance for doubtful debts to hire-purchase receivables	Percent	10.49	11.43	12.10
Non performing hire-purchase receivables to hire-purchase receivables**	Percent	8.99	11.04	10.57
Bad debts to hire-purchase receivables	Percent	3.50	3.14	3.87

Financial Ratios		2014	2015	2016
Shares				
Book value per share	Baht per share	1.98	2.85	3.11
Earning per share	Baht per share	0.40	0.59	0.69

Remarks: * 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.



12. Management Discussion and Analysis: MD&A

Management Discussion and Analysis is a comparison report between the Company's operating performance and its financial status in 2016 and 2015.

12.1 Overview of the Operating Performance

- Revenues

Revenues are classified as follows:

Unit: Baht

Type of Revenues	2015		2016	
Hire purchase interest incomes	1,068,497,872	94.17%	1,207,904,169	92.20%
Fee and service incomes	48,078,800	4.24%	53,035,136	4.05%
Other incomes	18,049,971	1.59%	49,140,867	3.75%
Total revenues	1,134,626,643	100.00%	1,310,080,172	100.00%

Total revenues increased 15.46 percent from Baht 1,134.63 million in 2015 to Baht 1,310.08 million in 2016 as a result of the branch expansion, especially in Bangkok, Chonburi, Rayong and Nakhon Pathom.

The Company's revenues derive from hire purchase loan interests, fees and other incomes. Hire purchase loan interest was the most gained income, which increased 13.05 percent from Baht 1,068.50 million in 2015 to Baht 1,207.90 million in 2016.

- Expenses

Unit: Baht

Types of Expenses	2015		2016	
Servicing and operational expenses	214,006,685	38.48%	260,016,449	39.19%
Bad debts and doubtful accounts	204,526,270	36.78%	255,763,046	38.55%
Loss on impairment and disposal of assets foreclosed	137,584,449	24.74%	147,688,718	22.26%
Total expenses	556,117,404	100.00%	663,468,213	100.00%

Total expenses increased 19.30 percent from Baht 556.12 million in 2015 to Baht 663.47 million in 2016. The Company's expenses are servicing and operational expenses, bad debts and doubtful accounts and loss on impairment and disposal of assets foreclosed.

- Sale and administrative expenses

Sale and administrative expenses increased 21.50 percent from Baht 214.01 million in 2015 to Baht 260.02 million in 2016 following the increase of the total revenues.

In 2016, sale and administrative expenses was 19.85 percent of total revenues, increased from 18.86 percent in 2015, corresponding to the business growth.



- Bad debts and doubtful accounts

The Company set allowances for doubtful accounts at 1 percent for non-due payment up to two months due debtors. 2 percent allowance for over two months due up to less than four months, while 100 percent allowance four months due and over.

Bad debts and doubtful accounts increased 25.05 percent from Baht 204.53 million in 2015 to Baht 255.76 million in 2016 that was increased at a decreasing rate compared to the increasing of hire purchase receivables.

However, given that the ratio of bad debts and doubtful accounts, and total revenues was 19.52 percent in 2016 increased from 18.03 percent in 2015 that was increased at a decreasing rate compared to the increasing of hire purchase receivables.

Unit : Baht

	2015	2016
Bad debts and doubtful accounts	204,526,270	255,763,046
Bad debts and doubtful accounts to total revenues (%)	18.03	19.52

- Loss on impairment and disposal of assests foreclosed

Loss on impairment and disposal of assests foreclosed increased 7.34 percent from Baht 137.58 million in 2015 to Baht 147.69 million in 2016 that was increased at a decreasing rate compared to the increasing of hire purchase receivables.

Loss on impairment and disposal of assests foreclosed to hire purchase receivables, net ratio was 3.65 percent in 2016, decreased from 4.02 percent in 2015. Correspondingly, loss on impairment and disposal of assests foreclosed to total revenues ratio was 11.27 percent, decreased from 12.13 percent in 2015 as a result of the second hand motorcycle's demand literally increased.

Unit: Baht

	2015	2016
Loss on impairment and disposal of assests foreclosed	137,584,449	147,688,718
Loss on impairment and disposal of assests foreclosed to hire purchase receivables, net (percent)	4.02	3.65
loss on impairment and disposal of assests foreclosed to total revenues (percent)	12.13	11.27

● **Profot for the year**

Profit for the year excluding other comprehensive income increased 19.39 percent from Baht 352.99 million in 2015 to Baht 421.44 million in 2016 as a result of the branch expansion, especially in Bangkok, Chonburi ,Rayong and Nakhon Pathom.



12.2 Financial Status

- Assets

At the end of December 2016, total assets increased 17.56 percent from Baht 3,643.56 million to Baht 4,283.35 million. Most of the Company's assets is hire purchase receivables, which was Baht 3,324.41 million and Baht 3,894.25 million in 2015 and 2016, respectively, equivalent to 91.24 percent and 90.92 percent of total assets respectively.

Unit: Baht

Summarized Financial Statement	2015		2016	
Current assets				
Cash and cash equivalents	41,321,048	2.15%	4,948,506	0.22%
Current portion of hire purchase receivables - net	1,761,881,528	91.82%	2,038,475,099	91.37%
Assets foreclosed – net	6,498,696	0.34%	8,478,179	0.38%
Revenue Department receivables	32,259,654	1.68%	33,926,562	1.52%
Prepaid insurance premium	47,972,239	2.50%	75,061,831	3.36%
Other current assets	28,928,308	1.51%	70,195,892	3.15%
Total current assets	1,918,861,473	100.00%	2,231,086,069	100.00%

Unit: Baht

Summarized Financial Statement	2015		2016	
Non-current assests				
Restricted bank deposits	1,758,465	0.10%	537,057	0.03%
Hire purchase receivables – net of current portion - net	1,562,533,065	90.60%	1,855,779,328	90.43%
Prepaid insurance premium	18,067,482	1.05%	30,682,151	1.49%
Land, building and equipment - net	79,126,517	4.59%	82,972,707	4.04%
Deferred tax assets	63,000,404	3.65%	82,067,350	4.00%
Other non-current assests	212,600	0.01%	223,950	0.01%
Total non-current assests	1,724,698,533	100.00%	2,052,262,543	100.00%

Moreover, at the end of December 2016, land, building and equipment assets increased 4.86 percent from Baht 79.13 million to Baht 82.97 million due to the office's construction in Rayong in order to respond to the growing business expansion in eastern area has a growing trend.

Hire purchase receivables

At the end of December 2016, total net hire purchase receivables increased 17.14 percent from Baht 3,324.42 million to Baht 3,894.25 million due to the branch expansion, especially in Bangkok, Chonburi, Rayong and Nakhon Pathom.

At the end of December 2016, it was found that the hire purchase receivables with 4 month due payment, which the Company set a 100 percent allowance for doubtful accounts, to total hire purchase receivables ratio was 10.22 percent, slightly increased from 9.57 percent in 2015. Consequently, the allowance for doubtful accounts to total hire purchase receivables ratio was 12.10 percent at the end of December 2016, slightly increased from 11.43 percent in 2015 as a result of the insecure in economic, as well as the import-export, agriculture price and GDP. However, net profit margin in 2016 was 32.17 percent, increased from 31.11 percent in 2015.

Unit: Baht

Aging	Hire Purchase Receivables			
	2015	Proportion to total receivables	2016	Proportion to total receivables
Not yet due	2,286,325,483	61.54%	2,829,089,769	64.53%
Past due: Less than 1 month	664,437,559	17.88%	633,161,697	14.44%
Past due: 1 months or more, but less than 2 months	207,710,494	5.59%	243,204,349	5.55%
Past due: 2 months or more, but less than 4 months	201,556,934	5.42%	230,462,417	5.26%
Past due: 4 months or more, but less than 7 months	107,583,056	2.90%	124,612,873	2.84%
Past due: 7 months or more, but less than 12 months	111,643,635	3.00%	137,963,577	3.15%
12months or more	136,223,911	3.67%	185,673,488	4.23%
Total	3,715,481,072	100.00%	4,384,168,170	100.00%

Unit: Baht

Allowance for Doubtful Accounts Ratio	Allowance for Doubtful Accounts	
	2015	2016
1%	22,863,257	28,290,897
1%	6,644,376	6,331,617
1%	2,077,105	2,432,043
2%	4,031,139	4,609,248
100%	107,583,056	124,612,873
100%	111,643,635	137,963,577
100%	136,223,911	185,673,488
Total	391,066,479	489,913,743



Unit : Baht

	2015	2016
Allowance for doubtful accounts	391,066,479	489,913,743
Hire purchase receivables	3,715,481,072	4,384,168,170
Hire purchase receivables - net	3,324,414,593	3,894,254,427
Allowance for doubtful accounts to hire purchase receivables (percent)	11.43	12.10
Allowance for doubtful accounts to hire purchase receivables – net (percent)	12.70	13.57

- Liabilities

At the end of December 2016, total liabilities increased 23.44 percent from Baht 1,923.71 million to Baht 2,374.71 million. The Company's liabilities composed of long-term loans which was Baht 1,380.12 million and Baht 1,258.36 million in 2015 and 2016, respectively, equivalent to 71.74 percent and 52.99 percent of total liabilities respectively.

