



# S 11 2020

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## Annual Report 2020

S 11 Group Public Company Limited  
Motorcycle Hire Purchase Credit Provider



2020 ANNUAL REPORT

S 11 GROUP PUBLIC COMPANY LIMITED

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Message from the Chairman

S 11 Group Public Company Limited conducts loan services for the hire-purchase of motorcycles under the principle of good corporate governance. The Company promote code of ethics to all stakeholders along with adhere to the anti-corruption in order to achieve the Company's sustainable growth.

In 2020, S 11 Group Public Company Limited continuously success in running a business. The total revenue was Baht 2,027.34 million, increased by 5.89 percent, and profit for the year was Baht 491.30 million, decreased by 7.14 percent. At the end of 2020, the Company recognized the account receivables for hire-purchase contracts equal to Baht 5,951.10 million. It is another year that the Company committed to operate its business with due care, retain the sustainable growth and also recognize the quality of debtors as the most important aspect.

However, the Company is aware of the importance of running business with responsibility, aims to run business successfully, stable and transparence by governance as well as prepare for potential organization development in business strategies, corporate governance, human development, information technology and service standard. The Company cultivates the organization culture to all employees in worth using resource and utmost benefit in order to provide the Company's operation get through the problems and obstacles and also support the Company to expand business growth continuously.

Lastly, on behalf of the Chairman of S 11 Group Public Company Limited. I would like to thank our shareholders, investors, business partners, financial institutions, related government and private agencies for their trust and belief as well as our customers for their kind support. Especially, I would like to thank the management team and all staff to participate in running a business with sacrifice, patience and honesty. Step forward along with the mission and operation plan provide the Company's success to this day.

Moreover, the overall success of the Company for the year 2020 was made through dedication of all executives and employees as well as the support from our shareholders and all stakeholders. I would like to confirm that the Company will run a business with the principle of good corporate governance, responsible for social and environment in order to achieve the sustainable growth and stably moving forward.

Mr. Samart Chiradamrong  
Chairman

For more information: [www.sec.or.th](http://www.sec.or.th) or [www.sgroup.co.th](http://www.sgroup.co.th)

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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 2020. As of 31 December 2020, the provincial sales ratios were 52.13 percent in Bangkok and Vicinities, 16.75 percent in Chonburi, 4.54 percent in Ayuthaya, 0.39 percent in Nakhon Pathom, 3.71 percent in Rayong, 2.59 percent in Chanthaburi, 5.52 percent in Nakhon Ratchasima, 1.13 percent in Buri Rum, 1.83 percent in Samut Sakorn, 3.32 percent in Prachin Buri, 2.51 percent in Nakhon Nayok, 1.92 percent in Saraburi, 1.80 percent in Sa Kaeo, 1.34 percent in Ratchaburi, 0.26 percent in Chaiyaphum and 0.27 percent in Nakhon Sawan. 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 approved 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 – November 2013 : 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.
- 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 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.
- 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.
- 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.



- 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.
- June 2018 : The Company was held the motorcycle auction at branch office located at Taphong Subdistrict Mueang District Rayong Province in order to support the expansion of the motorcycle hire purchase market.

#### 1.2.2 The Business Expansion of the Company

Month/Year	Expanded business province
May 2011	Bangkok Metropolitan area
July 2011	Amata Industrial Estate in Chonburi
August 2011	Rojana Industrial Park in Ayutthaya
December 2012	Chachoengsao
December 2014	Rayong and Chanthaburi
December 2017	Nakhon Pathom and Nakhon Ratchasima
December 2018	Samut Sakorn, Prachin Buri, Buri Rum, Nakhon Nayok and Saraburi
December 2019	Sa Kaeo, Ratchaburi and Chaiyaphum

#### 1.2.3 The Company Rating by Tris Rating Co., Ltd.

Date	Company Rating	Rating Outlook
11 May 2016	BBB-	-
18 August 2017	BBB-	Stable
10 August 2018	BBB-	Stable
24 July 2019	BBB-	Stable

#### 1.2.4 Key Changes and Essential Developments in 2020

- May 2020 : The Company has increased the investment in Mod S Company Limited with the registered and paid-up capital of Baht 1,000,000, consisting of 90 percent of the Company and 10 percent of Mr.Suranat Limsuwan 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.
- July 2020 : The Company reviewed and published the credit rating result held by TRIS Rating Company Limited on July 31, 2020. TRIS Rating assigns the company rating of S11 at “BBB-” and rating outlook at “Stable”.

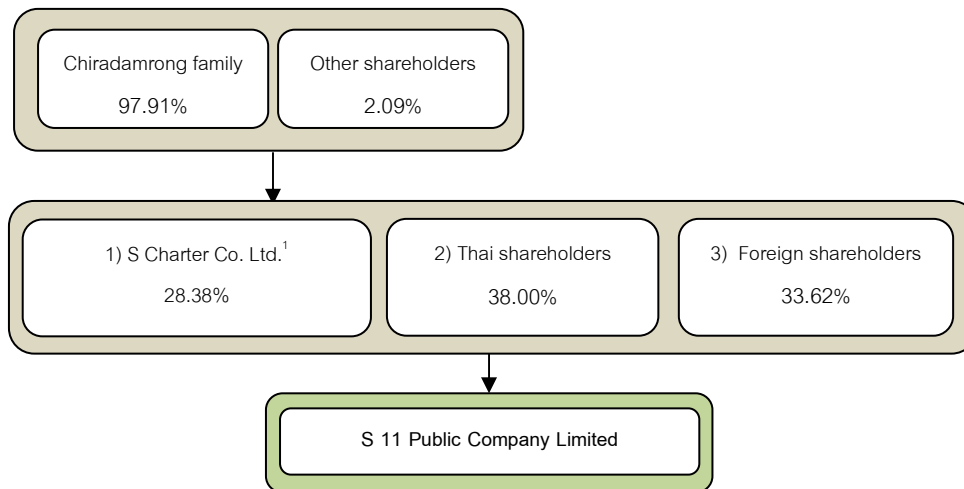




December 2020 : New trade partners were acquired covering Bangkok Metropolitan area, Chonburi, Ayuttaya, Rayong, Chanthaburi, Nakhon Pathom, Nakhon Ratchasima, Samut Sakorn, Prachin Buri, Buri Rum, Nakhon Nayok, Saraburi, Sa Kaeo, Ratchaburi, Chaiyaphum and Nakhon Sawan.

### 1.3 Shareholding structure

On December 31, 2020, 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., 33.62 percent held by foreign investors and 38.00 percent held by other Thai investors who are not concerned with S Charter Co. Ltd.



Remark: Major shareholders' report as at the closing date of the share-registered book, January 6, 2021 prepared by Thailand Securities Depository Co., Ltd. (TSD)

<sup>1</sup>97.91 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 2.09 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 95.81 percent new and 4.19 percent used, with average price per motorcycle of Baht 56,500. 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	2018		2019		2020	
Hire-purchase interest incomes <sup>1</sup>	1,579,802,363	94.54%	1,805,780,558	94.31%	1,905,434,427	93.99%
Fee and service incomes <sup>2</sup>	72,543,496	4.34%	83,192,254	4.35%	94,285,887	4.65%
Other incomes <sup>3</sup>	18,769,299	1.12%	25,672,773	1.34%	27,623,114	1.36%
<b>Total revenues</b>	<b>1,671,115,158</b>	<b>100.00%</b>	<b>1,914,645,585</b>	<b>100.00%</b>	<b>2,027,343,428</b>	<b>100.00%</b>

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

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

<sup>3</sup>Other 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 2020, the revenue structure of the Company comprised of 93.99 percent of hire-purchase interest incomes, 4.65 percent of fee and service incomes, and 1.36 percent of other incomes. While the revenue structure as of 31 December 2019 comprised of 94.31 percent of hire-purchase interest incomes, 4.35 percent of fee and service incomes, and 1.34 percent of other incomes. And the revenue structure as of 31 December 2018 comprised of 94.54 percent of hire-purchase interest incomes, 4.34 percent of fee and service incomes, and 1.12 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 2020, Honda had accounted for the highest proportion of 90.43 percent, followed by Yamaha of 9.55 percent, and others of 0.02 percent. The Company's total receivables are new motorcycles which accounted for 95.81 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 2020, the customers of this type accounted for 16.37 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 2020, the customers of this type accounted for 83.63 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 2020, the customers can be classified according to the service areas as follows;

service areas	percent of the total customers
Head office area which are Bangkok, Nonthaburi, Pathum Thani and Samut Prakarn	52.13
Chonburi	16.75
Ayuthaya	4.54



service areas	percent of the total customers
Nakhon Pathom	0.39
Rayong	3.71
Chanthaburi	2.59
Nakhon Ratchasima	5.52
Buri Rum	1.13
Samut Sakorn	1.83
Prachin Buri	3.32
Nakhon Nayok	2.51
Saraburi	1.92
Sa Kaeo	1.80
Ratchaburi	1.34
Chaiyaphum	0.26
Nakhon Sawan	0.27

#### Hire Purchase Details per motorcycle

Down Payment amount	Baht 500 - 30,000
Principal	Average Baht 56,500
Interest rate	0.50 - 2.50 percent per month (flat rate)
Repayment	Monthly
Repayment Period	From 6 to 48 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 percent of total hire-purchase receivables. As of 31 December 2020, the Company has 213 dealers, consisting of 119 dealers in Bangkok and Vicinity area, 3 dealers in Ayuthaya, 14 dealers in Chonburi, 4 dealers in Nakhon Pathom, 9 dealers in Rayong, 7 dealers in Chanthaburi, 13 dealers in Nakhon Ratchasima, 6 dealers in Buri Rum, 10 dealers in Samut Sakorn, 1 dealers in Prachin Buri, 5 dealers in Nakhon Nayok, 5 dealers in Saraburi, 2 dealers in Sa Kaeo, 3 dealers in Ratchaburi, 5 dealers in Chaiyaphum and 2 dealers in Nakhon Sawan. 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 2018 to 2020

##### Country-wide, divided by region

Newly Registered	2018		2019		2020	
	Units	Percent	Units	Percent	Units	Percent
Bangkok	456,367	25.52	447,628	26.04	397,616	26.20
Central	79,343	4.44	73,709	4.29	59,381	3.91
Eastern	213,157	11.92	201,887	11.74	168,680	11.11
Northeastern	443,924	24.82	413,781	24.07	379,092	24.98
Northern	251,931	14.09	240,958	14.02	218,624	14.41
Western	115,586	6.46	111,438	6.48	98,425	6.49
Southern	228,154	12.76	229,833	13.37	195,864	12.91
Countrywide	1,788,462	100.00	1,719,234	100.00	1,517,616	100.00

Source: Department of Land Transport



However, the Company market share is calculated from the number of motorcycles which the Company provided hire-purchase loan service compared with the statistic of newly registered motorcycles of 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)	2018	2019	2020
Bangkok and Vicinity	10.17	10.46	9.69
Chonburi	13.26	16.20	16.12
Ayuthaya	15.52	17.95	19.84
Chachoengsao	2.09	0.09	0.00
Rayong	9.38	7.76	8.35
Chanthaburi	7.15	14.74	12.92
Nakhon Pathom	4.28	3.94	1.82
Nakhon Ratchasima	7.05	11.46	11.70
Buri Rum	3.01	5.02	3.42
Samut Sakorn	9.32	8.41	9.57
Prachin Buri	10.96	16.55	23.42
Nakhon Nayok	6.70	33.24	55.40
Saraburi	0.20	2.81	8.70
Sa Kaeo	-	17.72	12.69
Ratchaburi	-	3.48	4.62
Chaiyaphum	-	2.88	1.73
Nakhon Sawan	-	-	1.23

Source: the Company's record

According to the above table, the Company has an increasing market share proportion due to the Company's business has grown continuously, the changing of business model and the making alliance with dealers in such business area made the Company's trade partners increased covering the above mentioned area.