Unit : Baht

Statement of Financial Position	2015		2016	
Current liabilities				
Bank overdraft and short-term loans from financial institution	50,000,000	2.60%	-	0.00%
Trade accounts payables	3,136,150	0.16%	9,521,799	0.40%
Short-term loans	422,338,883	21.95%	325,492,123	13.71%
Current portion of long-term loans	939,133,131	48.82%	777,146,012	32.73%
Current portion of financial lease payables	1,175,434	0.06%	456,728	0.02%
Income tax payable	57,072,722	2.97%	58,790,052	2.48%
Insurance premium payables	13,778,798	0.72%	18,444,426	0.78%
Accrued expenses	18,443,607	0.96%	28,299,306	1.19%
Other current liabilities	20,698,997	1.08%	19,114,878	0.80%
Total current liabilities	1,525,777,722	79.31%	1,237,265,324	52.11%



Statement of Financial Position	2015		2016	
Non-current liabilities				
Long-term loans – net of current portion	390,983,641	20.32%	481,214,537	20.26%
Financial lease payables – net of current portion	456,728	0.02%	-	0.00%
Provision for long-term employee benefits	6,492,528	0.34%	8,403,504	0.35%
Debt issued - debentures	-	0.00%	647,824,289	27.28%
Total non-current liabilities	397,932,897	20.69%	1,137,442,330	47.89%
Total liabilities	1,923,710,619	100.00%	2,374,707,654	100.00%

- Sources of Funds

Sources of the Company's funds as of the end of 2015 and 2016 are as follow:

Unit : Baht

	2015		2016	
Loans	1,802,455,655	51.17%	2,231,676,961	53.90%
Bank overdraft and short-term loans from financial institution	50,000,000	1.42%	-	0.00%
Short-term loans	422,338,883	11.99%	325,492,123	7.86%
Current portion of long-term loans	939,133,131	26.66%	777,146,012	18.77%
Long-term loans – net of current portion	390,983,641	11.10%	481,214,537	11.62%
Debt issued - debentures	-	0.00%	647,824,289	15.65%
Shareholders' equity	1,719,849,387	48.83%	1,908,640,958	46.10%
Total	3,522,305,042	100.00%	4,140,317,919	100.00%

Sources of the company's funds compose of long-term loans and short-term from bills of exchange. Loans in 2015 and 2016 were Baht 1,802.46 million and Baht 2,231.68 million, respectively, shareholders' equity was Baht 1,719.85 million and Baht 1,908.64 million respectively, and debt to equity ratio in 2015 and 2016 was 1.12 and 1.24 respectively. This debt to equity ratio numbers are seen as average ratio in the hire-purchase industry, and are within the requirement under the credit financing agreement.

12.3 Negative Factors to the Financial Status and Operating Performance

- 1) As the market becomes fiercely competitive, the Company is also driven to achieve more hire-purchase accounts. However, gaining more accounts put the Company at risk of more doubtful accounts. The Company, therefore, has to set higher allowances for doubtful accounts. Moreover, the Company may encounter lower net profit margin as there are more bad debts and loss on impairment and disposal of assets.
- 2) The economic crisis affects the repayment ability of the Company's customers.



Financial statement and report of Audit



The Board of Directors' Responsibility for Financial Reports

The Board of Directors has been aware of the duty and taking responsibility for the efficiently consolidated financial statements of the company, as well as the financial information stated in the annual report. The Board, however, oversees that such financial statements have been prepared in accordance with the generally accepted accounting principles and standards under appropriate accounting policy and regular adherence to them with prudence, accuracy, completeness, truthfulness and rationality to reflect the true operating performance of the company. In this connection, the company has continuously reported its operating results and disclosed adequately key information with transparency to the Stock Exchange of Thailand in the interest of the shareholders and general investors. Such financial statements has examined and given an unconditional opinion by independent auditor.

The Board of Directors has provided the business administration in compliance with the good corporate governance system and maintained appropriate and effective risk management system, internal control system and internal audit to ensure accurate, complete and adequate financial information for retention of company's assets and prevention of any significant irregularities or frauds.

The Board of Directors has appointed the Audit Committee comprising of Independent Directors to oversee the accounting policy and responsible for quality of the financial reports including risk management system, internal control system and internal audit to be efficient along with considering disclosure of related party transaction with completeness, adequate and appropriate. The Audit Committee has expressed its opinions about such issues in the Report of the Audit Committee appeared in this Annual Report.

The Board of Directors has an opinion that the company's overall internal control system and internal audit are adequate and appropriate to be rationally confident that the company's financial statements are disclosed financial position, operating results and cash flow with accuracy and reliable in accordance with the generally accepted accounting standards and accurate under the relevant laws and procedures.

S 11 Group Public Company Limited
Report and financial statements
31 December 2016



Building a better
working world

EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
G.P.O.Box 1047, Bangkok 10501, Thailand
Tel: +66 2264 9090
Fax: +66 2264 0789-90
ey.com

บริษัท สำนักงาน อีวาย จำกัด
ชั้น 33 อาคารเลครัชดา
193/136-137 ถนนรัชดาภิเษก
คลองเตย กรุงเทพฯ 10110
ตู้ไป.ณ. 1047 กรุงเทพฯ 10501
โทรศัพท์: +66 2264 9090
โทรสาร: +66 2264 0789-90
ey.com

Independent Auditor's Report

To the Shareholders of S 11 Group Public Company Limited

Opinion

I have audited the accompanying financial statements of S 11 Group Public Company Limited, which comprise the statement of financial position as at 31 December 2016, and the related statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of S 11 Group Public Company Limited as at 31 December 2016, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are describe below.

Allowance for doubtful accounts for hire purchase receivables

As discussed in Note 4.5 to the financial statements, the estimation of allowance for doubtful accounts of hire purchase receivables was based on the estimated possible losses from uncollectible receivables, taking into account the status of outstanding receivables and various assumptions. The management is required to exercise considerable judgment in determining the assumptions to be used in estimating allowances for losses that are expected to be incurred as result of debtors being unable to make payment and determining the timing of the recognition of such allowances. Furthermore, the estimation of allowance for doubtful accounts is significant because, as at 31 December 2016, the Company had balances of hire purchase receivables of Baht 4,384 million and allowance for doubtful accounts of Baht 490 million (the net amount represent 91% of total assets). Therefore, I addressed the adequacy of allowance for doubtful accounts for hire purchase receivables as a key audit matter.

I gained an understanding of the internal controls relevant to the recording of transactions, collection of debts and receipt of payment from debtors, and the procedures for the estimation of the allowance for doubtful accounts by making enquiry of the responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I assessed the method applied by the Company in calculating the allowance for doubtful accounts by reviewing the credibility of key information to its sources, performing comparative analysis of the assumptions that the Company used and the historical and outsourced data. In addition, I evaluated the consistency of the application of assumptions, sample tested the completeness and correctness of the data used in the calculation of the allowance for doubtful accounts, and tested on a sampling basis the aging of outstanding debts and the calculation of allowance for doubtful accounts.

Revenue recognition - Hire purchase interest income

The Company's policy on recognition of interest income is discussed in Note 4.1 to the financial statements. In 2016, most of the Company's revenue consisted of interest income from hire purchase contracts, which amounted to Baht 1,208 million (representing 92 percent of total revenue). Hire purchase interest income was derived from hire purchase agreements with a large number of customers, most of whom are retail customers, and recognition is reliant on data processing by information technology systems. Therefore, I addressed the amount and timing of the recognition of hire purchase interest income as a key audit matter.

I assessed and tested the Company's computer - based controls and its internal controls related to the loan origination, loan receipt and interest revenue recognition processes by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I applied a sampling method to select hire purchase agreements to assess whether the recording of hire purchase agreements and the revenue recognition were consistent with the conditions of the relevant agreements and were in compliance with the Company's policy. In addition, I performed analytical procedures on the recognition of interest income throughout the year, the cessation of recognition of interest revenue and applied a sampling method for accounting entries related to interest income recognition that were made through journal vouchers.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Company, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is
Ms. Somjai Khunapasut

Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 14 February 2017

S 11 Group Public Company Limited

Statements of financial position

As at 31 December 2016

(Unit: Baht)

	Note	2016	2015
Assets			
Current assets			
Cash and cash equivalents	6	4,948,506	41,321,048
Current portion of hire purchase receivables - net	7	2,038,475,099	1,761,881,528
Assets foreclosed - net	8	8,478,179	6,498,696
Revenue Department receivables		33,926,562	32,259,654
Prepaid insurance premium		75,061,831	47,972,239
Other current assets	9	70,195,892	28,928,308
Total current assets		2,231,086,069	1,918,861,473
Non-current assets			
Restricted bank deposits	10	537,057	1,758,465
Hire purchase receivables - net of current portion	7	1,855,779,328	1,562,533,065
Prepaid insurance premium		30,682,151	18,067,482
Land, building and equipment - net	11	82,972,707	79,126,517
Deferred tax assets	12	82,067,350	63,000,404
Other non-current assets		223,950	212,600
Total non-current assets		2,052,262,543	1,724,698,533
Total assets		4,283,348,612	3,643,560,006

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited
 Statements of financial position (continued)
 As at 31 December 2016

(Unit: Baht)

	Note	2016	2015
Liabilities and shareholders' equity			
Current liabilities			
Bank overdraft	13	-	50,000,000
Trade accounts payables		9,521,799	3,136,150
Current portion of long-term loans	15	777,146,012	939,133,131
Current portion of liabilities under financial lease agreements	17	456,728	1,175,434
Short-term loans	14	325,492,123	422,338,883
Income tax payable		58,790,052	57,072,722
Insurance premium payables		18,444,426	13,778,798
Accrued expenses		28,299,306	18,443,607
Other current liabilities		19,114,878	20,698,997
Total current liabilities		1,237,265,324	1,525,777,722
Non-current liabilities			
Long-term loans - net of current portion	15	481,214,537	390,983,641
Debt issued - debentures	16	647,824,289	-
Liabilities under financial lease agreements - net of current portion	17	-	456,728
Provision for long-term employee benefits	18	8,403,504	6,492,528
Total non-current liabilities		1,137,442,330	397,932,897
Total liabilities		2,374,707,654	1,923,710,619

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited
Statements of financial position (continued)
As at 31 December 2016

(Unit: Baht)

	Note	2016	2015
Shareholders' equity			
Share capital			
Registered			
613,000,000 ordinary shares of Baht 1 each		613,000,000	613,000,000
Issued and fully paid-up			
613,000,000 ordinary shares of Baht 1 each	19	613,000,000	613,000,000
Share premium	19	427,822,558	427,822,558
Capital reserve for share-based payment transactions		15,300,000	15,300,000
Retained earnings			
Appropriated - statutory reserve	21	59,478,174	38,406,028
Unappropriated		793,040,226	625,320,801
Total shareholders' equity		1,908,640,958	1,719,849,387
Total liabilities and shareholders' equity		4,283,348,612	3,643,560,006

The accompanying notes are an integral part of the financial statements.

Directors

S 11 Group Public Company Limited
Statements of comprehensive income
For the year ended 31 December 2016

(Unit: Baht)

	Note	2016	2015
Profit or loss:			
Revenues			
Hire purchase interest income		1,207,904,169	1,068,497,872
Fee and service income		53,035,136	48,078,800
Other income		49,140,867	18,049,971
Total revenues		<u>1,310,080,172</u>	<u>1,134,626,643</u>
Expenses			
Selling and administrative expenses	22	260,016,449	214,006,685
Bad debts and doubtful accounts	7.6	255,763,046	204,526,270
Loss on impairment and disposal of assets foreclosed	23	147,688,718	137,584,449
Total expenses		<u>663,468,213</u>	<u>556,117,404</u>
Profit before finance cost and income tax expenses		646,611,959	578,509,239
Finance cost		(119,887,037)	(137,347,324)
Profit before income tax expenses		526,724,922	441,161,915
Income tax expenses	12	(105,282,007)	(88,169,505)
Profit for the year		<u>421,442,915</u>	<u>352,992,410</u>
Other comprehensive income:			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods			
Actuarial gain (loss)		360,786	(221,133)
Income tax relating to actuarial gain (loss)	12	(72,157)	44,227
Other comprehensive income for the year (loss)		<u>288,629</u>	<u>(176,906)</u>
Total comprehensive income for the year		<u><u>421,731,544</u></u>	<u><u>352,815,504</u></u>
Earnings per share			
Basic earnings per share	24	0.69	0.59
Weight average number of ordinary shares (shares)		<u>613,000,000</u>	<u>602,917,808</u>

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited

Statements of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

	Issued and fully	Share	Capital reserve	Retained earnings		Total
	paid-up		for share-based	Appropriated -	Unappropriated	
	share capital	premium	payment transactions	statutory reserve		shareholders' equity
Balance as at 1 January 2015	533,000,000	90,606,558	15,300,000	20,756,407	394,364,918	1,054,027,883
Profit for the year	-	-	-	-	352,992,410	352,992,410
Other comprehensive income for the year (loss)	-	-	-	-	(176,906)	(176,906)
Total comprehensive income for the year	-	-	-	-	352,815,504	352,815,504
Proceeds from increase in share capital (Note 19)	80,000,000	337,216,000	-	-	-	417,216,000
Dividend paid (Note 26)	-	-	-	-	(104,210,000)	(104,210,000)
Transferred unappropriate retained earnings						
to statutory reserve	-	-	-	17,649,621	(17,649,621)	-
Balance as at 31 December 2015	613,000,000	427,822,558	15,300,000	38,406,028	625,320,801	1,719,849,387
Balance as at 1 January 2016	613,000,000	427,822,558	15,300,000	38,406,028	625,320,801	1,719,849,387
Profit for the year	-	-	-	-	421,442,915	421,442,915
Other comprehensive income for the year	-	-	-	-	288,629	288,629
Total comprehensive income for the year	-	-	-	-	421,731,544	421,731,544
Dividend paid (Note 26)	-	-	-	-	(232,939,973)	(232,939,973)
Transferred unappropriated retained earnings						
to statutory reserve	-	-	-	21,072,146	(21,072,146)	-
Balance as at 31 December 2016	613,000,000	427,822,558	15,300,000	59,478,174	793,040,226	1,908,640,958

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited

Cash flows statements

For the year ended 31 December 2016

	(Unit: Baht)	
	2016	2015
Cash flows from operating activities		
Profit before income tax	526,724,922	441,161,915
Adjustments to reconcile profit before income tax to net cash provided by (paid) from operating activities		
Depreciation	6,201,259	7,156,459
Bad debts and doubtful accounts	255,763,046	204,526,270
Gain on disposal of assets	(71,367)	(193,235)
Loss on written-off assets	8,711	19,487
Loss (reversal) on impairment of assets foreclosed	1,173,656	(1,307,012)
Provision for long-term employee benefits	2,271,762	1,130,985
Hire purchase interest income	(1,207,904,169)	(1,068,497,872)
Interest expenses	119,887,037	137,347,324
Loss from operating activities before changes in operating assets and liabilities	(295,945,143)	(278,655,679)
Operating assets (increase) decrease		
Hire purchase receivables	(811,055,146)	(682,207,938)
Assets foreclosed	(3,153,139)	2,984,130
Revenue Department receivables	(1,666,908)	(9,199,524)
Prepaid insurance premium	(39,704,261)	(9,570,093)
Other current assets	(41,267,584)	(5,533,308)
Other non-current assets	(11,350)	(76,000)
Operating liabilities increase (decrease)		
Trade accounts payables	6,385,649	513,742
Insurance premium payables	4,665,628	3,124,720
Accrued expenses	5,312,062	2,349,370
Other current liabilities	(1,585,494)	9,590,196
Cash flows used in operating activities	(1,178,025,686)	(966,680,384)
Cash received from interest	1,193,356,435	1,055,566,457
Cash paid for corporate income tax	(122,703,780)	(88,411,852)
Cash paid for interest	(84,025,052)	(121,970,248)
Net cash flows used in operating activities	(191,398,083)	(121,496,027)

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited
Cash flows statements (continued)
For the year ended 31 December 2016

	(Unit: Baht)	
	2016	2015
Cash flows from investing activities		
Decrease (increase) in restricted bank deposits	1,221,408	(408,102)
Cash receipt for proceed of equipment	75,000	215,131
Cash paid for acquisition of land, building and equipment	(10,059,793)	(12,314,557)
Net cash flows used in investing activities	(8,763,385)	(12,507,528)
Cash flows from financing activities		
Proceeds from increase in share capital	-	417,216,000
Increase (decrease) in bank overdraft	(50,000,000)	50,000,000
Increase (decrease) in short-term loans	(115,356,911)	415,709,223
Cash receipt from long-term loans	1,084,827,000	670,500,000
Repayment of long-term loans	(1,164,861,130)	(1,297,357,422)
Cash receipt from debentures issuance	647,300,000	-
Repayment of financial lease payables	(1,175,434)	(1,598,034)
Payment for loans issuing cost	(4,006,000)	(10,000,000)
Payment for dividend	(232,938,599)	(104,158,660)
Net cash flows from financing activities	163,788,926	140,311,107
Net increase (decrease) in cash and cash equivalents	(36,372,542)	6,307,552
Cash and cash equivalents at beginning of year	41,321,048	35,013,496
Cash and cash equivalents at end of year	4,948,506	41,321,048

The accompanying notes are an integral part of the financial statements.

S 11 Group Public Company Limited
Notes to financial statements
For the year ended 31 December 2016

1. Corporate information

S 11 Group Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is S Charter Company Limited which was incorporated in Thailand. The Company is principally engaged in the hire purchase of motorcycles and its registered address is 888, Soi Chatuchot 10, Chatuchot Road, Ao Ngoen, Sai Mai, Bangkok.

As at 31 December 2016, the Company has 3 branches in Chonburi, Ayudhya and Rayong.

2. Basis of preparation

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the year, the Company has adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which became effective for fiscal year beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company’s financial statements.

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal year beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company believes that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

a) Hire purchase interest income

Hire purchase interest income is recognised on an accrual basis throughout the contract period based on the effective rate method.

The Company ceases recognising revenue from hire purchase receivables which installment payment has been defaulted for more than 3 installments past the due date per the agreement. Interest is then recognised as income on a cash basis.

b) Fee and service income

Fee and service income are recognised when services have been rendered.

c) Penalty fee income

Penalty fee income is recognised when received.

4.2 Expense recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis.

b) Commissions and direct expenses of the hire purchase contracts

The Company recorded the initial commissions and direct expenses at the inception of hire purchase contract by deferred and amortised those expenses using the effective interest method, with amortisation deducted from unearned income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned interest income is stated net of commissions and direct expenses incurred at the inception of the contracts.

4.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Hire purchase receivables

Hire purchase receivables are stated at the contract value net of unearned hire purchase income, which is presented after netting deferred commission and initial direct costs at the inception of the contracts.

4.5 Allowance for doubtful accounts

The Company provides allowance for doubtful accounts for hire purchase receivables based on the amount of debts that may not be collectible, determined by analysis of the current status of the receivables. Allowance for doubtful accounts is provided at the percentage of the amount of outstanding receivables net of unearned hire purchase income (net of deferred commissions and direct expenses incurred at the inception of the contracts).

	<u>Provisioning rate</u>
Normal loans and past due less than 2 months	1
Past due 2 months or more, but less than 4 months	2
Past due 4 months or more	100

Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year in profit or loss in the statements of comprehensive income. The Company has a policy to write-off its receivables when a demand for payment has been properly made and clearly evidenced, and yet the debts remain unsettled.

4.6 Assets foreclosed

Assets foreclosed represent assets repossessed from hire purchase receivables and are stated at the lower of cost and estimated net realisable value.

Gain (loss) on disposal of assets foreclosed is recognised in part of profit or loss in the statements of comprehensive income on disposal date. Impairment loss of assets foreclosed is recognised as expenses in part of profit or loss in the statement of comprehensive income (if any).

4.7 Land, building and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any).

Depreciation of building and equipment is calculated by reference to their costs over the following estimated useful lives:

Building	-	20 years, straight - line method
Furniture and office equipment	-	5 years, straight - line method
Computers and equipment	-	3 - 5 years, sum of the year's digits method
Motor vehicles	-	5 years, sum of the year's digits method

Depreciation is included in determining income.

No depreciation is provided on land and assets under construction.

An item of land, building and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is recognised in part of profit or loss when the assets are derecognised.

4.8 Impairment of assets

The Company assesses at each reporting date whether there is an indication that land, building and equipment may be impaired. An impairment loss is recognised when the recoverable amount of an asset is less than the carrying amount. An assets recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

An impairment loss is recognised in part of profit or loss (if any).

4.9 Employee benefits

a) Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by the Company's management based on actuarial techniques, using the projected unit credit method.

Actuarial gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

4.10 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

a) Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

b) Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences can be utilised.

At each reporting date, the Company reviews and reduces the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company records deferred tax directly to shareholders' equity if the tax relates to items that are directly recorded to shareholders' equity.

4.11 Long-term leases

Leases that transfer substantially all the risks and rewards of ownership to the Company are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as liabilities, while the interest element is charged to profit or loss over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

4.12 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.13 Derivatives - Interest rate swap contracts

The net amount of interest when the Company to be received from or paid to the counterparty under interest rate swap contract is recognised as income or expenses on an accrual basis.