## 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 2020, there was none.
4. Shareholders' equity consisting of registered and paid-up capital, and retained earnings.
5. Short-term loans from bills of exchange
6. Long-term loans from bond

As of 31 December 2020, source of funds regarding accounts payables, loans and shareholders' equity are shown in the following table:

Unit: Baht

Source of Funds	2018		2019		2020	
Loans	3,317,995,080	58.71%	3,842,545,601	59.46%	3,422,342,718	54.72%
Short-term loans from financial institution	200,000,000	3.54%	190,000,000	2.94%	249,300,000	3.99%
Short-term loans	522,663,928	9.25%	585,996,599	9.07%	457,239,859	7.31%
Current portion of long-term loans	1,497,959,547	26.51%	1,759,599,794	27.23%	1,691,831,930	27.05%
Long-term loans – net of current portion of long-term loans	947,505,455	16.77%	1,082,175,464	16.75%	798,394,585	12.77%
Current portion of debenture						
- related persons and related parties	-	-	-	-	37,878,485	0.61%
- unrelated persons and unrelated parties	149,866,150	2.65%	-	-	187,697,859	3.00%
Debt issued – debentures – net of current portion with unrelated persons and unrelated parties	-	-	187,030,031	2.89%	-	-
Debt issued – debentures – net of current portion with related persons and related parties	-	-	37,743,713	0.58%	-	-
Shareholder's equity	2,333,067,423	41.29%	2,620,166,292	40.54%	2,832,065,246	45.28%
Total	5,651,062,503	100.00%	6,462,711,893	100.00%	6,254,407,964	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 total liabilities to total shareholders' 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 hire purchase receivables with less than three months overdue to loans liabilities ratio no less than 1.2:1.
5. The Company must transfer the rights of claim under the hire-purchase agreements and motorcycles registration books according to the notification letter in order to secure credit facilities granted by commercial bank.



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 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 10 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 97.34 percent in 2018, 98.36 percent in 2019, and 101.22 percent in 2020 of total repossessed motorcycles.

Details	2018	2019	2020
Beginning Balance of repossessed motorcycles (units)	377	694	903
Repossessed motorcycles (units)	11,910	12,278	12,704
Total repossessed motorcycles (units)	12,287	13,472	13,607
Repossessed motorcycles sold (units)	11,593	12,569	12,859
Repossessed motorcycles sold / Total repossessed motorcycles (%)	97.34	98.36	101.22
Assets foreclosed (Baht)	576,971,893	610,309,456	600,423,669
Loss from diminution and disposal of foreclosed assets (Baht)	229,589,174	245,207,682	225,413,084

\* Note: Calculated from the repossessed motorcycles sold divide by the total repossessed motorcycles in such month in order to consider the transformation ability of repossessed motorcycles to cash compared with the additional repossessed motorcycles in each month. In case of such ratio was higher than 100 percent that means the Company could sell the cumulated repossessed motorcycles more than the repossessed motorcycles in such month.



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	2018	2019	2020
Allowance for doubtful debts	751,343,850	807,242,598	880,139,515
Allowance for impairment losses	15,232,808	20,061,177	14,425,396
Bad Debts	365,573,001	456,605,267	659,807,606
Losses from diminution and disposal	229,589,174	245,207,682	225,413,084
Allowance for doubtful debts to hire purchase receivables (percent)*	13.23	12.32	12.73

Note: \* The allowance for doubtful debts to hire purchase receivables ratio was decreased from 13.23 percent in 2018 and 12.32 percent in 2019 respectively. The allowance for doubtful debts to hire purchase receivables ratio in 2020 was 12.73 percent slightly increased from 12.32 percent in 2019 and decreased from 13.23 percent in 2018 respectively.

### 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 10 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 3.66 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 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.

### **3.10 Risk of the dependence on an external loan**

The Company's main hire purchase financing derived from the financial institution's loan. As of 31 December 2020, the Company's loan from financial institution was Baht 2,739.53 million including the current portion of financial institution's loan



which was Baht 1,941.13 million or 70.86 percent of total loan from financial institution. The Company has a long-term loan which was not drawdown in the amount of Baht 1,432 million. Therefore, if the commercial banks were not support the Company, the Company may confront the liquidity problem in loan approval and finally may affect to the Company's operating result.

However, the Company has prepared the risk management by raising funds through various channels both in bond market and borrowing from financial institution in order to spread the risk from indebtedness.

### **3.11 Risk of the capability on principal and interest payment**

The Company's debt service coverage ratio in 2020 ended 31 December 2020 was 0.29 time which indicated that the Company's net cash flows derived from operating activities was not sufficient in obligation payment such as the payment of loan's interest and principal because the Company's current portion of short-term interest bearing debt was Baht 2,623.95 million or 76.67 percent compared with total interest bearing debt. However, as of 31 December 2020, the Company has long-term loan which was not drawdown in the amount of Baht 1,432 million. It was the source of cash flow to support the loan repayment in each month besides the net cash flows derives from the operating activities which were normal for its business.

As of 31 December 2020, the Company's cash and cash equivalents was Baht 28.88 million and current portion of hire purchase receivables was Baht 3,240.81 million.

### **3.12 Risk of the Company's financial ratio maintenance**

As of 31 December 2020, the Company's interest bearing debt to equity ratio according to the terms and conditions was 1.21 time decreasing from 2019 which was 1.47 time. The main reason is the decreasing of current portion of long-term loan which was Baht 1,691.83 million. However, the Company has a duty to retain interest bearing debt to equity ratio in accordance with the terms and conditions throughout the debentures period in the audited financial statement in the amount of not exceeding 5:1 time at the end of accounting period in each quarter.

However, if the Company could not retain the interest bearing debt to equity ratio according to the specified terms and conditions of issuer and debentures' holder, It may cause the Company to default regarding such terms and conditions and may cause the total debenture maturity.

The Company has set the measure to retain liquidity, interest bearing debt to equity ratio and also capital structure to be in an appropriate level. As of 31 December 2020, the Company's long-term loan which was not drawdown in the amount of Baht 1,432 million which will increase the Company's liquidity in case that the Company could not provided cash to support this debt repayment.

**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 2020

Type of Share : 613,000,000 ordinary shares at par value of Baht 1.00 per share as at 31 December 2020

Home Page : [www.sgroup.co.th](http://www.sgroup.co.th)

E-mail : [info@sgroup.co.th](mailto: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, 1<sup>st</sup> Floor Tritip Silom Road,  
Bangrak District, Bangkok 10500  
Tel. (66) 2230 1000 , (66) 2231 4333

**Bond Holder Representative** : **Trinity Securities Company Limited**  
179 Bangkok City Tower, 25-26,29<sup>th</sup> Floor  
South Sathon Road, Tungmahamek, Sathon  
Bangkok 10120  
Tel. (66) 2343 9500 Fax. (66) 2343 9687



Auditor : Ms. Ratchada Yongsawadwanich, Certified Public Account No.4951

EY Office Limited

33<sup>rd</sup> 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](http://www.ey.com)

Legal Advisor : Wayu & Partners Company Limited

9/8 Soi.Sukhumvit 63, Sukhumvit Road, Khlong Tan Nuea Sub-district

Wattana District, Bangkok 10110

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

Regular Connecting Financial Institution : Land and Houses Bank Public Company Limited

1 Q House Lumpini Building, South Sathorn Road

Tungmahamek, Sathorn, Bangkok 10120

Tel. (66) 2677 7111 Fax. (66) 2677 7227

: Kasikornbank Public Company Limited

1 Soi Ratburana 27/1, Ratburana Road

Ratburana Sub-district, Ratburana District, Bangkok 10140

Tel. (66) 2222 0000 Fax. (66) 2470 11440



Part 2

Management and Corporate Governance



**5. Securities and Shareholder Information****5.1 Registered capital and paid-up capital as of 31 December 2020**

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, 2020 were as follows:

No.	Shareholder List	Number of Share	Proportion (%)
1	S CHARTER COMPANY LIMITED	173,984,165	28.38
2	BANK JULIUS BAER&CO.LTD,SINGAPORE	100,000,000	16.31
3	MR. SIRAWAT WANGLEE	55,310,000	9.02
4	UOB KAY HIAN PRIVATE LIMITED <sup>1</sup>	39,744,700	6.48
5	MR. LIAU KIM SAN JEREMY <sup>2</sup>	28,379,000	4.63
6	MISS. JUNRI SUGIURA	14,558,000	2.37
7	MR. SOMYOD SUTEERAPORNCHAI	13,491,200	2.20
8	CREDIT SUISSE AG, SINGAPORE BRANCH	13,126,863	2.14
9	MR.SAMART CHIRADAMRONG	11,374,190	1.86
10	THAI NVDR COMPANY LIMITED	10,009,683	1.63
<b>Total top 10 shareholders</b>		<b>459,977,801</b>	<b>75.04</b>
Total minor shareholders		153,022,199	24.96
<b>Total</b>		<b>613,000,000</b>	<b>100.00</b>

Remark: Major shareholders' report as at the closing date of the share-registered book, January 6, 2021 prepared by Thailand Securities Depository Co., Ltd. (TSD)

<sup>1</sup> Directors holding shares through Custodian, totaling 27,193,800 shares

<sup>2</sup> Directors holding shares indirectly and through NVDR, totaling 5,038,000 shares





### 5.3 The issuing of other securities

As of 31 December 2020, the Company has an outstanding of bill of exchange and debenture as follows;

#### Bill of exchange

The Company has an outstanding of bill of exchange as of 31 December 2020 in the amount of Baht 457 Million which was short-term bill of exchange (tenor of not exceeding 270 days).

#### Debenture

The Company has an outstanding of debenture as of 31 December 2020 in the amount of Baht 226.3 Million. The details are as follows;

ThaiBMA Symbol	Type	Tenor (Year)	Maturity Date	Amount (Million Baht)
SG21NA	named certificate unsubordinated unsecured and with a debenture holders' representative	2	26 November 2021	226.3

### 5.4 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.

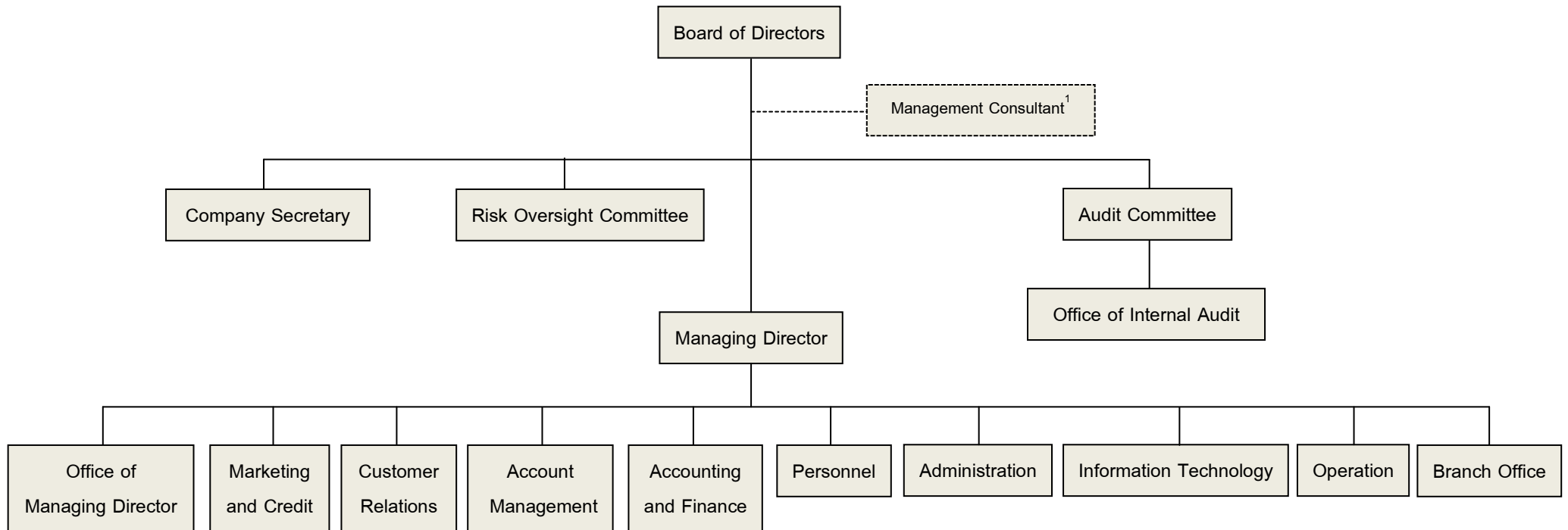


## 6. Management Structure

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 2020



Remark: <sup>1</sup> 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 2020, the Board of Directors consists of 9 directors as shown below:

Name of the directors	Positions
1. Mr. Samart Chiradamrong	Chairman
2. Mr. Surasak Khemthongkum	Managing Director / The 2 <sup>nd</sup> Vice Chairman <sup>1</sup>
3. Mr. Sirawat Wanglee	Director
4. Mr. Jeremy Liau	Director
5. Mr. Tay Christopher Charles	Director
6. Mr. Thosaporn Lerdbhan	Director
7. Mrs. Vachira Na Ranong	Director / Vice Chairman / Chairman of the Audit Committee / Independent Director
8. Dr. Thanisorn Dejthamrong	Director / member of the Audit Committee / Independent Director
9. Mr. Thirawat Sarindu	Director / member of the Audit Committee / Independent Director

<sup>1</sup> was appointed on February 13, 2020.