4.14 Fair value measurement

Fair value is the price that would be received from sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company applies a quoted market price in an active market to measure their assets and liabilities. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company measures fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

5.1 Allowance for doubtful accounts on hire purchase receivables

In determining an allowance for doubtful accounts on hire purchase receivables, the management needs to make conservative judgment and estimates the probable loss based upon, among other things, past collection history, historical loss, aging profile of outstanding debts and the prevailing economic condition.

5.2 Allowance for impairment of assets foreclosed

In determining allowance for impairment of assets foreclosed, management apply judgment in estimating the anticipated loss on such assets, based on analysis of various factors, including net realisable value, historical sales data, the age of the assets and the prevailing economic condition.

5.3 Land, building and equipment/Depreciation

In determining depreciation of building and equipment, the management is required to make estimates of the useful lives and salvage value of the Company's building and equipment and to review estimate useful lives and salvage value when there are any changes.

5.4 Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which these differences can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future profits.

5.5 Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

5.6 Fair value of financial instruments

In determining the fair value of financial instruments that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosure of fair value hierarchy.

6. Cash and cash equivalents

	(Unit: Baht)	
	2016	2015
Cash and cash equivalents	242,300	176,100
Bank deposits	4,706,206	41,144,948
Total	<u>4,948,506</u>	<u>41,321,048</u>

As at 31 December 2016, bank deposits in savings accounts and fixed deposits are carried interest at the rates between 0.50 - 1.30 percent per annum (2015: 0.30 - 1.50 percent per annum) as announced by the banks.

7. Hire purchase receivables

7.1 As at 31 December 2016 and 2015, the contracted terms of the Company's hire purchase receivables are 12 - 36 installments with payments to be made in equal installments and interest charged at the fixed rates specified in the contracts. Hire purchase receivables classified by due date per agreement are as follows:

(Unit: Baht)

	2016		
	Amounts due within 1 year ⁽²⁾	Amounts due over 1 year	Total
Hire purchase receivables	3,627,635,361	2,372,079,207	5,999,714,568
Less: Unearned hire purchase income ⁽¹⁾	(1,119,110,884)	(496,435,514)	(1,615,546,398)
Present value of the minimum lease payment receivables	2,508,524,477	1,875,643,693	4,384,168,170
Less: Allowance for doubtful accounts	(470,049,378)	(19,864,365)	(489,913,743)
Hire purchase receivables, net	<u>2,038,475,099</u>	<u>1,855,779,328</u>	<u>3,894,254,427</u>

(1) Presented net of deferred commission and initial direct costs of hire purchase

(2) The balance of receivables due within 1 year included receivables for which revenue recognised has been ceased

(Unit: Baht)

	2015		
	Amounts due within 1 year ⁽²⁾	Amounts due over 1 year	Total
Hire purchase receivables	3,112,243,691	1,993,620,679	5,105,864,370
Less: Unearned hire purchase income ⁽¹⁾	(976,054,391)	(414,328,907)	(1,390,383,298)
Present value of the minimum lease payment receivables	2,136,189,300	1,579,291,772	3,715,481,072
Less: Allowance for doubtful accounts	(374,307,772)	(16,758,707)	(391,066,479)
Hire purchase receivables, net	<u>1,761,881,528</u>	<u>1,562,533,065</u>	<u>3,324,414,593</u>

(1) Presented net of deferred commission and initial direct costs of hire purchase

(2) The balance of receivables due within 1 year included receivables for which revenue recognised has been ceased

7.2 As at 31 December 2016 and 2015, the balances of hire purchase receivables (net of unearned hire purchase income) and allowance for doubtful accounts are classified by aging of installment past due as follows:

(Unit: Baht)

Aging	Balance of		Percentage of allowance set up by the Company	Allowance for	
	hire purchase receivables			doubtful accounts	
	2016	2015		2016	2015
Not yet due	2,829,089,769	2,286,325,483	1	28,290,897	22,863,257
Past due					
Less than 1 months	633,161,697	664,437,559	1	6,331,617	6,644,376
1 month or more, but less than 2 months	243,204,349	207,710,494	1	2,432,043	2,077,105
2 months or more, but less than 4 months	230,462,417	201,556,934	2	4,609,248	4,031,139
4 months or more, but less than 7 months	124,612,873	107,583,056	100	124,612,873	107,583,056
7 months or more, but less than 12 months	137,963,577	111,643,635	100	137,963,577	111,643,635
12 months or more	185,673,488	136,223,911	100	185,673,488	136,223,911
Total	<u>4,384,168,170</u>	<u>3,715,481,072</u>		<u>489,913,743</u>	<u>391,066,479</u>

7.3 The Notification of the Institute of Certified Accountants and Auditors of Thailand, with the concurrence of the Office of the Securities and Exchange Commission, stipulated an accounting guideline for the consumer finance business, whereby recognition of revenue is to cease and full provision is to be recorded for accounts receivable which installment payment has been defaulted for more than 3 installments past the due date, and general provision is to be provided for accounts receivable which are not past due or have no more than 3 installments past due. However, this accounting guideline provides an alternative whereby, in cases where a company believes that the guideline would not be appropriate, it is to disclose the method it uses and the reason.

The Company had a policy to cease recognising revenue from hire purchase receivables which are past due more than 3 installments, and has a policy to set up full allowance for doubtful accounts, without consider collateral value, for hire purchase receivables with 4 or more installments past due. The management has considered and confident that this policy is appropriated for the debtor's character and to the Company's business.

7.4 As at 31 December 2016, the Company had hire purchase receivables amounting to Baht 678 million (before netting with unearned hire purchase income) for which revenue recognition has ceased (2015: Baht 558 million).

7.5 As at 31 December 2016, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before netting with unearned hire purchase income) of Baht 78 million (2015: Baht 1,895 million) in order to secure credit facilities granted by commercial banks as discussed in Note 15 to the financial statements.

7.6 Allowance for doubtful accounts

Movements of allowance for doubtful accounts of hire purchase receivables are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Balance beginning of the year	391,066,479	293,930,172
Add: Doubtful account increase during the year	255,763,046	204,526,270
Less: Bad debt written-off	(156,915,782)	(107,389,963)
Balance end of the year	<u>489,913,743</u>	<u>391,066,479</u>

8. Assets foreclosed

	(Unit: Baht)	
	2016	2015
Assets foreclosed - cost	14,306,934	11,153,795
Less: Allowance for impairment	(5,828,755)	(4,655,099)
Assets foreclosed - net	<u>8,478,179</u>	<u>6,498,696</u>

9. Other current assets

	(Unit: Baht)	
	2016	2015
Advance VAT receivable	17,949,480	14,258,914
Other receivable - sales of assets foreclosed	6,235,608	7,226,568
Other accrued income	3,251,022	4,094,123
Counter service receivable	40,402,551	-
Others	2,357,231	3,348,703
Total	<u>70,195,892</u>	<u>28,928,308</u>

10. Restricted bank deposits

As at 31 December 2016 and 2015, this represents fixed deposits pledged with a commercial bank to secure the issuance of letters of guarantee on behalf of the Company, as discussed in Note 29.1 to the financial statements, and a deposit used as an employee's security deposit.

11. Land, building and equipment

Movements of land, building and equipment during the years ended 31 December 2016 and 2015 are summarised below.

(Unit: Baht)

	Land	Building	Furniture and office equipment	Computer and equipment	Motor vehicles	Construction in progress	Total
Cost							
1 January 2015	35,423,239	27,027,398	9,793,964	5,845,231	14,198,589	-	92,288,421
Additions	6,131,456	212,290	1,196,333	613,323	-	4,161,155	12,314,557
Disposals/written off	-	-	(11,979)	-	(700,000)	-	(711,979)
Transferred in (out)	892,192	84,943	-	-	-	(977,135)	-
31 December 2015	42,446,887	27,324,631	10,978,318	6,458,554	13,498,589	3,184,020	103,890,999
Additions	-	114,634	1,549,440	548,105	839,917	7,007,697	10,059,793
Disposals/written off	-	-	(22,687)	-	(489,720)	-	(512,407)
Transferred in (out)	625,201	6,646,254	-	-	-	(7,271,455)	-
31 December 2016	43,072,088	34,085,519	12,505,071	7,006,659	13,848,786	2,920,262	113,438,385
Accumulated depreciation							
1 January 2015	-	2,102,909	3,650,556	3,698,719	8,826,435	-	18,278,619
Depreciation during the year	-	1,370,554	2,082,414	1,116,173	2,587,318	-	7,156,459
Depreciation for disposals/written off	-	-	(8,313)	-	(662,283)	-	(670,596)
31 December 2015	-	3,473,463	5,724,657	4,814,892	10,751,470	-	24,764,482
Depreciation during the year	-	1,549,171	2,152,639	912,589	1,586,860	-	6,201,259
Depreciation for disposals/written off	-	-	(13,976)	-	(486,087)	-	(500,063)
31 December 2016	-	5,022,634	7,863,320	5,727,481	11,852,243	-	30,465,678
Net book value							
31 December 2015	42,446,887	23,851,168	5,253,661	1,643,662	2,747,119	3,184,020	79,126,517
31 December 2016	43,072,088	29,062,885	4,641,751	1,279,178	1,996,543	2,920,262	82,972,707
Depreciation charge for the years ended 31 December							
2015							7,156,459
2016							6,201,259

As at 31 December 2015, land and premises thereon with net book value amounting to Baht 54 million were mortgaged as collateral against credit facilities received from the financial institution as mentioned in Note 13 and Note 15 to the financial statements. However, during 2016 the Company redeemed the mortgage of those assets.

As at 31 December 2016, certain equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 8.52 million

In additions, as at 31 December 2016, the Company had vehicles under finance lease agreements with net book value amounting to Baht 0.62 million. These vehicles will be registered in the name of the Company after the Company completes payment and exercises its purchase option.

12. Deferred tax assets/income tax expenses

12.1 Deferred tax assets

As at 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	2016	2015
Deferred tax assets		
Allowance for doubtful accounts	97,982,749	78,213,295
Allowance for impairment of assets foreclosed	1,165,751	931,020
Provision for long-term employee benefits	1,680,701	1,298,506
Others	461,095	405,293
Total	<u>101,290,296</u>	<u>80,848,114</u>
Deferred tax liabilities		
Deferred commission and initial direct cost from hire purchase contracts	17,103,812	14,508,137
Deferred loans issuing costs	1,683,992	3,339,573
Deferred debentures issuing cost	435,142	-
Total	<u>19,222,946</u>	<u>17,847,710</u>
Deferred tax assets - net	<u>82,067,350</u>	<u>63,000,404</u>

12.2 Income tax expenses

Income tax expenses for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Current income tax:		
Corporate income tax charge for the year	124,421,110	104,621,536
Effects of income tax related to expenses from share offering (Note 19)	-	1,696,000
Deferred tax:		
Relating to origination and reversal of temporary differences	<u>(19,139,103)</u>	<u>(18,148,031)</u>
Income tax expenses reported in the statements of comprehensive income	<u>105,282,007</u>	<u>88,169,505</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Baht)	
	2016	2015
Deferred tax relating to actuarial gain (loss)	(72,157)	44,227
	<u>(72,157)</u>	<u>44,227</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Accounting profit before tax	526,724,922	441,161,915
Applicable tax rate	20%	20%
Amount of profit before tax multiplied by applicable tax rate	105,344,984	88,232,383
Tax effect of tax-exempt income and disallowed expenses	(62,977)	(62,878)
Income tax expenses reported in the statements of comprehensive income	<u>105,282,007</u>	<u>88,169,505</u>

13. Bank overdraft

		(Unit: Baht)	
	Interest rate (percent per annum)	2016	2015
Bank overdraft	MOR - 2.0	-	50,000,000
Total		<u>-</u>	<u>50,000,000</u>

As at 31 December 2015, bank overdraft was secured by the mortgage of the Company's land and structures thereon. However, during 2016 the Company redeemed the mortgage of those assets.

As at 31 December 2016, the credit line for short-term loan of the Company which have not yet been drawn down amounted to Baht 200 million.

14. Short-term loans

As at 31 December 2016, short-term loans net of discount, totaling Baht 325 million, are bills of exchange with named, transferable, with maturities of no more than 270 days from the date of issuance, maturity date between January - June 2017. Interest is charged at the rate of 3.05 - 3.75 percent per annum (2015: Bills of exchange of Baht 422 million, registered transferable, and maturing within 270 days from the date of issuance, maturity date between April and July 2016, with interest charge at the rate of 4.50 - 5.20 percent per annum).

15. Long-term loans

As at 31 December 2016 and 2015, long-term loans, which the Company obtained from local financial institutions, are detailed below.

				(Unit: Baht)	
Facility no.	Loan facility	Interest rate (% per annum)	Repayment schedule	2016	2015
1	Loan agreement dated 2 March 2012	MLR	Installments payment, as specified in the agreement, over 12 years, with the first installment due on 7 June 2012	-	10,260,881
2	Loan agreement dated 2 March 2012	MLR	Installments payment, as specified in the agreement, over 12 years, with the first installment due in the 13 th month after the loan drawdown	-	22,432,174
3	Loan agreement dated 26 July 2012	MLR + 0.5	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	-	12,103,098
4	Loan agreement dated 12 December 2012	MLR + 0.5	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	-	17,677,019
5	Loan agreement dated 24 October 2013	MLR	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	166,545,490	304,448,131
6	Loan agreement dated 27 June 2014	MLR - 0.5 - MLR - 2.8	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	1,009,885,144	980,543,461
7	Loan agreement dated 11 October 2016	THBFIX1M+ 1.8	Payment in 30 equal installments, with the first installment payment on the last day of the month of the first drawdown	91,000,000	-
Total				1,267,430,634	1,347,464,764
Less: Deferred loans issuing costs				(9,070,085)	(17,347,992)
Long-term loans				1,258,360,549	1,330,116,772
Less: current portion due within 1 year				(777,146,012)	(939,133,131)
Long-term loans, net of current portion				481,214,537	390,983,641

Loan facilities no. 1 and 2 is for use in building construction. These loan facilities are secured by the Company's land and premises thereon. However, during 2016, the Company has made completely loan repayment and releasing the mortgage obligation.

As at 31 December 2016, all other loan facilities are for use in the expansion of the Company's business. The Company has to comply with loan covenants regarding, among other things, the maintenance of the proportion of shareholding of the major shareholders, the maintenance of debt to equity ratios, ratios of hire purchase receivables with more than 3 installment past due to total hire purchase receivables, and ratios of hire purchase receivables with no more than 3 installments past due to total debts. In addition, loan facility no.7 is secured by the transfer of rights of claim under hire purchase agreements and motorcycle registrations, as requested by the commercial bank. (2015: the Company had to comply with covenants regarding the maintenance of the proportion of shareholding of the major shareholders, the dividend payment, the maintenance of debt to equity ratios, and ratios of overdue hire purchase receivables to total hire purchase receivables, and total hire purchase receivables to total debts, prohibitions on the disposal of assets or rights of claim under hire purchase agreements and prohibitions from entering into new debt agreements, and to secure debt by the transfer rights of claim under hire-purchase agreements and motorcycle registrations as requested by the Bank).

As at 31 December 2016, the Company has commitments of Baht 91 million under interest rate swap agreements with a bank that is the Company's lender, whereby a floating interest rate is swapped for a fixed interest rate throughout the term of the loan. The interest rate swap agreements gradually mature within 2019, in accordance with the conditions of loan repayment.

As at 31 December 2016, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 1,129 million.

Movements in the long-term loans account during the year ended 31 December 2016 and 2015 are summarised below.

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Balance at the beginning of year	1,347,464,764	1,974,322,187
Add: Addition borrowings during the year	1,084,827,000	670,500,000
Less: Loans repayment during the year	(1,164,861,130)	(1,297,357,423)
Balance at the end of year	<u>1,267,430,634</u>	<u>1,347,464,764</u>

16. Debt issued - debentures

During the year 2016, the debentures issued by Company has detailed below.

No.	Date	Repayment schedule	(Unite: Baht)	
			2016	2015
1	20 July 2016	Issued name registered, unsubordinated and unsecured without a debentures representative, 2 year term with a coupon rate at 4% per annum, interest payable every quarter	500,000,000	-
2	22 November 2016	Issued name registered, unsubordinated and unsecured without a debentures representative, 2 year term with a coupon rate at 4.10% per annum, interest payable every six months	150,000,000	-
Total			650,000,000	-
Less: Deferred issuing costs			(2,175,711)	-
Debentures			647,824,289	-
Less: Current portion due within 1 year			-	-
Debentures - net of current portion			647,824,289	-

Such debentures contain certain financial covenants which the Company has to comply with such as maintenance of debt to equity ratio.

17. Liabilities under finance lease agreements

Liabilities under financial lease agreements as at 31 December 2016 and 2015 are comprised of:

	(Unit: Baht)	
	2016	2015
Liabilities under finance lease agreements	466,048	1,692,366
Less: Deferred interest expenses	(9,320)	(60,204)
Total	456,728	1,632,162
Less: Current portion due within 1 year	(456,728)	(1,175,434)
Liabilities under finance lease agreements - net of current portion	-	456,728

As at 31 December 2016, the Company has entered into finance lease agreements with a commercial bank and leasing companies in order to lease assets for use in its operations, whereby it is committed to pay rental fee on a monthly basis. The term of the agreements are generally 2 years and 3 years.

Under these agreements, the Company has an option to purchase the assets at the end of the contracts and has to comply with conditions specified in the agreements.

18. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Provision for long-term employee benefits		
at beginning of year	6,492,528	5,140,410
Included in profit or loss:		
Current service cost	2,040,477	936,980
Interest cost	231,285	194,005
Included in other comprehensive income:		
Actuarial loss (gain) arising from		
Financial assumptions changes	(80,946)	531
Experience adjustments	(279,840)	220,602
Provision for long-term employee benefits		
at end of year	8,403,504	6,492,528

Principal actuarial assumptions at the valuation date were as follows:

	31 December 2016	31 December 2015
	(% per annum)	(% per annum)
Discount rate	3.41	3.56
Future salary increase rate	7.50	7.50
Staff turnover rate	16.69	16.19

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 26 years, and the Company expects to pay Baht 4 million of long-term employee benefits during the next year.

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below.

(Unit: Baht)

	2016	
	Rate increase 1%	Rate decrease 1%
Discount rate	Liabilities decreased by 237,446	Liabilities increased by 269,390
Salary increase rate	Liabilities increased by 336,513	Liabilities decreased by 306,987
Turnover rate	Liabilities decreased by 220,350	Liabilities increased by 246,402

(Unit: Baht)

	2015	
	Rate increase 1%	Rate decrease 1%
Discount rate	Liabilities decreased by 184,292	Liabilities increased by 210,137
Salary increase rate	Liabilities increased by 261,230	Liabilities decreased by 236,155
Turnover rate	Liabilities decreased by 171,976	Liabilities increased by 193,840

19. Share capital

During 11-13 February 2015, the Company made an initial public offering of 80 million ordinary shares with a par value of Baht 1 each, at a price of Baht 5.3 per share, for total proceeds of Baht 424 million. As a result there was an increased in share premium amounting to Baht 337.22 million (net of incurred expenses and relating income tax to the share offering of Baht 6.78 million). The Company registered the increase in its issued and paid-up share capital with the Ministry of Commerce on 16 February 2015, and shares of the Company began trading on the Stock Exchange of Thailand on 25 February 2015.

20. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business and boost the value of the holdings of the Company's shareholders. As at 31 December 2016, the Company had a debt-to-equity ratio of 1.24: 1 (2015: 1.12:1).

21. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

As at 31 December 2016, the Company allotted profit of Baht 21.07 million to the statutory reserve.

22. Expenses by nature

Significant selling and administrative expenses by nature are as follows:

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Salary, wages and other employee benefits	117,909,513	104,880,415
Insurance premium expenses	85,439,579	63,946,525
Stamp duties and postal expenses	8,093,481	7,217,694
Expense relating demands for payment	7,024,256	6,455,317
Depreciation	6,201,259	7,156,459
Registration expenses	4,839,059	4,468,114
Utilities expenses	4,159,971	3,893,382
Miscellaneous for office expenses	1,830,768	1,721,244
Legal advisor and financial management advisor fee	506,186	338,280

23. Loss on impairment and disposal of assets foreclosed

	(Unit: Baht)	
	For the years ended 31 December	
	2016	2015
Loss on impairment of assets foreclosed (reversal)	1,173,656	(1,307,012)
Loss on disposal of assets foreclosed	146,515,062	138,891,461
Total	147,688,718	137,584,449

24. Earnings per share

Basic earnings per share is calculated by dividing profit for the year (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

25. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly at the rate of 3 percent of basic salary. The fund, which is managed by Ayudhya Fund Management, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to Baht 1.87 million (2015: Baht 1.68 million) were recognised as expenses.