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 2020, the Audit Committee consists of 3 directors as shown below:

Name of the directors	Positions
1. Mrs. Vachira Na Ranong <sup>1</sup>	Chairman of the Audit Committee / Independent Director
2. Dr. Thanisorn Dejthamrong	Audit Committee member / Independent Director
3. Mr. Thirawat Sarindu	Audit Committee member / Independent Director



Remark: <sup>1</sup> The 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 Association Advisor 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 2020, the Oversight Risk Management Committee consists of 10 directors as shown below:

Executives	Position
1. Mr. Surasak Khemthongkum	Chairman of the Oversight Risk Management Committee
2. Mr. Thosaporn Lerdbhan	Oversight Risk Management Committee member
3. Mr. Wanchai Boontham	Oversight Risk Management Committee member
4. Mr. Kritsakorn Netprapha	Oversight Risk Management Committee member
5. Miss Watcharaporn Meruthong	Oversight Risk Management Committee member
6. Mr. Somkid Jaruphaiboonphan	Oversight Risk Management Committee member
7. Miss Jamsiri Sangkarak	Oversight Risk Management Committee member
8. Miss Aree Srikraiot	Oversight Risk Management Committee member
9. Miss Jeeranai Promtong	Oversight Risk Management Committee member
10. Mrs. Wanna Laicharoenwong	Oversight Risk Management Committee member

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

The directors' meeting attendance in 2020 is as follows;

Name of the directors	Positions	2020		2020	
		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 Khemthongkum	Managing Director / The 2 <sup>nd</sup> Vice Chairman <sup>1</sup>	4	4	-	-
3. Mr. Sirawat Wanglee	Director	4	4	-	-



Name of the directors	Positions	2020		2020	
		Numbers of Board of Directors' Meeting	Numbers of Attendance	Numbers of Audit Committee's Meeting	Numbers of Attendance
4. Mr. Jeremy Liau	Director	4	4	-	-
5. Mr. Tay Christopher Charles	Director	4	4	-	-
6. Mr. Thosaporn Lerdbhan	Director	4	4	-	-
7. Mrs. Vachira Na Ranong	Director / Vice Chairman / Chairman of the Audit Committee / Independent Director	4	4	4	4
8. Dr. Thanisorn Dejthamrong	Director/ member of the Audit Committee / Independent Director	4	4	4	4
9. Mr. Thirawat Sarindu	Director/ member of the Audit Committee / Independent Director	4	4	4	4

<sup>1</sup> was appointed on February 13, 2020.

## 6.2 Management

On 31 December 2020, the management of the Company are listed as follows:

Executives	Position
1. Mr. Samart Chiradamrong	Chairman <sup>1</sup>
2. Mr. Surasak Khemthongkum	Managing Director / The 2 <sup>nd</sup> Vice Chairman <sup>2</sup>
3. Mr. Kritsakorn Netprapha	Marketing and Credit Manager
4. Mr. Wanchai Boontham	Account Receivable Management Manager
5. Miss Watcharaporn Meruthong	Accounting and Finance Manager
6. Mr. Thosaporn Lerdbhan	Information Technology Manager
7. Mr. Somkid Jaruphaiboonphan	Personel Manager
8. Miss Jamsiri Sangkarak	Administration Manager
9. Miss Aree Srikraiot	Operation Manager
10. Miss Jeeranai Promtong	Customer Relations Manager
11. Mrs. Wanna Laichaoenwong	Office of Internal Audit Manager

Remark: <sup>1</sup> 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.

<sup>2</sup> was appointed on February 13, 2020.



### 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

The consideration of remuneration of the directors is conforming to the Company's business profit, duties, responsibilities and performance of each director. Such remuneration is in the appropriate level compares with other equally size companies in the same industry as well as sufficient to attract and retain quality directors. However, the directors' remuneration shall consider and approve by the Annual General Meeting of shareholder every year.

The consideration of remuneration of the management is in accordance with the principles and policies which specified by the Board of Director including conform to the industry's remuneration which can be attract and retain quality employees to work with the Company in long term.

#### 6.4.1 Cash remuneration

##### Directors

The remuneration of the Directors in 2020 is as follows:

Name of the directors	2020		
	Remuneration <sup>1</sup> (Baht)	Bonus (Baht)	Other (Baht)
1. Mr. Samart Chiradamrong	-	-	-
2. Mr. Surasak khemthongkum	-	-	-
3. Mr. Sirawat Wanglee	192,000	-	-
4. Mr. Jeremy Liau	192,000	-	-
5. Mr. Tay Christopher Charles	192,000	-	-
6. Mr. Thosaporn Lerdbhan	-	-	-
7. Mrs. Vachira Na Ranong	192,000	-	-
8. Dr. Thanisorn Detchthamrong	192,000	-	-
9. Mr. Thirawat Sarindu	192,000	-	-
Total	1,152,000	-	-

Remark: <sup>1</sup> Executive Director will not receive the remuneration of the Board of Directors but will receive only the remuneration of employees.

Management

The remuneration of management in 2020 is as follows:

Items	2020	
	Number of Employees	Remuneration (Baht)
Salary	11	13,485,036
Bonus	11	2,786,520
Provident Fund	11	401,311
Retirement pension	11	1,484,572
EJIP		718,130
Total	11	18,875,569

## 6.4.2 Other Remunerations

In 2020, there was no other remunerations other than the above mentioned.

## 6.5 Employees

Number of Employees

As of 31 December 2020, the total number of the Company's employees is 544 people, divided into 369 people of in-house employees and 175 people of outsourced employees. Details are as follows:

In-house Employees

No	Departments	Numbers of Employees in 2019	Numbers of Employees in 2020
1	Account Receivable Management	56	61
2	Information Technology	16	17
3	Accounting and Finance	13	15
4	Personnel <sup>1</sup>	16	15
5	Administration <sup>1</sup>	14	14
6	Operations	33	36
7	Office of Managing Director	9	22
8	Credit and Marketing	94	89
9	Branch Office Administration	47	51
10	Customer Relations	57	49
	Total	355	369





## Outsourced Employee

No	Department	Number of Employees in 2019	Number of Employees in 2020
1	Credit and Marketing	193	175
	- Credit Analyst Offices (Outsourced)		

Remuneration of Employees

Items	2019		2020	
	Numbers of Employees	Remuneration (Baht)	Numbers of Employees	Remuneration (Baht)
Salary	344	76,233,494	358	80,715,417
Bonus	344	22,581,232	358	16,434,508
Provident Fund	344	2,144,002	358	2,297,826
Retirement pension	344	4,797,973	358	1,717,807
EJIP		2,579,367		2,736,143
Total	344	108,336,067	358	103,901,701

The above remuneration of employees does not include the remuneration of management in clause 6.2

Employee's remuneration and welfare policy

S 11 Group Public Company Limited has been aware of the importance of employees as a main mechanism running businesses. The Company, therefore, set the appropriate and fair remuneration and welfare policy in order to build motivations to potential employees to work with the Company continuously as well as promote the Company's sustainable growth in long term.

The remunerating criteria are subject to appropriateness of employee's job position, knowledge, ability, experience and qualification together with performance of each employee in order to build motivations in working. The employee's remuneration are includes salary, incentive and bonus.

In parts of welfare, the Company has set up the Welfare Committee according to the regulation of the Ministry of Labour and Welfare which consisting of representatives from employer and employees with respect to the employee's welfare suggestion. The Company has provided various forms of welfare in accordance with laws and regulations to satisfy employees' needs such as provident fund, uniform, health check-up, leave of absence and grants to support the good quality of life and reduce the employee's burden.

However, the employee's remuneration and welfare are subject to the business expansion, growth and operational performance of the Company additionally correspond to the average payment scale in the same industry.



### 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 subordinators 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.

### Safety and health at workplace policy

S 11 Group Public Company Limited realized that employees are valuable resources. The Company is committed to provide and preserve safe working environment and good for health. The Company, therefore, set the safety and health at workplace policy and guideline to ensure the safety of life and property as well as maintain good health of the employees as follow;

1. Employees must concern about their own and colleagues' safety and together with the safety of the Company's property at all working hours.
2. Employees must maintain cleanliness and tidiness of the workplace.
3. Employees have the rights to giving comments to improve the working environment and safe working methods.
4. All supervisors must behave as a good example, be a leader, training, teaching, support, encourage and motivate employees to realize and work safely.
5. The Company supports and encourages the development and improvement of working conditions and its environment to be safe and tidiness.
6. The Company supports and encourages the raise of the employees' consciousness and good attitudes regarding safety and health at workplace by providing knowledge, trainings and conducting safety activities.



#### Environment informing and training policy

S 11 Group Public Company Limited realized that caring of the environment is an important aspect. The Company, therefore, encourages the creation of consciousness regarding such aspect inside the Company through communication, informing and training as well as assigns the management of all levels responsible and be a model for environmental protection such as waste separation campaign, using of bio-compost and setting up the grease trap for dishwashing in order to let employees participate in policy implementation and communicate to related parties to be a model in daily life.

#### 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.

#### Director development

S 11 Group Public Company Limited has been aware of the importance of directors who determining the Company's vision, policy, objective and goal as well as supervising the management operation. Therefore, the Company is committed to regularly developing directors to gain knowledge and understanding with regard to the roles, duties and responsibilities of directors by supporting and encouraging all member of directors to attend the training courses as required by The Stock Exchange of Thailand and The Securities and Exchange Commission as to knowledge directors on any laws, rules and any useful information which could be beneficial for director's performance to be more effective and lead to the Company's future growth.

#### Orientation of new directors

The Company has been aware of the importance of new directors' performance. Therefore, the Company has provided an orientation program to introduce the Company's overall operation as well as the essential information which necessary for their performances such as the internal work flow, Articles of Association, the Company's objectives, Director's code of conduct, listed companies' handbook, Corporate Governance policy, related laws, financial statements and notes. Moreover, the Company has arranged appointments for new director, Chairman, the Board of Directors and Sub Committees to acknowledge the information of the Company's business operations.

#### 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

Procedure of the Board of Directors' performance assessment

The company secretary shall circulate the Board of Directors' performance assessment forms both in collectively and individually to all members evaluating their performances of the year. After each member of the Board of Directors successfully completed the forms, they will send such assessment form back to the company secretary in order to collect and summarize the evaluation result and then report to the Board of Directors for consideration.

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 95.13 percent. Topic (5) Relationship with management, (4) Duties of directors 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 83.33 percent. Topic (1) Committee structure and qualifications, (2) Committee meeting 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 95.71 percent. Topic (1) Board structure and qualifications, (3) Roles, duties and responsibilities of the board and (2) The board meeting are the best performance respectively.

Changing in securities holding of directors and managements

No	Name - Surname	Position	Number of share as of 31 December 2019	Shares changing	Number of share as of 31 December 2020	Proportion (%)
1	Mr. Samart Chiradamrong	Chairman	11,314,373	59,817	11,374,190	1.86
	Spouses and minor children		41,913	0	41,913	0.01
2	Mr. Surasak Khemthongkum	Managing Director	2,076,814	63,149	2,139,963	0.35
	Spouses and minor children		1,101,604	-2,879	1,098,725	0.18
3	Mr. Sirawat Wanglee	Director	55,300,000	10,000	55,310,000	9.02
	Spouses and minor children		5,732,500	0	5,732,500	0.94
4	Mr. Jeremy Liao	Director	28,379,000	0	28,379,000	4.63
	Spouses and minor children		5,000,000	0	5,000,000	0.82



No	Name - Surname	Position	Number of share as of 31 December 2019	Shares changing	Number of share as of 31 December 2020	Proportion (%)
5	Mr. Tay Christopher Charles	Director	27,193,800	0	27,193,800	4.44
	Spouses and minor children		-	-	-	-
6	Mr. Thosaporn Lerdbhan	Director	2,395,024	49,991	2,445,015	0.40
	Spouses and minor children		2,347,747	47,630	2,395,377	0.39
7	Mrs. Vachira Na Ranong	Vice Chairman / Chairman of the Audit Committee	15,900	0	15,900	0.00
	Spouses and minor children		-	-	-	-
8	Dr. Thanisorn Dejthamrong	Member of the Audit Committee	-	-	-	-
	Spouses and minor children		-	-	-	-
9	Mr. Thirawat Sarindu	Member of the Audit Committee	-	-	-	-
	Spouses and minor children		-	-	-	-
10	Mr. Kritsakorn Netprapha	Marketing and Credit Manager	930,645	19,569	950,214	0.16
	Spouses and minor children		-	-	-	-
11	Mr. Wanchai Boontham	Account Receivable Management Manager	1,686,944	39,015	1,725,959	0.28
	Spouses and minor children		9,900	0	9,900	0.00
12	Miss Watcharaporn Meruthong	Accounting and Finance Manager	2,347,747	47,630	2,395,377	0.39
	Spouses and minor children		2,395,024	49,991	2,445,015	0.40
13	Mr. Somkid Jaruphaiboonphan	Personnel Manager	84,109	34,068	118,177	0.02
	Spouses and minor children		715,000	94,500	809,500	0.13
14	Miss Jamsiri Sangkarak	Administration Manager	660,895	12,193	673,088	0.11
	Spouses and minor children		15,000	0	15,000	0.00



No	Name - Surname	Position	Number of share as of 31 December 2019	Shares changing	Number of share as of 31 December 2020	Proportion (%)
15	Miss Aree Srikrairo	Operation Manager	543,066	13,079	556,145	0.09
	Spouses and minor children		-	-	-	-
16	Miss Jeeranai Promtong	Customer Relations Manager	26,553	8,333	34,886	0.01
	Spouses and minor children		-	-	-	-
17	Mrs. Wanna Laicharoenwong	Office of Internal Audit Manager	3,201,367	30,576	3,231,943	0.53
	Spouses and minor children		-	-	-	-



## 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 Business ethics

The Company adheres to run business with integrity, honesty and social responsibility. Its operating system has standard and good control by provided supervision and prevention of conflict of interest transaction as well as provided the Company’s information disclosure to shareholders, investors and public correctly, completely, thoroughly and timely according to the related laws and regulations. Moreover, the Company also adheres to conform to good corporate governance as a listed company in the Stock Exchange of Thailand.

#### 7.1.2 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. Submission of agendas or nominees to be elected as directors for Meeting of Shareholders in advance  
Except the right of shareholders in public limited company law, the company has given an opportunity for shareholders who have shares more than 1% of total sold-shares of the Company to submit agendas or nominees to be elected as directors prior to the Meeting of Shareholders in form of document to the company in order to considered by the Board of Directors in the following practices:



- 3.1 In case of Annual General Meeting, shareholders are welcome to submit agendas together with details and reasons or nominees to be elected as directors in form of document to the Company in advance since October to December of each year which the company will declare prior to shareholders.
- 3.2 In case of Extraordinary General Meeting, shareholders are welcome to submit agendas together with details and reasons in form of document to the Company in advance 30 days.
- 3.3 In case of the Board of Directors had consensus to hold the Meeting of Shareholders, shareholders are welcome to submit agendas together with details and reasons in form of document to the company within 7 days since the day that the Board of Directors had consensus to hold the Meeting of Shareholders.

Criteria for the submission of agendas or nominees to be elected as directors in advance

Shareholders who wish to submit agendas or nominees to be elected as directors 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 or nominees to be elected as directors together with personal information includes name, address, telephone number, fax number and email (if any) of shareholders.

Consideration Procedure

Agendas together with details and reasons or nominees to be elected as directors 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 or appointing nominees to be directors and inform prior to shareholders (via fax, email or other channels as deem appropriate) or at the meeting.

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.

7.1.3 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.





7.1.4 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.

7.1.5 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.

7.1.6 Social Media

Nowadays, S 11 Group Public Company Limited including Board of Directors, Managements, and employees has used a social media to receive and communicate information within and outside the organization for instance customers, service providers, clients and financial institutions by sharing, liking, receiving information and expressing opinions to friends and public through computers, mobile phones and other mobile communication equipments both general and related duty



information. Such the social media using may affect to the Company, Board of Directors, Managements, employees and outsider due to the informational receiving, communication, opinion expression and information sharing may affect to another rights or illegal.

The Company, therefore, specified the social media policy to be a pattern and implementation for the Company including Board of Directors, Managements, employees and/or any person who can access to the Company's information and/or information technology system and be a guideline using of a social media in order to make the information communication of the Company, Board of Directors, Managements and employees through a social media correctly and in accordance with the regulations and to define the model for expressing the opinion between on behalf of the Company's representative and on their own.

## 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, nominating, dismissing the auditor of the Company and proposing its remuneration to the Board of Directors as well as attending the meetings alone with the auditor without the management at least once a year.
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.

- The structure of the Board of Directors

The Board of Directors has 9 members consists of 3 executive directors, 6 non-executive directors which was 3 independent directors and 1 female independent director.

The Board of Directors has set the board structure to be consists of individuals who have varieties knowledge, ability, experience and qualification as well as have integrity and ethics that be accepted and trusted generally.

- Qualification of directors

Individuals who are appointed as the directors of the Company would have knowledge, capability and be ready to work in their duties. Minimum qualifications are as follow:

1. Qualified and not prohibited under the Securities Act or the Exchange Act or the regulations of the Securities and Exchange Act. They must not show a lack of suitable to be entrusted with the management of the Company's shareholders according to the criteria of SEC.
2. Have knowledge, skills, or experience in related business or financial accounting, management, or other that the board deems appropriate.



3. Able to devote their time to the Company as a Committee and perform duties in accordance with their responsibilities to the fullest. In particular, critical decisions and to act for the benefit of the Company as well as joined the Board of Directors' meetings and shareholders' meetings at any time, unless required, or force majeure.
  4. Has moral, ethical, and any other attributes that may be further defined in accordance with the law or as appropriate of the Committee.
- Appointment of the Company's Directors

The Company's directors shall be appointed by majority vote 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.





## 7.4 Audit Fee

### 7.4.1 Audit fee

Details	2019	2020
	EY Office Co., Ltd.	EY Office Co., Ltd.
Audit Fee <sup>1</sup> (Baht)	3,050,000	3,200,000
Total (baht)	3,050,000	3,200,000

Remark: <sup>1</sup> Travel cost and other expenses are excluded.

### 7.4.2 Non-audit fee

In 2020, there was no non-audit fee paid to any persons relevant to auditor and office of the auditors.

## 7.5 Application of Corporate Governance Code 2017

With reference to the Securities and Exchange Commission's declaration of Corporate Governance Code 2017 in order to be a guideline for the board of directors' consideration and appliance to its organization appropriately.

The board of director of the Company, therefore, had applied the 8 principles as follows;

- (1) Establish Clear Roles and Responsibilities
- (2) Define Objectives and Central Ideas
- (3) Strengthen Board Effectiveness
- (4) CEO and People Management
- (5) Nurture Innovation and Responsible Operations
- (6) Strengthen Effective Risk Management and Internal Control
- (7) Ensure Disclosure and Financial Integrity
- (8) Ensure Engagement and Communication with Shareholders

The Company applied the above mentioned principles with the corporate governance as follow

- (1) Defined the Company's objectives or goals in order to promote the sustainable business value
- (2) Be a supporting guideline that makes the operation achieved a specified objectives or goals

(3) Be a guideline for monitoring and evaluating the management's performance and disclose such performance to the stakeholders

## 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.

Annual General Meeting Checklist

The Company has been aware of the important of shareholder as a capital owner of a listed company. The annual general meeting, therefore, give the opportunity to shareholder for participate in monitoring the Company's performance closely. The Company, then, takes this opportunity to communicate with many shareholders in the same time in form of two-way communication. While shareholder will receive the necessary information for monitoring the Company's operation as well as participate in decision of important aspect. In order to support the annual general meeting to be quality, equal treatment to shareholder and consider the shareholder's rights according to the good corporate governance. The Company, therefore, joint the annual general meeting checklist continuously and regularly improve the operational process as to facilitate shareholder and maintain the Company's evaluation result to be in the satisfactory level.

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 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.



8.3.2.12 Supporting Countryside-School Development Project

The Company is aware of the importance of education for children and youths in order to use as basis of living and earn their living especially in outlying area. Therefore, the Company has initiated the countryside-school development project by improving and restoring buildings to be more durable, stronger and safer including canteen, classroom and teacher's home. The purpose of this project is to enhance the quality of life concerning the education of children and youths as well as related person in order to apply knowledge to develop their community.

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. 4/2020 on November 12, 2020 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 2019.

In 2020, 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. In 2015, the Audit Committee appointed Mr.Paiboon Chaibenchapon as the Office of the Internal Audit manager and In 2017, the Audit Committee appointed Mrs. Wanna Laichareonwong as the Office of the Internal Audit manager in accordance with the resolution of the Audit Committee no. 1/2017 held on 14 February 2017.



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. 1/2013 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 2020 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

The Company had a related party transaction with a subsidiary company, associated company, companies whose directors are shareholders and related person. Such transactions had disclosed in the notes of the financial statement which has been audited by external auditor. Shareholders and/or investors can view the historical data to compare 3 years information from the Company's website (www.sgroup.co.th). Moreover, the audit committee had expressed the opinion on the appropriateness of such transaction that the said transaction was conform to the Company's normal business, sensible, the pricing and other conditions was in accordance with the market price same as to the pricing with non-related person or business and was not benefit transfer between the Company and a subsidiary company, associated company, companies whose directors are shareholders and related person.

During the year, the Company had significant business transactions with related parties. Such transactions are in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. A summary of related parties and transactions with those parties is below.