26. Dividends

Dividends	Approved by	Total dividends	Dividend per share
		Million Baht	Baht
Interim dividend from the operating result of the 2016 first half year	The Board of Director's Meeting of the Company's No. 3/2559 on 11 August 2016	67.43	0.11
Dividends from the operating results for the year ended 31 December 2015	The annual general meeting of the Company's shareholders No. 1/2559 on 7 April 2016	165.51	0.27
Dividends from the operating results for the year ended 31 December 2014	The annual general meeting of the Company's shareholders No. 1/2558 on 23 April 2015	104.21	0.17

27. Segment information

The Company operations involve a single reportable operating segment of hire purchase of motorcycles and are carried on in the single geographical area of Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that the Company's chief operating decision maker (Managing Director) used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area. In addition, the Company has no major customer with reserve of 10 percent or more of an entity's revenues during the year 2016 and 2015.

28. Director and management benefits

During the years, the Company had the following employee benefit expenses payable to its directors and management.

(Unit: Baht)

	For the years ended 31 December	
	2016	2015
Short-term employee benefits	24,635,479	20,522,089
Post-employment benefits	1,468,565	1,659,032
Total	26,104,044	22,181,121

29. Commitments

29.1 Guarantees

As at 31 December 2016 and 2015, there was an outstanding bank guarantee of Baht 10,000 issued by a bank on behalf of the Company as a guarantee for a post office box.

29.2 Employee Joint Investment Program

The Company has an Employee Joint Investment Program ("the EJIP"), one of the Company's staff welfare benefits, which offers staff of the Company who voluntarily join the EJIP a savings scheme under which for purchase shares of the Company. EJIP members pay monthly contributions in a certain amount and the Company pays contributions on behalf of EJIP members at the same amount but not higher than 5 - 7.5 percent of their basic salaries based on their position. However, total contributions for each year will not exceed 60 percent of their basic salaries. In addition, the Company pays additional contributions to EJIP members by considering their length of service, with a minimum of 3 years' service required.

During the year, the amount contributed by the Company to EJIP members was presented under the caption of personnel expenses.

30. Financial instruments

The Company's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, hire purchase receivables, restricted bank deposits, bank overdraft, account payables, short-term loan, long-term loans, debt issued - debentures and liabilities under financial lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

30.1 Credit risk

The Company is exposed to credit risk primarily with respect to hire purchase receivables. The Company manages the risk by adopting appropriate credit control policies and procedures. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying value of hire purchase receivables less allowance for doubtful debts as stated in the statements of financial position.

30.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the financial position of the Company. As the Company has no foreign currency assets and liabilities and no investments in securities, market risk therefore consists of only interest rate risk.

Interest rate risk

Significant financial assets and liabilities as at 31 December 2016 and 2015 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Baht)

Transactions	2016				
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total
	Repricing or maturity date				
	Within 1 year	Over 1 - 5 years			
Financial assets					
Cash and cash equivalents	-	-	2,521,162	2,427,344	4,948,506
Hire purchase receivables ⁽¹⁾	2,038,475,099	1,855,779,328	-	-	3,894,254,427
Restricted bank deposits	10,890	-	526,167	-	537,057
Financial liabilities					
Trade accounts payables	-	-	-	9,521,799	9,521,799
Short-term loans	325,492,123	-	-	-	325,492,123
Long-term loans	38,210,297	50,811,314	1,169,338,938	-	1,258,360,549
Debt issued - debentures	-	647,824,289	-	-	647,824,289
Liabilities under financial lease agreements	456,728	-	-	-	456,728

(1) The outstanding balance of hire purchase receivables which have fixed interest rate and maturity within 1 year included receivables for which revenue recognised has been ceased

(Unit: Baht)

Transactions	2015				
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total
	Repricing or maturity date				
	Within 1 year	Over 1 - 5 years			
Financial assets					
Cash and cash equivalents	-	-	6,236,733	35,084,315	41,321,048
Hire purchase receivables ⁽¹⁾	1,761,881,528	1,562,533,065	-	-	3,324,414,593
Restricted bank deposits	10,772	-	1,747,693	-	1,758,465
Financial liabilities					
Bank overdraft	-	-	50,000,000	-	50,000,000
Trade accounts payables	-	-	-	3,136,150	3,136,150
Short-term loans	422,338,883	-	-	-	422,338,883
Long-term loans	-	-	1,330,116,772	-	1,330,116,772
Liabilities under financial lease agreements	1,175,434	456,728	-	-	1,632,162

(1) The outstanding balance of hire purchase receivables which have fixed interest rate and maturity within 1 year included receivables for which revenue recognised has been ceased

As mentioned in Note 15 to the financial statements, during the year 2016, the Company entered into interest rate swap agreements to mitigate the interest rate risk on its interest - carrying borrowings, whereby a floating interest rate is swapped for a fixed interest rate.

30.3 Liquidity risk

Liquidity risk is the risk that the Company will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the incurrence of a financial loss.

Counting from the financial position date, the periods to maturity of financial instruments held as at 31 December 2016 and 2015 are as follows:

(Unit: Baht)

Transactions	2016				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	4,948,506	-	-	-	4,948,506
Hire purchase receivables ⁽¹⁾	-	2,038,475,099	1,855,779,328	-	3,894,254,427
Restricted bank deposits	-	-	-	537,057	537,057
Financial liabilities					
Trade accounts payables	-	9,521,799	-	-	9,521,799
Short-term loans	-	325,492,123	-	-	325,492,123
Long-term loans	-	777,146,012	481,214,537	-	1,258,360,549
Debt issued - debentures	-	-	647,824,289	-	647,824,289
Liabilities under financial lease agreements	-	456,728	-	-	456,728

(1) The outstanding balance of hire purchase receivables which have maturity within 1 year included receivables for which revenue recognised has been ceased

(Unit: Baht)

Transactions	2015				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
Financial assets					
Cash and cash equivalents	41,321,048	-	-	-	41,321,048
Hire purchase receivables ⁽¹⁾	-	1,761,881,528	1,562,533,065	-	3,324,414,593
Restricted bank deposits	-	-	-	1,758,465	1,758,465
Financial liabilities					
Bank overdraft	50,000,000	-	-	-	50,000,000
Trade accounts payables	-	3,136,150	-	-	3,136,150
Short-term loans	-	422,338,883	-	-	422,338,883
Long-term loans	-	939,133,131	390,983,641	-	1,330,116,772
Liabilities under financial lease agreements	-	1,175,434	456,728	-	1,632,162

(1) The outstanding balance of hire purchase receivables which have maturity within 1 year included receivables for which revenue recognised has been ceased

30.4 Fair values

As at 31 December 2016 and 2015, the Company had no assets and liabilities that were measured at fair value. However, the Company had financial assets and financial liabilities that were measured at cost for which fair value are disclosed using different levels of inputs as follows:

(Unit: Baht)

	2016				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets for which fair value are disclosed</u>					
Cash and cash equivalents	4,948,506	4,948,506	4,948,506	-	-
Hire purchase receivables	3,894,254,427	3,905,516,339	-	-	3,905,516,339
Restricted bank deposits	537,057	537,057	537,057	-	-
<u>Financial liabilities for which fair value are disclosed</u>					
Trade accounts payables	9,521,799	9,521,799	9,521,799	-	-
Short-term loans	325,492,123	325,492,123	-	325,492,123	-
Long-term loans	1,258,360,549	1,252,455,014	-	1,252,455,014	-
Debt issued - debentures	647,824,289	648,447,320	-	648,447,320	-
Liabilities under financial lease agreements	456,728	456,728	-	456,728	-

(Unit: Baht)

	2015				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets for which fair value are disclosed</u>					
Cash and cash equivalents	41,321,048	41,321,048	41,321,048	-	-
Hire purchase receivables	3,324,414,593	3,368,711,012	-	-	3,368,711,012
Restricted bank deposits	1,758,465	1,758,465	1,758,465	-	-
<u>Financial liabilities for which fair value are disclosed</u>					
Bank overdraft	50,000,000	50,000,000	-	50,000,000	-
Trade accounts payables	3,136,150	3,136,150	3,136,150	-	-
Short-term loans	422,338,883	422,338,883	-	422,338,883	-
Long-term loans	1,330,116,772	1,337,246,037	-	1,337,246,037	-
Liabilities under financial lease agreements	1,632,162	1,632,162	-	1,632,162	-

Fair value hierarchy for financial assets and liabilities as at 31 December 2016 and 2015 as stipulated in notes 4.14 to the financial statements.

As at 31 December 2016 and 2015, the methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- a) For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, bank overdraft, trade accounts payables and short-term loans, their carrying amounts in the statement of financial position approximate their fair value.
- b) For hire purchase receivables, fair value is estimated by discounting expected future cash flow by the current market interest rate of the loans with similar terms and conditions.
- c) For long-term loans and debt issued - debentures, fair value is estimated by discounting expected future cash flow by the current market interest rate.
- d) For liabilities under financial lease agreements, their carrying amounts approximate their fair value since their carrying interest approximate to the market rate.

In addition, as at 31 December 2016, the Company has commitment under Interest Rate Swap as discussed in Note 15 to the financial statements. The unrealised loss on the fair value of this interest rate swap contract is Baht 1.18 million.

31. Events after the reporting period

On 9 January 2017, the Company invested in ordinary shares of MOD S Company Limited amounting to Baht 250,000 or 25% of share capital registered (share capital registered at Baht 1 million). Core business of MOD S Company Limited is to manage and develop quality of assets and investigate property execution, to purchase and transfer of non-performing assets or rights from financial institutions, juristic persons, creditors, debtors or bankruptcy persons for the purpose of management or re-sale such assets or rights. The objective of the investment is for generated additional income. The transaction is not subject to disclosure as required by the regulations of Board of The Stock Exchange of Thailand on disclosure and compliance by listed companies on related party transaction.