Name of related party	Relationship with the Company
MOD S Company Limited	An associate company until 21 May 2020 and transformed to subsidiary company

(Unit: Baht)

## For the years ended 31 December

	Consolidated Financial statement	in which the equity method is applied	separate financial statement	Pricing policy	
	2020	2019	2020	2019	
<u>Transactions with subsidiary</u>					
Service expense	-	-	4,774,275	-	As stipulated in agreements
<u>Transactions with associate</u>					
Service income	-	1,143	-	1,143	As stipulated in agreements
Service expense	2,954,347	5,192,345	2,954,347	5,192,345	As stipulated in agreements
<u>Transactions with directors and related persons</u>					
Interest expense	1,524,164	149,918	1,524,164	149,918	As stipulated in agreements
Amortization of debenture issuing cost	134,772	13,256	134,772	13,256	As stipulated in agreements



The balance of the accounts as at 31 December 2020 and 2019 between the Company, an associated company, directors and related persons are as follows:

(Unit: Baht)

	Consolidated Financial statement 31 December 2020	Separate financial statement 31 December 2020	In which the equity method is applied and separate financial statement 31 December 2019
<hr/>			
<u>A subsidiary company</u>			
Service payable	-	741,418	-
<u>An associated company</u>			
Service payable	-	-	524,980
<u>Directors and related persons</u>			
Interest payable	149,918	149,918	149,918
Debenture	37,878,485	37,878,485	37,743,713



## 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 are 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	2018		2019		2020	
<b>Current assets</b>						
Cash and cash equivalents	23,670,440	0.40%	41,443,026	0.62%	28,882,062	0.45%
Current portion of hire purchase receivables - net	2,709,105,448	46.34%	3,122,683,406	46.54%	3,240,806,439	50.29%
Counter service receivables	69,788,652	1.19%	67,407,267	1.00%	36,922,856	0.57%
Prepaid insurance premium	71,626,922	1.23%	78,171,088	1.17%	67,651,758	1.05%
Assets foreclosed – net	19,701,962	0.34%	23,774,880	0.35%	22,087,503	0.34%
Other current assets	44,454,705	0.76%	44,661,132	0.67%	43,750,587	0.68%
<b>Total current assets</b>	<b>2,938,348,129</b>	<b>50.27%</b>	<b>3,378,140,799</b>	<b>50.35%</b>	<b>3,440,101,205</b>	<b>53.38%</b>
<b>Non-current assets</b>						
<b>Investment in subsidiary</b>	-	-	-	-	-	-
Investment in an associated company	304,259	0.01%	414,611	0.01%	-	-
Restricted bank deposits	933,804	0.02%	1,044,853	0.02%	1,173,197	0.02%
Hire purchase receivables - net of current portion	2,652,244,501	45.37%	3,061,899,077	45.63%	2,710,288,696	42.06%
Prepaid insurance premium	25,859,922	0.44%	29,152,640	0.43%	20,230,843	0.31%
Land, building and equipment - net	86,920,720	1.49%	86,837,474	1.29%	102,863,603	1.60%
Deferred tax assets	140,795,090	2.41%	151,801,785	2.26%	169,627,396	2.63%
Other non - current assets	264,135	0.01%	311,135	0.01%	317,635	0.01%
<b>Total non - current assets</b>	<b>2,907,322,431</b>	<b>49.73%</b>	<b>3,331,461,575</b>	<b>49.65%</b>	<b>3,004,501,370</b>	<b>46.62%</b>
<b>Total assets</b>	<b>5,845,670,560</b>	<b>100.00%</b>	<b>6,709,602,374</b>	<b>100.00%</b>	<b>6,444,602,575</b>	<b>100.00%</b>
<b>Current liabilities</b>						
Short-term loans from financial institution	200,000,000	5.69%	190,000,000	4.64%	249,300,000	6.90%
Trade accounts payables	47,102,389	1.34%	70,674,347	1.73%	5,299,445	0.15%



Statements of Financial Position	2018		2019		2020	
Current portion of long-term loans	1,497,959,547	42.65%	1,759,599,794	43.03%	1,691,831,930	46.83%
Current portion of debenture						
- related persons and related parties	-	-	-	-	37,878,485	1.05%
- unrelated persons and unrelated parties	149,866,150	4.27%	-	-	187,697,859	5.20%
Short-term loans	522,663,928	14.88%	585,996,599	14.33%	457,239,859	12.66%
Current portion of lease liabilities	-	-	-	-	1,784,908	0.05%
Derivatives liabilities	-	-	-	-	9,934,776	0.28%
Income tax payable	55,308,501	1.57%	67,689,070	1.65%	46,511,706	1.29%
Insurance premium payables	21,868,687	0.62%	24,437,167	0.60%	16,383,877	0.45%
Accrued expenses	27,896,573	0.79%	33,462,626	0.82%	25,635,324	0.71%
Other current liabilities	31,360,458	0.89%	33,460,664	0.82%	53,060,343	1.47%
<b>Total current liabilities</b>	<b>2,554,026,233</b>	<b>72.71%</b>	<b>2,765,320,267</b>	<b>67.62%</b>	<b>2,782,558,512</b>	<b>77.03%</b>
<b>Non-current liabilities</b>						
Long-term loans - net of current portion	947,505,455	26.97%	1,082,175,464	26.47%	798,394,585	22.10%
Debentures – net of current portion						
Related persons and related parties	-	-	37,743,713	0.92%	-	-
Unrelated persons and unrelated parties	-	-	187,030,031	4.57%	-	-
Lease liabilities – net of current portion	-	-	-	-	11,215,246	0.31%
Provision for long-term employee benefits	11,071,449	0.32%	17,166,607	0.42%	20,368,986	0.56%
<b>Total non-current liabilities</b>	<b>958,576,904</b>	<b>27.29%</b>	<b>1,324,115,815</b>	<b>32.38%</b>	<b>829,978,817</b>	<b>22.97%</b>
<b>Total liabilities</b>	<b>1,497,959,547</b>	<b>60.09%</b>	<b>4,089,436,082</b>	<b>60.95%</b>	<b>3,612,537,329</b>	<b>56.06%</b>
<b>Shareholders' equity</b>						
Issued and fully paid-up	613,000,000	26.27%	613,000,000	23.40%	613,000,000	21.64%
Share premium	427,822,558	18.34%	427,822,558	16.33%	427,822,558	15.11%
Capital reserve for share-based payment transactions	15,300,000	0.66%	15,300,000	0.58%	15,300,000	0.54%



Statements of Financial Position	2018		2019		2020	
Appropriated - statutory reserve	61,300,000	2.63%	61,300,000	2.34%	61,300,000	2.16%
Unappropriated	1,215,644,865	52.11%	1,502,743,734	57.35%	1,714,394,576	60.54%
<b>Total shareholders' equity of the Company</b>	<b>2,333,067,423</b>	<b>39.91%</b>	<b>2,620,166,292</b>	<b>39.05%</b>	<b>2,831,817,134</b>	<b>43.94%</b>
Non-controlling interests of the subsidiary	-	-	-	-	248,112	0.00%
<b>Total shareholders' equity</b>	<b>2,333,067,423</b>	<b>39.91%</b>	<b>2,620,166,292</b>	<b>39.05%</b>	<b>2,832,065,246</b>	<b>43.94%</b>
<b>Total liabilities and shareholders' equity</b>	<b>5,845,670,560.00</b>	<b>100.00%</b>	<b>6,709,602,374</b>	<b>100.00%</b>	<b>6,444,602,575</b>	<b>100.00%</b>





● Statements of comprehensive income

Unit: Baht

Statements of comprehensive income	2018		2019		2020	
<b>Revenues</b>						
Hire purchase interest income	1,579,802,363	94.54%	1,805,780,558	94.31%	1,905,434,427	93.99%
Fee and service income	72,543,496	4.34%	83,192,254	4.35%	94,285,887	4.65%
Other income	18,769,299	1.12%	25,672,773	1.34%	27,623,114	1.36%
<b>Total revenues</b>	<b>1,671,115,158</b>	<b>100.00%</b>	<b>1,914,645,585</b>	<b>100.00%</b>	<b>2,027,343,428</b>	<b>100.00%</b>
<b>Expenses</b>						
Selling and administrative expenses	323,468,494	19.36%	343,657,889	17.95%	347,556,236	17.14%
Expected credit losses	-	-	-	-	682,611,261	33.67%
Bad debts and doubtful accounts	438,135,759	26.22%	512,504,015	26.77%	-	-
Loss on impairment and disposal of assets foreclosed	229,589,173	13.74%	245,207,682	12.80%	225,413,084	11.12%
Loss from derivative	-	-	-	-	13,854,224	0.68%
<b>Total expenses</b>	<b>991,193,426</b>	<b>59.31%</b>	<b>1,101,369,586</b>	<b>57.52%</b>	<b>1,269,434,805</b>	<b>62.62%</b>
<b>Profit before finance cost, associated company's share and income tax expenses</b>	<b>679,921,732</b>	<b>40.69%</b>	<b>813,275,999</b>	<b>42.48%</b>	<b>757,908,623</b>	<b>37.38%</b>
Financial cost	(130,108,054)	7.79%	(152,045,978)	7.94%	(144,144,167)	7.11%
<b>Profit before associated company's share and income tax expenses</b>	<b>549,813,678</b>	<b>32.90%</b>	<b>661,230,021</b>	<b>34.54%</b>	<b>613,764,456</b>	<b>30.27%</b>
Profit share from Investments in an associated company	7,102	0.00%	110,352	0.01%	110,431	0.01%
<b>Profit before income tax expenses</b>	<b>549,820,780</b>	<b>32.90%</b>	<b>661,340,373</b>	<b>34.54%</b>	<b>613,874,887</b>	<b>30.28%</b>
Income tax expenses	(110,528,975)	6.61%	(132,272,066)	6.91%	(122,572,957)	6.05%
<b>Profit for the year</b>	<b>439,291,805</b>	<b>26.29%</b>	<b>529,068,307</b>	<b>27.63%</b>	<b>491,301,930</b>	<b>24.23%</b>
Other comprehensive income shall not be reclassified to profit or loss in subsequent periods:						
Actuarial gain (loss)	384,257	0.02%	(3,624,298)	0.19%	341,624	0.02%
Income tax relating to actuarial (gain) loss	(76,851)	0.00%	724,860	0.04%	(68,325)	0.00%
<b>Other comprehensive income for the year (loss)</b>	<b>307,406</b>	<b>0.02%</b>	<b>(2,899,438)</b>	<b>0.15%</b>	<b>273,299</b>	<b>0.01%</b>



Statements of comprehensive income	2018		2019		2020	
Total comprehensive income for the year	439,599,211	26.31%	526,168,869	27.48%	491,575,229	24.25%
Profit or loss share						
Part of the Company's shareholder	-	-	-	-	491,537,133	99.99%
Part of non-controlling interest of subsidiary company	-	-	-	-	38,096	0.01%



- Cash flows statements

Unit: Baht

Cash flows statements	2018	2019	2020
<b>Cash flows from operating activities</b>			
Profit before income tax	549,820,780	661,340,373	613,874,887
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities			
Depreciation	6,104,728	6,940,880	8,643,678
Expected credit losses	-	-	682,611,261
Bad debts and doubtful accounts	438,135,759	512,504,015	-
Gain on sale assets	(1,236)	(58,219)	(2,664)
Loss on written-off assets	23,835	8,279	15,749
Share of gain from investment in an associated company	(7,102)	(110,352)	(110,431)
Loss on impairment of assets foreclosed (reversal)	7,606,021	4,828,369	(5,635,782)
Provision for long-term employee benefits	1,757,632	2,470,860	3,544,003
Hire purchase interest income	(1,579,802,363)	(1,805,780,558)	(1,905,434,427)
Loss from derivative	-	-	13,854,224
Interest expenses and amortization of loans issuing cost	130,108,054	152,045,978	143,979,065
Amortised finance cost for lease liabilities	-	-	165,102
Loss from operating activities before changes in operating assets and liabilities	(446,253,892)	(465,810,375)	(444,495,335)
<b>Operating assets (increase) decrease</b>			
Hire purchase receivables	(1,222,090,678)	(1,324,148,613)	(484,439,526)
Assets foreclosed	(16,874,006)	(8,901,287)	7,323,159
Prepaid insurance premium	3,170,966	(9,836,884)	19,441,127
Other current assets	(8,998,283)	2,174,958	32,126,373
Other non-current assets	-	(47,000)	-
<b>Operating liabilities increase (decrease)</b>			
Trade accounts payables	19,005,730	23,571,958	(65,374,902)
Insurance premium payables	1,550,255	2,568,480	(8,053,290)
Accrued expenses	1,578,335	5,675,926	(7,920,228)
Other current liabilities	10,103,888	2,100,206	19,424,184
Cash flows used in operating activities	(1,658,807,685)	(1,772,652,631)	(931,968,438)
Cash received from interest	1,565,532,660	1,794,192,622	1,890,656,777
Cash paid for corporate income tax	(139,595,382)	(130,173,332)	(149,907,609)
Cash paid for interest	(115,623,564)	(132,776,457)	(135,764,202)
<b>Net cash flows from (used in) operating activities</b>	<b>(348,493,971)</b>	<b>(241,409,798)</b>	<b>673,016,528</b>
<b>Cash flows from investing activities</b>			
Increase in restricted bank deposits	(186,670)	(111,049)	(128,344)
Cash paid for purchases of investments in subsidiary	-	-	(206,346)
Cash receipt for proceed of equipment	6,452	62,525	6,450
Cash paid for acquisition of land, building and equipment	(3,659,661)	(6,870,221)	(9,301,007)