The MOD S has not operated business yet and in process of applying for relevant license and permit.

32. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 14 February 2017.



Attachment 1

Details of Directors, Management, Controlling Persons and Company Secretary

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

Names	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	64	Master Degree in Engineering Management, University of St. Louis, Philippines Directors Accreditation Program (DAP) Class 5/2004, Institute of Directors, Thailand	Direct : 1.79 Indirect ¹ : 8.32	Father of Mrs. Katika Kusawadee (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
					2005 - 2007	Chairman	GROUP LEASE PCL / Hire Purchase
					1990 - 2005	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



Names	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
2. Mr. Surasak Khemthongkum	51	MBA, Rangsit University Directors Accreditation Program (DAP) Class 63/2007, Institute of Directors, Thailand Accounting for Non Accounting Audit Committee, SET	Direct : 0.31 Indirect ¹ : 0.22	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
					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	43	MBA, Kenan Flagler Business Scholl, University of North Carolina at Chapel Hill, USA	Direct : 8.99 Indirect ¹ : 0.94	None	2011 - Present	Director	S 11 GROUP PCL / Hire Purchase
					2008 - Present	Managing Director	WEERAWONG CO., LTD. / Real Estate



Names	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
		Directors Accreditation Program (DAP) Class 81/2009, Institute of Directors, Thailand			2010 - Present	Managing Director	WEERAWONG ESTATE CO., LTD. / Real Estate
					2008 - 2011	Fiscal Analyst	Ministry of Finance
4. Mr. Richard Wee Keng Kwok	52	B.A. Law University of Kent, Canterbury, United Kingdom Directors Accreditation Program (DAP) Class 108/2014, Institute of Directors, Thailand	Direct : 16.64* Indirect ¹ : 0.00	None	2011 - Present	Director	S 11 GROUP PCL / Hire Purchase
					2008 - Present	Director	The Excimer Centre Pte. Ltd. / Optical Business
5. Mr.Christopher Charles Tay	48	MBA Manchaester Business school, Manchester UK	Direct : 4.44* Indirect ¹ : None	None	2004 - Present	Owner	Honest Joe's Autos Pte Ltd
					2004 - Present	Owner	Fuss Free Auto
					2003 - 2004	Regional Manager – MBROS	DaimlerChrysler SEA
					1997 - 2003	Associate Director	KPMG Consulting Pte Ltd
					1996 - 1997	Senior Business Development Executive	Intra-Motors (S) Pte Ltd



Names	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
6. Mr. Thosaporn Lerdbhan	49	Bachelor of Commerce and Accountancy, Krirk University Directors Accreditation Program (DAP) Class 105/2013, Institute of Directors, Thailand	Direct : 0.37 Indirect ¹ : 0.37	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
7. Mr. Chatchai Chotanakarn	63	M.S. (Computer Science) Florida Institute of Technology (USA) M.S. (Agricultural Economics) Kasetsart University Directors Accreditation Program (DAP) Class 62/2007, Institute of Directors, Thailand	Direct : None Indirect ¹ : None	None	2013 - Present	Chairman of Audit Committee / Independent Director	S 11 GROUP PCL / Hire Purchase
					2014	Advisory of Managing Director	BANGKOK LIFE ASSURANCE PCL / Life Assurance
					2008 - 2013	IT Senior Vice President	BANGKOK LIFE ASSURANCE PCL / Life Assurance
					2007 - 2011	IT Director	BANGKOK LIFE ASSURANCE PCL / Life Assurance



Names	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 - 2000	IT Director	Financial Sector Restructuring Authority Organization
					1994 – 1998	IT Director	SAVCO WHOLESALE CO., LTD.
					1987 – 1994	Project Manager	BANK OF THAILAND
					1982 – 1987	IT Chief	Department of Agriculture Extension
					1978 - 1980	Chief Research and Evaluation	Department of Agriculture Extension
8. Mrs. Vachira Na Ranong	62	MBA in Finance, MARSHALL University, USA Director Certification Program (DCP) Class 124/2009, Institute of Directors, Thailand Directors Accreditation Program (DAP) Class 61/2007, Institute of Directors, Thailand	Direct : 0.00* Indirect ¹ : None	None	2013 – Present	Audit Committee / Independent Director	S 11 GROUP PCL / Hire Purchase
					2012 - Present	Director / Association President	THAI INVESTOR ASSOCIATION
					2003 - 2010	Deputy Secretary	General Administration Group Government Pension Fund (GPF)



Names	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
		Capital Market Academy Class 8			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
					January 1988 – November 1989	Vice President	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.



Names	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
9. Mr. Thanisorn Dejthamrong	64	Ph. D. (Economics), University of Washington, Seattle, Washington, USA Directors Accreditation Program (DAP) Class 106/2013, Institute of Directors, Thailand	Direct : None Indirect ¹ : None	None	2013 - Present	Audit Committee / Independent Director	S 11 GROUP PCL / Hire Purchase
					2005 - 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
					1998 - 2003	Director of Research Information Office	Financial Restructuring Authority (FRA)
					1995 - 1998	Assistant Managing Director	Kiatnakin Finance and Securities PLC



Names	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
					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	46	MBA, West Coast University, USA	Direct : 0.14 Indirect ¹ : None	None	2013 - Present	Credit & Marketing Manager	S 11 GROUP PCL / Hire Purchase
					May 2011 - 2013	Marketing Division Chief	S 11 GROUP PCL / Hire Purchase
					2006 - 2012	Marketing Division Chief	GROUP LEASE PCL / Hire Purchase



Names	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
11. Mr. Wanchai Boontham	58	BA of Law, Ramkhamhaeng University Mini M.B.A , Class RMM II, Rangsit University	Direct : 0.25 Indirect ¹ : 0.00	None	July 2011 - Present	Account Management Manager	S 11 GROUP PCL / Hire Purchase
					January 2017-Present	Director	MOD S Co., Ltd. / Debt Collection
					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	48	Bachelor Degree in Accountant, Krirk University Bachelor Degree in Accountant, Chankrasem Rajabhat University	Direct : 0.37 Indirect ¹ : 0.37	Spouse of Mr. Thosaporn Lerdphan	July 2011 - Present	Accounting & Finance Manager	S 11 GROUP PCL / Hire Purchase
					2005 - 2011	Office of Internal Audit Manager	GROUP LEASE PCL / Hire Purchase
					2004 - 2011	Accounting & Finance Manager	GROUP LEASE PCL / Hire Purchase



Names	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	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	45	Bachelor Degree in HR, Sripatum University	Direct : 0.10 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 Srikraiot	47	Bachelor Degree in Marketing, Phranakorn Rajabhat University	Direct : 0.08 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



Names	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. Miss. Jeeranai Promtong	38	Vocational Certificate in Marketing, Wimon Commercial Siyan School	Direct : 0.00 Indirect ¹ : None	None	August 2015 - Present	Customer Service Manager	S 11 GROUP PCL / Hire Purchase
					May 2015 – July 2015	Customer Service Department Chief	S 11 GROUP PCL / Hire Purchase
					2001 - April 2014	Customer Service Department Chief	GROUP LEASE PCL / Hire Purchase
16. Mr. Paiboon Chaibenjaphol	54	Bachelor Degree in Business Administration, Sukhothai Thammathirat Open University Vocational Certificate, Viriya College Modern Management Program, Commerce and Accountancy, Chulalongkorn University	Direct : 0.03 Indirect ¹ : None	None	August 2015 - Present	Office of Internal Audit Manager	S 11 GROUP PCL / Hire Purchase
					January 2017-Present	Director	MOD S Co., Ltd. / Debt Collection
					2014 – July 2015	Office of Internal Audit Assistant Manager	S 11 GROUP PCL / Hire Purchase
					2013 - 2014	Customer Service Department Chief	S 11 GROUP PC / Hire Purchase
					2011 - 2012	General Manager	GROUP LEASE PCL / Hire Purchase
					2010 - 2011	Credit & Marketing Assistant Manager	GROUP LEASE PCL / Hire Purchase



Names	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
					2005 - 2010	Assistant Managing Director	Worldlease CO., LTD. / Hire Purchase
					2002 - 2005	Senior Director of Consumer Credit Department	Worldlease CO., LTD. / Hire Purchase
					1996 - 2002	Hire Purchase Department Director	Worldlease CO., LTD. / Hire Purchase
					1994 - 1996	Collection Service & Credit Collection Director	Worldlease CO., LTD. / Hire Purchase
					1990 - 1994	Car Hire Purchase Division Senior Manager	Prime Finance & Securities CO., LTD.
					1987 - 1988	Repossess Division Chief	HIWAY CO., LTD. / Hire Purchase
					1983 - 1987	Spare Part Division Chief	Northway CO., LTD. / Sell and Hire Purchase
					1978 - 1983	Officer	HIWAY CO., LTD. / Hire Purchase



Names	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
17. Mrs. Katika Kusawadee (Chiradamrong)	33	MS (Actuary and Risk Management), NIDA University Bachelor Degree in Business Administration, Thammasat University Directors Accreditation Program (DAP) Class 105/2013, Institute of Directors, Thailand	Direct : 0.22 Indirect ¹ : 9.07	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 shareholder includes the proportion of the Company shares held by spouses and/or minor children and/or proportion of shares held in S Charter Co., Ltd.