Cash flows statements	2018	2019	2020
Net cash flows used in investing activities	(3,839,879)	(6,918,745)	(9,629,247)
<u>Cash flows from financing activities</u>			
Increase (decrease) in short-term loans from financial institutions	170,000,000	(10,000,000)	59,300,000
Increase (decrease) in short-term loans	276,247,986	48,062,708	(144,066,568)
Cash received from debentures	-	224,694,800	-
Repayment for debentures	(500,000,000)	(150,000,000)	-
Cash receipt from long-term loans	2,020,000,000	2,342,000,000	1,792,000,000
Repayment of long-term loans	(1,405,101,444)	(1,943,886,379)	(2,144,751,377)
Payment for loans issuing cost	(4,200,000)	(5,700,000)	(3,500,000)
Cash paid for lease liabilities	-	-	(1,990,600)
Payment for dividend	(202,290,000)	(239,070,000)	(232,939,700)
Net cash flows from (used in) financing activities	354,656,542	266,101,129	(675,948,245)
Net increase (decrease) in cash and cash equivalents	2,322,692	17,772,586	(12,560,964)
Cash and cash equivalents at beginning of year	21,347,748	23,670,440	41,443,026
Cash and cash equivalents at end of year	23,670,440	41,443,026	28,882,062



## (c) Important Financial Ratios

Unit: Baht

Financial Ratios		2018	2019	2020
<b>Profitability ratios</b>				
Interest income*	Percent	31.84	31.28	31.40
Interest expense	Percent	4.29	4.25	3.97
Interest margin	Percent	27.55	27.03	27.43
Net profit margin	Percent	26.29	27.63	24.23
Return on equity	Percent	19.84	21.36	18.02
<b>Efficiency ratios</b>				
Return on assets	Percent	8.09	8.43	7.47
Assets turnover	Times	0.31	0.31	0.31
<b>Financial ratios</b>				
Debt to equity	Times	1.51	1.56	1.28
Lending to borrowing	Times	1.64	1.61	1.67
Dividend pay-out	Percent	50.24	49.82	12.48
<b>Asset quality ratios</b>				
Allowance for doubtful debts to hire-purchase receivables	Percent	13.23	12.32	12.73
Non performing hire-purchase receivables to hire-purchase receivables**	Percent	10.80	10.27	11.28
Bad debts to hire-purchase receivables	Percent	6.44	6.97	9.55

Financial Ratios		2018	2019	2020
<b>Shares</b>				
Book value per share	Baht per share	3.81	4.27	4.62
Earning per share	Baht per share	0.72	0.86	0.80

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.

Important Financial Ratios	2018	2019	2020
Net debt to EBITDA ratio (time)	4.80	4.63	4.43
Interest coverage ratio* (time)	5.93	6.18	5.65
Debt service coverage ratio** (time)	0.29	0.32	0.29
Debt to equity ratio (time)	1.51	1.56	1.28
Current ratio (time)	1.15	1.22	1.24
B/E size to interest bearing debt ratio (time)	0.16	0.15	0.13
Current portion of interest bearing debt ratio to total interest bearing debt (time)	0.71	0.66	0.77
Loan from financial institution ratio to total liabilities (time)	0.75	0.74	0.76



## 12. Management Discussion and Analysis: MD&amp;A

Management Discussion and Analysis is a comparison report between the Company's operating performance and its financial status in 2020 and 2019.

## 12.1 Overview of the Operating Performance

- Revenues

## Revenue recognition

## a. Hire purchase interest income

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

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

## b. Fee and service income

Fee and service income are recognized when services has been rendered.

## c. Penalty fee income

Penalty fee income is recognized when received.

Revenues are classified as follows:

Unit: Baht

Type of Revenues	2019		2020	
	Amount	Percentage	Amount	Percentage
Hire purchase interest incomes	1,805,780,558	94.31%	1,905,434,427	93.99%
Fee and service incomes	83,192,254	4.35%	94,285,887	4.65%
Other incomes*	25,672,773	1.34%	27,623,114	1.36%
<b>Total revenues</b>	<b>1,914,645,585</b>	<b>100.00%</b>	<b>2,027,343,428</b>	<b>100.00%</b>

\* Note: Panalty fee income is a part of other incomes.

Total revenues increased 5.89 percent from Baht 1,914.65 million in 2019 to Baht 2,027.34 million in 2020 as a result of the increasing of market share and the branch expansion.

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 5.52 percent from Baht 1,805.78 million in 2019 to Baht 1,905.43 million in 2020.



- Expenses

Unit: Baht

Types of Expenses	2019		2020	
	Amount	Percentage	Amount	Percentage
Sale and administrative expenses	343,657,889	31.20%	347,556,236	27.38%
Bad debts and doubtful accounts	512,504,015	46.53%	-	-
Expected credit losses	-	-	682,611,261	53.77%
Loss on impairment and disposal of assests foreclosed	245,207,682	22.27%	225,413,084	17.76%
Loss from derivative	-	-	13,854,224	1.09%
<b>Total expenses</b>	<b>1,101,369,586</b>	<b>100.00%</b>	<b>1,269,434,805</b>	<b>100.00%</b>

Total expenses increased 15.26 percent from Baht 1,101.37 million in 2019 to Baht 1,269.43 million in 2020. The Company's expenses are sale and administrative expenses, expected credit losses (according to the TFRS 9 effective on 1 January 2020, previously was the bad debts and doubtful accounts) and loss on impairment and disposal of assests foreclosed exclude financial cost.

- Sale and administrative expenses

Sale and administrative expenses increased 1.13 percent from Baht 343.66 million in 2019 to Baht 347.56 million in 2020 following the increase of the total revenues.

In 2020, sale and administrative expenses was 17.14 percent of total revenues, decreased from 17.95 percent in 2019 resulting from the effective operating cost control that made the ratio of expenses to total revenue decreased 0.81 percent.

- Expected credit losses (Bad debts and doubtful accounts)

The Company has set the expected credit loss policy for the hire purchase receivables according to the simplified approach by considering the business model and business historical data which were relied on the hypothesis and factors that relating to the cash flows estimation appropriately amid the economic condition and environment both in present and future. The Company shall review such cash flows estimation at lease every end of the report period and the Company also classify the hire purchase receivables in accordance with the credit risk nature by considering the relation of the hire purchase receivables' receiving cash flows per contract with reference to the past due date and maturity date of the contract. This policy is conform to the Thai Financial Reporting Standards 9 (TFRS 9) which requires business to estimate the expected credit losses instead of the recognition of the actual losses regarding the old accounting policy which was effective on 1 January 2020. *The beginning balance of the allowance of the doubtful accounts measured its value by the old accounting policy recognition, currently be disclosed in accordance with the TFRS 9 principals which was not restatement the financial statement.*

Before 1 January 2020, 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.

Expected credit losses increased 33.19 percent from Baht 512.50 million in 2019 to Baht 682.61 million in 2020 according to the increasing of hire purchase receivables and the changing of accounting standard TFRS 9.



However, given that the ratio of expected credit losses, and total revenues was 33.67 percent in 2020 increased from 26.77 percent in 2019.

Unit : Baht

	2019	2020
Bad debts and doubtful accounts	512,504,015	-
Expected credit losses	-	682,611,261
Bad debts and doubtful accounts to total revenues (%)	26.77	-
Expected credit losses to total revenues (%)	-	33.67

- Loss on impairment and disposal of assests foreclosed

Loss on impairment and disposal of assests foreclosed decreased 8.07 percent from Baht 245.21 million in 2019 to Baht 225.41 million in 2020 according to the increasing of hire purchase receivables.

Loss on impairment and disposal of assests foreclosed to hire purchase receivables, net ratio was 3.26 percent in 2020, decreased from 3.74 percent in 2019. Correspondingly, loss on impairment and disposal of assests foreclosed to total revenues ratio was 11.12 percent in 2020, decreased from 12.80 percent in 2019.

Unit: Baht

	2019	2020
Loss on impairment and disposal of assests foreclosed	245,207,682	225,413,084
Loss on impairment and disposal of assests foreclosed to hire purchase receivables, net (percent)	3.74	3.26
loss on impairment and disposal of assests foreclosed to total revenues (percent)	12.80	11.12

● **Profit for the year**

Profit for the year decreased 7.14 percent from Baht 529.07 million in 2019 to Baht 491.30 million in 2020 resulting from the effect of COVID-19 and the expected credit losses according to the Thai Financial Reporting Standards 9 (TFRS 9).

12.2 **Financial Status**

● **Assets**

At the end of December 2020, total assets decreased 3.95 percent from Baht 6,709.60 million to Baht 6,444.60 million. Most of the Company's assets is hire purchase receivables, which was Baht 6,184.58 million and Baht 5,951.10 million in 2019 and 2020, respectively, equivalent to 92.18 percent and 92.34 percent of total assets respectively.





Unit: Baht

Summarized Financial Statement	2019		2020	
<b>Current assets</b>				
Cash and cash equivalents	41,443,026	1.23%	28,882,062	0.84%
Current portion of hire purchase receivables - net	3,122,683,406	92.44%	3,240,806,439	94.21%
Counter service receivables	67,407,267	2.00%	36,922,856	1.07%
Prepaid insurance premium	78,171,088	2.31%	67,651,758	1.97%
Assets foreclosed - net	23,774,880	0.70%	22,087,503	0.64%
Other current assets	44,661,132	1.32%	43,750,587	1.27%
<b>Total current assets</b>	<b>3,378,140,799</b>	<b>100.00%</b>	<b>3,440,101,205</b>	<b>100.00%</b>

Unit: Baht

Summarized Financial Statement	2019		2020	
<b>Non-current assests</b>				
Investment in subsidiary	-	-	-	-
Investments in associated company	414,611	0.01%	-	-
Restricted bank deposits	1,044,853	0.03%	1,173,197	0.04%
Hire purchase receivables - net of current portion	3,061,899,077	91.91%	2,710,288,696	90.21%
Prepaid insurance premium	29,152,640	0.87%	20,230,843	0.67%
Land, building and equipment - net	86,837,474	2.61%	102,863,603	3.42%
Deferred tax assets	151,801,785	4.56%	169,627,396	5.65%
Other non-current assests	311,135	0.01%	317,635	0.01%
<b>Total non-current assests</b>	<b>3,331,461,575</b>	<b>100.00%</b>	<b>3,004,501,370</b>	<b>100.00%</b>

Moreover, at the end of December 2020, land, building and equipment assets increased 18.46 percent from Baht 86.34 million to Baht 102.86 million.

#### Hire purchase receivables

At the end of December 2020, total net hire purchase receivables decreased 3.78 percent from Baht 6,184.58 million to Baht 5,951.10 million due to the effect of COVID-19 that made the Company increase the carefulness in loan approval and more focus on the debtor's quality as well as the expected credit losses according to the Thai Financial Reporting Standards 9 (TFRS 9).



At the end of December 2019, 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 10.26 percent, decreased from 10.96 percent in 2018. Consequently, the allowance for doubtful accounts to total hire purchase receivables ratio was 12.32 percent at the end of December 2019, slightly decreased from 13.23 percent in 2018 resulting from the unrecoverable of local economy.

Unit: Baht

Aging	2020		2020	
	Hire Purchase Receivables	Proportion to total receivables	Expected credit losses	Ratio of Expected credit losses
Not yet due - Less than 2 months	5,848,448,723	85.61%	272,458,382	4.66%
Past due: More than 2 months - Less than 4 months	272,130,850	3.98%	3,334,387	1.23%
Past due: 4 months - less than 6 months	107,803,113	1.58%	1,494,782	1.39%
Past due: More than 6 months - Dued	602,851,964	8.82%	602,851,964	100.00%
<b>Total</b>	<b>6,831,234,650</b>	<b>100.00%</b>	<b>880,139,515</b>	

Unit: Baht

Aging	2019		2019	
	Hire Purchase Receivables	Proportion to total receivables	Allowance for Doubtful Accounts Ratio	Allowance for Doubtful Accounts
Not yet due	4,831,170,810	69.10%	1%	48,310,287
Past due: Less than 1 month	740,865,990	10.60%	1%	7,408,660
Past due: 1 months or more, but less than 2 months	383,453,965	5.48%	1%	3,834,526
Past due: 2 months or more, but less than 4 months	319,025,688	4.56%	2%	6,380,497
Past due: 4 months or more, but less than 7 months	203,284,997	2.91%	100%	203,284,997
Past due: 7 months or more, but less than 12 months	261,322,399	3.74%	100%	261,322,399
12 months or more	252,701,232	3.61%	100%	252,701,232
<b>Total</b>	<b>6,991,825,081</b>	<b>100.00%</b>	<b>Total</b>	<b>783,242,598</b>



Unit : Baht

	2019	2020
Allowance for doubtful accounts	807,242,598	880,139,515
Hire purchase receivables	6,991,825,081	6,831,234,650
Hire purchase receivables - net	6,184,582,483	5,951,095,135
Allowance for doubtful accounts to hire purchase receivables (percent)	12.32	12.73
Allowance for doubtful accounts to hire purchase receivables - net (percent)	13.98	14.50

- Liabilities**

At the end of December 2020, total liabilities decreased 11.66 percent from Baht 4,089.43 million to Baht 3,612.54 million. The Company's liabilities composed of long-term loans which was Baht 2,841.78 million and Baht 2,490.23 million in 2019 and 2020, respectively, equivalent to 69.49 percent and 68.93 percent of total liabilities respectively.

Unit : Baht

Statement of Financial Position	2019		2020	
<b>Current liabilities</b>				
Short-term loans from financial institution	190,000,000	4.64%	249,300,000	6.90%
Trade accounts payables	70,674,347	1.73%	5,299,445	0.15%
Current portion of long-term loans	1,759,599,794	43.03%	1,691,831,930	46.83%
Short-term loans	585,996,599	14.33%	457,239,859	12.66%
Current portion of lease liabilities	-	-	1,784,908	0.05%
Derivatives liabilities	-	-	9,934,776	0.28%
Current portion of debenture - Related persons and related parties	-	-	37,878,485	1.05%
Current portion of debenture - Unrelated persons and unrelated parties	-	-	187,697,859	5.20%
Income tax payable	67,689,070	1.65%	46,511,706	1.29%
Insurance premium payables	24,437,167	0.60%	16,383,877	0.45%
Accrued expenses	33,462,626	0.82%	25,635,324	0.71%
Other current liabilities	33,460,664	0.82%	53,060,343	1.47%
<b>Total current liabilities</b>	<b>2,765,320,267</b>	<b>67.62%</b>	<b>2,782,558,512</b>	<b>77.03%</b>
<b>Non-current liabilities</b>				
Long-term loans - net of current portion	1,082,175,464	26.47%	798,394,585	22.10%



Statement of Financial Position	2019		2020	
Debentures – related persons and related parties - net of current portion	37,743,713	0.92%	-	-
Debentures – unrelated persons and unrelated parties - net of current portion	187,030,031	4.57%	-	-
Lease liabilities – net of current portion	-	-	11,215,246	0.31%
Provision for long-term employee benefits	17,166,607	0.42%	20,368,986	0.56%
<b>Total non-current liabilities</b>	<b>1,324,115,815</b>	<b>32.38%</b>	<b>829,978,817</b>	<b>22.97%</b>
<b>Total liabilities</b>	<b>4,089,436,082</b>	<b>100.00%</b>	<b>3,612,537,329</b>	<b>100.00%</b>

- Liquidity

Unit : Baht

Cash flows statements	2019	2020
Net cash flows from (used in) operating activities	(241,409,798)	673,016,528
Net cash flows used in investing activities	(6,918,745)	(9,629,247)
Net cash flows from (used in) financing activities	266,101,129	(675,948,245)
Net increase in cash and cash equivalents	17,772,586	(12,560,964)

#### Cash flows from operating activities

The Company's net cash flows used in operating activities was Baht 241.41 million and from operating activities was Baht 673.02 million in 2019 and 2020, respectively. The Company has an decreased hire purchase loans according to the decreasing of hire purchase receivables as a result of the effect of COVID-19 that made the Company increased the carefulness in loan approval and more focused on the debtor's quality.

#### Cash flows from investing activities

The Company's net cash flows used in investing activities was Baht 6.92 million and Baht 9.63 million in 2019 and 2020, respectively due to the Company has an increasing investment of permanent property.

#### Cash flows from financing activities

The Company's net cash flows from financing activities was Baht 266.10 million and used in financing activities was Baht 675.95 million in 2019 and 2020, respectively. The Company has an increasing financing activities in order to use as working capital and business expansion.

Important Ratios	2019	2020
Interest Coverage Ratio: ICR (Times)	6.18	5.65
Debt Service Coverage Ratio: DSCR (Times)	0.32	0.29
Debt to Equity: D/E (Times)	1.56	1.28



At the end of December 2020, the Company's interest coverage ratio which calculated from profit before interest, income tax, depreciation and amortization / interest expense was 5.65 times decreased from 6.18 times in 2019 due to the decreasing of interest expense.

At the end of December 2020, the Company's Debt Service Coverage Ratio which calculated from profit before interest, income tax, depreciation and amortization / (short-term interest bearing debt + current portion of long-term interest bearing debt) was 0.29 times decreased from 0.32 times in 2019.

At the end of December 2020, the Company's debt to equity ratio was 1.28 times decreased from 1.56 times in 2019.

At the end of December 2020, the Company's current portion of loans was Baht 1,941.13 million. The sources of funds repaying such debt comes from the cash flows from operation and/or undrawn long-term loans from loan agreement was Baht 1,432 million and/or the outstanding amount of the issuing and offering of debt instrument under medium term note (MTN) program which has been offering to institutional investor (II) as of 31 December 2020 was Baht 1,543 million.

- Sources of Funds

Sources of the Company's funds as of the end of 2019 and 2020 are as follow:

Unit : Baht

	2019		2020	
Loans	3,842,545,601	59.46%	3,422,342,718	54.72%
Short-term loans from financial institution	190,000,000	2.94%	249,300,000	7.28%
Short-term loans	585,996,599	9.07%	457,239,859	13.36%
Current portion of long-term loans	1,759,599,794	27.23%	1,691,831,930	45.79%
Long-term loans - net of current portion	1,082,175,464	16.75%	798,394,584	23.33%
Current portion of debenture				
- related persons and related parties	-	-	37,878,485	1.11%
- unrelated persons and unrelated parties	-	-	187,697,859	5.48%
Debt issued – debentures – net of current portion				
- related persons and related parties	37,743,713	0.58%	-	-
- unrelated persons and unrelated parties	187,030,031	2.89%	-	-
Shareholders' equity	2,620,166,292	40.54%	2,832,065,246	45.28%
<b>Total</b>	<b>6,462,711,893</b>	<b>100.00%</b>	<b>6,254,407,964</b>	<b>100.00%</b>



Sources of the company's funds compose of long-term loans and short-term from bills of exchange and debenture. Loans in 2019 and 2020 were Baht 3,842.55 million and Baht 3,422.34 million, respectively, shareholders' equity was Baht 2,620.17 million and Baht 2,832.07 million respectively, and debt to equity ratio in 2019 and 2020 was 1.56 and 1.28 respectively. This debt to equity ratio numbers are seen as average ratio in the motorcycle 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 Auditor



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  
and its subsidiary  
Report and financial statements  
31 December 2020

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## Independent Auditor's Report

To the Shareholders of S 11 Group Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of S 11 Group Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. I have also audited the separate financial statements of S 11 Group Public Company Limited for the same period.

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 and its subsidiary and of S 11 Group Public Company Limited as at 31 December 2020, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Emphasis of Matters

I draw attention to Note 6 to the consolidated financial statements, the Group adopted new accounting policies regarding financial instruments in accordance with a set of financial reporting standards related to financial instruments. I also draw attention to Note 1.2 to financial statements regarding the COVID-19 pandemic, which impacts various businesses and industries.

This situation could create uncertainties and may impact the Group's operating results and cash flows in the future. My opinion is not modified in respect of these matters.

## **Key Audit Matters**

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

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

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

### ***Allowance for expected credit losses for hire purchase receivables***

The Group has adopted Thai Financial Reporting Standard No. 9 Financial Instruments which is effective from 1 January 2020. This financial reporting standard stipulates the basis to be used for calculation of impairment on financial instruments is the expected credit loss method. The basis requires management to use significant judgements and estimates in developing expected credit loss model in compliance with Thai Financial Reporting Standards. The areas of significant management judgement include calculating allowance for expected credit losses, the selection of the future economic variables to be incorporated in the models and the management overlay used to adjust of the allowance for expected credit losses due to the limitations of the model. As discussed in Note 8 to the consolidated financial statements, as at 31 December 2020, the Group had net hire purchase receivables of Baht 5,951 million (accounting for 92% of total assets) and allowances for expected credit losses amounting to Baht 880 million, which are amounts material to the financial statements.

Because of the materiality and the use of judgement and estimates mentioned above, I addressed the adequacy of allowances for expected credit losses of hire purchase receivables as a key audit matter.

I gained an understanding of, assessed and tested the effectiveness of internal controls relating to loan origination and the calculation of allowance for expected credit losses and tested the relevant controls over the information technology systems. Moreover, I assessed and tested the reasonableness of the expected credit loss model, reviewed the model development documentation and tested, on a sampling basis, the accuracy of the data used in model development. I also assessed the methods and assumptions applied by the Group in the calculation of the allowance for expected credit losses, including reviewing the method used to incorporate the management overlay on the allowance for expected credit losses and assessed the reasonableness of macroeconomic factors. In addition, I compared the accounting policies of the Group with financial reporting standards and assessed the adequacy of disclosure in accordance with the relevant financial reporting standards.

Moreover, I examined the allowances for expected credit losses by recalculating the allowance for expected credit losses as at the end of the accounting period, including testing the completeness of the data used in the calculation of the allowance for expected credit losses.

***Revenue recognition - Hire purchase interest income***

For the year ended 31 December 2020, the Group recognised hire purchase interest income amounting to Baht 1,905 million (accounting for 94% of total income). The Group recognised interest income using the effective interest rate method, which involves the use of management judgement and estimates in estimating future cash flow receipts throughout the expected life of the financial instrument or, when appropriate, a shorter period, taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate. Moreover, the interest income was generated from loans provided to a large number of customers and the recognition of interest income relies primarily on data processed by the information technology systems. I therefore addressed the measurement of interest income in accordance with financial reporting standards as a key audit matter.