*held shares through custodian

**manage by Asset Management Company

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

NAME POSITION	S 11 GROUP PCL	S CHARTER CO., LTD.	WEERAW ONG CO., LTD.	WEERAW ONG ESTATE CO., LTD.	SAHAPITA KSIN CO., LTD.	WANGLE E CO., LTD.	THE EXCIMER CENTER PTE. LTD. (Singapore)	Thai Investors Association	MOD S Co., Ltd
1. Mr. Smart Chiradamrong Chairman	X	I							
2. Mr. Surasak Khemthongkum Director / Managing Director	I, III	I							
3. Mr. Sirawat Wanglee Director	I		I, III	I, III	I	I			
4. Mr. Richard Wee Keng Kwok Director	I						I		
5. Mr. Christopher Charles Tay Director	I								
6. Mr. Thosaporn Lerdbhan Director / IT Manager	I, III	I							
7. Mr. Chatchai Chotanakarn Vice Chairman / Chairman of Audit Committee / Independent Director	I, II								
8. Mrs. Vachira Na Ranong Audit Committee / Independent Director	I, II							I	
9. Mr. Thanisorn Degthamrong Audit Committee / Independent Director	I, II								



NAME POSITION	S 11 GROUP PCL	S CHARTER CO., LTD.	WEERAW ONG CO., LTD.	WEERAW ONG ESTATE CO., LTD.	SAHAPITA KSIN CO., LTD.	WANGLE E CO., LTD.	THE EXCIMER CENTER PTE. LTD. (Singapore)	Thai Investors Association	MOD S Co., Ltd
10. Mr. Krisakorn Netprapa Credit & Marketing Manager	III								
11. Mr. Wanchai Boontham Account Management Manager	III								I
12. Miss Watcharaporn Meruthong Finance & Accounting Manager	III								
13. Miss Jamsiri Sangkarak Personnel & Administration Manager	III								
14. Miss Aree Srikrerot Operation Manager	III								
15. Miss Jeeranai Promtong Customer Service Manager	III								
16. Mr. Paiboon Chaibenjaphol Office of Internal Audit Manager	III								I

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

Names / Positions/ Appointment Dates	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
Mr. Paiboon Chaibenjaphol / Office of Internal Audit Manager / 19 August 2015	54	Bachelor Degree in Business Administration, Sukhothai Thammathirat Open University Vocational Certificate, Viriya College Modern Management Program, Commerce and Accountancy, Chulalongkorn University	Direct : 0.03 Indirect ¹ : None	None	August 2015-Present	Office of Internal Audit Manager	S 11 GROUP PCL / Hire Purchase
					January 2017-Present	Director	MOD S Co., Ltd / Asset Management
					2014 - July 2015	Office of Internal Audit Assistant Manager	S 11 GROUP PCL / Hire Purchase
					2013 - 2014	Customer Service Department Chief	S 11 GROUP PCL / Hire Purchase
					2011 - 2012	General Manager	GROUP LEASE PCL / Hire Purchase
					2010 - 2011	Credit & Marketing Assistant Manager	GROUP LEASE PCL / Hire Purchase
					2005 - 2010	Assistant Managing Director	Worldlease CO., LTD. / Hire Purchase
					2002 - 2005	Senior Director of Consumer Credit Department	Worldlease CO., LTD. / Hire Purchase



Names / Positions/ Appointment Dates	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
					1996 - 2002	Hire Purchase Department Director	Worldlease CO., LTD. / Hire Purchase
					1994 - 1996	Collection Service & Credit Collection Director	Worldlease CO., LTD. / Hire Purchase
					1990 - 1994	Car Hire Purchase Division Senior Manager	Prime Finance & Securities CO., LTD.
					1987 - 1988	Repossess Division Chief	HIWAY CO., LTD. / Hire Purchase
					1983 - 1987	Spare Part Division Chief	Northway CO., LTD. / Sell and Hire Purchase
					1978 - 1983	Officer	HIWAY CO., LTD. / Hire Purchase

Remark: ¹ indirect shareholding includes the proportion of the Company shares held by spouses and/or minor children and/or proportion of shares held in S Charter Co., Ltd.



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 prevents, manages and mitigates risk and loss that 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)¹ 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.

¹ The Committee of Sponsoring Organizations of the Treadway Commission (COSO) is the joint committee of 5 professional institutes including The American Institute of Certified Public Accountants (AICPA), Institute of Internal Auditors (IIA), Financial Executives Institute (FEI), American Accounting Association (AAA) and Institute of Management Accountants (IMA).



Control Environment

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

Question	Yes	No
<p>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:</p> <p>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.</p> <p>1.1.2 Interactions with suppliers, customers, and other external parties.</p>	<p>✓</p> <p>✓</p>	
<p>1.2 Practice of integrity and ethics is in place which may include:</p> <p>1.2.1 Appropriate code of conduct for all employees</p> <p>1.2.2 Prohibition of conflict of interest and corruption²</p> <p>1.2.3 Penalty when employee action deviates from the standard code of conduct</p> <p>1.2.4 Communicate the standard code of conducts and penalty when its violated to all level of employees and external parties for adherence.</p>	<p>✓</p> <p>✓</p> <p>✓</p> <p>✓</p>	
<p>1.3 A process of ongoing and separate evaluation of Code of Conduct is in place including;</p> <p>1.3.1 Ongoing and separated evaluation by Internal Audit Unit or Compliance Unit</p> <p>1.3.2 Employees self-evaluation</p> <p>1.3.3 Separate evaluation by independent and external experts</p>	<p>✓</p> <p>✓</p> <p>✓</p>	
<p>1.4 Deviations of the expected standard code of conduct are identified and remedied in a timely and consistent manner.</p> <p>1.4.1 Having a process to investigate deviations of the expected standard code of conduct.</p> <p>1.4.2 Having a process to penalize and conduct an appropriate action taken in timely basis.</p> <p>1.4.3 The corrective action should be taken in consistent and timely basis.</p>	<p>✓</p> <p>✓</p> <p>✓</p>	

² The Company should specify internal control according to anti-corruption measure to be appropriate to the Company's risk.



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 laws 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 responsibilities 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's policies and practices have been used in an appropriate time by capable personnel as well as covered an errors correction procedure in the operational process.	✓	
12.7 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 relations 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.	✓	



Monitoring Activities

16. The organization selects, develops, and performs ongoing and/or separate evaluations to ascertain whether the components of internal control are present and functioning.

Question	Yes	No
16.1 The organization provided follow-up processes for complying with business ethics and regulations, executives and employees are prohibit from behave in aspect that may cause conflict of interest such as assign each part to follow-up performance and report to superior or assign office of internal audit to follow-up performance and report to audit committee.	✓	
16.2 The organization provided the audit of compliance with specified internal control system by self-assessment and/or independent assessment by internal auditor.	✓	
16.3 Frequency of follow-up and evaluations are suitable for the organization's change.	✓	
16.4 Performs the follow-up and evaluations of internal control system by knowledgeable and skillful person.	✓	
16.5 The organization has set a procedure for directly report the internal audit result to audit committee.	✓	
16.6 The organization supports internal auditors to comply with the International Standards for the Professional Practice of Internal Auditing (IIA).	✓	



17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Question	Yes	No
17.1 The organization evaluates and communicates internal control deficiencies and immediately performs improvement once the operating result has significantly differed from specified objectives.	✓	
17.2 The organization has reporting policies as follow: 17.2.1 Executives shall immediately report to the board of directors in case the organization have or suspect to have a crucial corruption, break the law or take other unusual action which may significantly affect the organization's reputation and financial status. 17.2.2 Reporting significant deficiencies together with solving guideline (although they had perform already) to the board of directors / audit committee for consideration within appropriate period. 17.2.3 Reporting the progress of significant deficiencies improvement to the board of directors / audit committee.	✓ ✓ ✓	



Attachment 4

Report of the Audit Committee





Report of the Audit Committee

The Audit Committee of the Company comprises of three independent directors as follows:

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

The Audit Committee has performed its duties assigned by the Board of Directors, in accordance with the Charter of Audit Committee. All duties were performed independently, without any obstruction in accessing the Company's information, with the aim of achieving best practice, transparency, fairness and accountability. The check-and-balance method was also used in order to preserve the best benefit not only for the Shareholders, but also employees, stakeholders and other relevant persons.

During 2016, the Audit Committee has held 4 meetings in total. Among these meetings, the Committee has opportunities to jointly discuss and review with the auditor the quarterly and annual financial statements, and with the internal auditor and the management to acknowledge the outcomes of the Company's internal audit results, and assess the sufficiency of the current internal control policy. This is a part of the corporate good governance. Details are explained below;

- **Review of the financial statements:** The Audit Committee has reviewed significant data and information in the quarterly and year-end financial statements of the Company for the year 2016, 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 Accounting Standard.
- **Review of the internal control and auditing system:** The Audit Committee has reviewed and assessed the internal control and auditing system and reports made by the auditor and the internal auditor. The Audit Committee; therefore, viewed that the systems were suitable and sufficient to the Company's business. Moreover, there was no negative issue that may affect significantly to the Company.
- **Review of the corporate governance compliance:** The Audit Committee has ensured that any disclosure of the Company's information were made in accordance with relevant laws and regulations, and reviewed for a conflict of interest that may occur in any related party transactions. However, there was no related party transaction during 2016.
- **Review of the laws and regulations compliance:** The Audit Committee viewed that the Company has conducted the business lawfully and in accordance with relevant laws and regulations.
- **Appointment of the auditor and review of the audit fee:** The Audit Committee has assessed the independency of the auditor, the scope of the auditing and any significant issues on quarterly and year-end auditing. The Audit Committee also selected, by considering their independency, knowledge in the accounting standard, working performance, and proposed fee. The selected person is to be proposed to the Board of Directors, and then to the Shareholders to appoint as the Company's auditor. In 2016, the Audit Committee nominated Miss Somjai Khunapasut CPA No.4499, Miss Rattana Jala CPA No.3734 and Miss Ratchada Yongsawadwanich of CPA No.4951 of EY Office Limited.
- **Review of the risk management:** The Audit Committee and the Board of Directors reviewed the Oversight Risk Management Committee report, with an emphasis on detecting any potential fraud. It was found that the Company



has set a proper risk management policy and implemented it well with the auditing plan of the office of internal audit. No fraud or risk was found in any significant matter.

- **Quality control of the Audit Committee:** The Audit Committee has ensured that any details of the Audit Committee Charter were made in accordance with relevant laws and regulations and performed individual assessment and Board evaluation in accordance with the Principles of Good Corporate Governance for Listed Companies to ensure that the operations of the Audit Committee were efficient and effective as defined in the Audit Committee Charter.
- **The meeting attendance of the Audit Committee:**

Names	Number of Board of Directors' Meetings	Number of Audit Committee's Meetings
Mr. Chatchai Chotanakarn	4	4
Mr. Thanisorn Dejthamrong	4	4
Mrs. Vachira Na Ranong	4	4

In conclusion, the Audit Committee has the opinion that the Company's operation has performed well. No significant sign of risk was shown in the 2016 financial statement and no event negatively affected the financial statements.

Mr. Chatchai Chotanakarn

Chairman of the Audit Committee and Independent Director

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