I gained an understanding of, assessed and tested, on a sampling basis, the Group's internal controls relevant to loan origination and interest income recognition and cash receipts, including related computer-based controls. I also assessed the methods applied by the management to determine the future cash flow receipts and the expected life of the financial instruments used in calculating the effective interest rate, including testing, on a sampling basis, the accuracy of the data and the calculation. In addition, I applied a sampling method to select loan agreements to consider whether the recording of loan transactions and the recognition of income was consistent with the conditions of the relevant agreement and that adjustments had been made to reflect effective interest rate. I also performed analytical procedures on interest income and examined, on a sampling basis, material adjustments made through journal vouchers.

### **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, 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 Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's 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 Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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

I am responsible for the audit resulting in this independent auditor's report.



Rachada Yongsawadvanich  
Certified Public Accountant (Thailand) No. 4951

EY Office Limited  
Bangkok: 15 February 2021

S 11 Group Public Company Limited and its subsidiary

Statements of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Financial statements			
		Consolidated	in which the equity		Separate financial statements
		financial statements	method is applied		
		2020	2019	2020	2019
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	28,882,062	41,443,026	27,417,172	41,443,026
Current portion of hire purchase receivables - net	8	3,240,806,439	3,122,683,406	3,240,806,439	3,122,683,406
Counter service receivables		36,922,856	67,407,267	36,922,856	67,407,267
Prepaid insurance premium		67,651,758	78,171,088	67,651,758	78,171,088
Assets foreclosed - net	9	22,087,503	23,774,880	22,087,503	23,774,880
Other current assets	10	43,750,587	44,661,132	43,769,401	44,661,132
<b>Total current assets</b>		<b>3,440,101,205</b>	<b>3,378,140,799</b>	<b>3,438,655,129</b>	<b>3,378,140,799</b>
<b>Non-current assets</b>					
Investment in subsidiary	11	-	-	1,327,690	-
Investment in an associate company	12	-	414,611	-	249,990
Restricted bank deposits	13	1,173,197	1,044,853	1,173,197	1,044,853
Hire purchase receivables - net of current portion	8	2,710,288,696	3,061,899,077	2,710,288,696	3,061,899,077
Prepaid insurance premium		20,230,843	29,152,640	20,230,843	29,152,640
Land, building and equipment - net	14	102,863,603	86,837,474	102,460,654	86,837,474
Deferred tax assets	15.1	169,627,396	151,801,785	169,627,396	151,801,785
Other non-current assets		317,635	311,135	311,135	311,135
<b>Total non-current assets</b>		<b>3,004,501,370</b>	<b>3,331,461,575</b>	<b>3,005,419,611</b>	<b>3,331,296,954</b>
<b>Total assets</b>		<b>6,444,602,575</b>	<b>6,709,602,374</b>	<b>6,444,074,740</b>	<b>6,709,437,753</b>

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



S 11 Group Public Company Limited and its subsidiary

Statements of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Financial statements			
		Consolidated	in which the equity		
		financial statements	method is applied	Separate financial statements	
		2020	2019	2020	2019
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	16	249,300,000	190,000,000	249,300,000	190,000,000
Trade accounts payables		5,299,445	70,674,347	5,299,445	70,674,347
Current portion of long-term loans	18	1,691,831,930	1,759,599,794	1,691,831,930	1,759,599,794
Current portion of debentures	19				
Related persons and related parties		37,878,485	-	37,878,485	-
Unrelated persons and unrelated parties		187,697,859	-	187,697,859	-
Short-term loans	17	457,239,859	585,996,599	457,239,859	585,996,599
Current portion of lease liabilities	20	1,784,908	-	1,784,908	-
Derivatives liabilities		9,934,776	-	9,934,776	-
Income tax payable		46,511,706	67,689,070	46,636,400	67,689,070
Insurance premium payables		16,383,877	24,437,167	16,383,877	24,437,167
Accrued expenses		25,635,324	33,462,626	26,087,295	33,462,626
Other current liabilities		53,060,343	33,460,664	52,821,866	33,460,664
<b>Total current liabilities</b>		<b>2,782,558,512</b>	<b>2,765,320,267</b>	<b>2,782,896,700</b>	<b>2,765,320,267</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	18	798,394,585	1,082,175,464	798,394,585	1,082,175,464
Debenture - net of current portion	19				
Related persons and related parties		-	37,743,713	-	37,743,713
Unrelated persons and unrelated parties		-	187,030,031	-	187,030,031
Lease liabilities - net of current portion	20	11,215,246	-	11,215,246	-
Provision for long-term employee benefits	21	20,368,986	17,166,607	20,368,986	17,166,607
<b>Total non-current liabilities</b>		<b>829,978,817</b>	<b>1,324,115,815</b>	<b>829,978,817</b>	<b>1,324,115,815</b>
<b>Total liabilities</b>		<b>3,612,537,329</b>	<b>4,089,436,082</b>	<b>3,612,875,517</b>	<b>4,089,436,082</b>

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

S 11 Group Public Company Limited and its subsidiary

Statements of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Financial statements			
		Consolidated	in which the equity	Separate financial statements	
		financial statements	method is applied		
		2020	2019	2020	2019
<b>Shareholders' equity</b>					
Share capital					
Registered					
613,000,000 ordinary shares of Baht 1 each		613,000,000	613,000,000	613,000,000	613,000,000
Issued and fully paid-up					
613,000,000 ordinary shares of Baht 1 each		613,000,000	613,000,000	613,000,000	613,000,000
Share premium		427,822,558	427,822,558	427,822,558	427,822,558
Capital reserve for share-based payment transactions		15,300,000	15,300,000	15,300,000	15,300,000
Retained earnings					
Appropriated - statutory reserve	23	61,300,000	61,300,000	61,300,000	61,300,000
Unappropriated		1,714,394,576	1,502,743,734	1,713,776,665	1,502,579,113
<b>Equity attributable to owners of the Company</b>		<b>2,831,817,134</b>	<b>2,620,166,292</b>	<b>2,831,199,223</b>	<b>2,620,001,671</b>
Non-controlling interests of the subsidiary		248,112	-	-	-
<b>Total shareholders' equity</b>		<b>2,832,065,246</b>	<b>2,620,166,292</b>	<b>2,831,199,223</b>	<b>2,620,001,671</b>
<b>Total liabilities and shareholders' equity</b>		<b>6,444,602,575</b>	<b>6,709,602,374</b>	<b>6,444,074,740</b>	<b>6,709,437,753</b>

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

\_\_\_\_\_  
Directors  
\_\_\_\_\_

S 11 Group Public Company Limited and its subsidiary  
 Statements of comprehensive income  
 For the year ended 31 December 2020

(Unit: Baht)

	Note	Financial statements			
		Consolidated financial statements	in which the equity method is applied	Separate financial statements	
		2020	2019	2020	2019
<b>Profit or loss:</b>					
<b>Revenues</b>					
Hire purchase interest income		1,905,434,427	1,805,780,558	1,905,434,427	1,805,780,558
Fee and service income		94,285,887	83,192,254	93,922,803	83,192,254
Other income		27,623,114	25,672,773	27,618,880	25,672,773
<b>Total revenues</b>		<b>2,027,343,428</b>	<b>1,914,645,585</b>	<b>2,026,976,110</b>	<b>1,914,645,585</b>
<b>Expenses</b>					
Selling and administrative expenses		347,556,236	343,657,889	347,616,512	343,657,889
Expected credit losses	8.5	682,611,261	-	682,611,261	-
Bad debts and doubtful accounts		-	512,504,015	-	512,504,015
Loss on impairment and disposal of assets foreclosed	25	225,413,084	245,207,682	225,413,084	245,207,682
Loss from derivative		13,854,224	-	13,854,224	-
<b>Total expenses</b>		<b>1,269,434,805</b>	<b>1,101,369,586</b>	<b>1,269,495,081</b>	<b>1,101,369,586</b>
<b>Profit before finance cost, share of gain from investment in an associated company and income tax expenses</b>		<b>757,908,623</b>	<b>813,275,999</b>	<b>757,481,029</b>	<b>813,275,999</b>
Finance cost		(144,144,167)	(152,045,978)	(144,144,167)	(152,045,978)
<b>Profit before share of gain from investment in an associated company and income tax expenses</b>		<b>613,764,456</b>	<b>661,230,021</b>	<b>613,336,862</b>	<b>661,230,021</b>
Share of gain from investment in an associated company	12.2	110,431	110,352	-	-
<b>Profit before income tax expenses</b>		<b>613,874,887</b>	<b>661,340,373</b>	<b>613,336,862</b>	<b>661,230,021</b>
Income tax expenses	15.2	(122,572,957)	(132,272,066)	(122,526,318)	(132,272,066)
<b>Profit for the year</b>		<b>491,301,930</b>	<b>529,068,307</b>	<b>490,810,544</b>	<b>528,957,955</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gain (loss)		341,624	(3,624,298)	341,624	(3,624,298)
Income tax relating to actuarial (gain) loss	15.2	(68,325)	724,860	(68,325)	724,860
<b>Other comprehensive income for the year (loss)</b>		<b>273,299</b>	<b>(2,899,438)</b>	<b>273,299</b>	<b>(2,899,438)</b>
<b>Total comprehensive income for the year</b>		<b>491,575,229</b>	<b>526,168,869</b>	<b>491,083,843</b>	<b>526,058,517</b>

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

S 11 Group Public Company Limited and its subsidiary

Statements of comprehensive income (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Note	Financial statements			
		Consolidated financial statements	in which the equity method is applied	Separate financial statements	
		2020	2019	2020	2019
<b>Profit or loss attributable to:</b>					
Equity holders of the Company		491,263,834	529,068,307	490,810,544	528,957,955
Non-controlling interests of the subsidiary		38,096			
		<u>491,301,930</u>			
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		491,537,133	526,168,869	491,083,843	526,058,517
Non-controlling interests of the subsidiary		38,096			
		<u>491,575,229</u>			
<b>Earnings per share</b>	26				
Basic earnings per share		<u>0.80</u>	<u>0.86</u>	<u>0.80</u>	<u>0.86</u>

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

S 11 Group Public Company Limited and its subsidiary

Statements of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

	Consolidated financial statements							
	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		Equity attributable to owners of the Company	Non-controlling interests of the subsidiary	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2020	613,000,000	427,822,558	15,300,000	61,300,000	1,502,743,734	2,620,166,292	-	2,620,166,292
Cumulative effect of change in accounting policy (Note 6)	-	-	-	-	(46,946,591)	(46,946,591)	-	(46,946,591)
<b>Balance as at 1 January 2020 - as restated</b>	<b>613,000,000</b>	<b>427,822,558</b>	<b>15,300,000</b>	<b>61,300,000</b>	<b>1,455,797,143</b>	<b>2,573,219,701</b>	<b>-</b>	<b>2,573,219,701</b>
Profit for the year	-	-	-	-	491,263,834	491,263,834	38,096	491,301,930
Other comprehensive income for the year	-	-	-	-	273,299	273,299	-	273,299
Total comprehensive income for the year	-	-	-	-	491,537,133	491,537,133	38,096	491,575,229
Payment for dividend (Note 29)	-	-	-	-	(232,939,700)	(232,939,700)	-	(232,939,700)
Non-controlling interests of the subsidiary from acquisition of the subsidiary (Note 11)	-	-	-	-	-	-	210,016	210,016
<b>Balance as at 31 December 2020</b>	<b>613,000,000</b>	<b>427,822,558</b>	<b>15,300,000</b>	<b>61,300,000</b>	<b>1,714,394,576</b>	<b>2,831,817,134</b>	<b>248,112</b>	<b>2,832,065,246</b>

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

S 11 Group Public Company Limited and its subsidiary

Statements of changes in shareholders' equity (continued)

For the year ended 31 December 2020

(Unit: Baht)

Financial statements in which the equity method is applied

	Issued and fully	Share	Capital reserve	Retained earnings		Total
	paid-up	premium	for share-based	Appropriated -	Unappropriated	
	share capital		payment transactions	statutory reserve		shareholders' equity
<b>Balance as at 1 January 2020</b>	613,000,000	427,822,558	15,300,000	61,300,000	1,215,644,865	2,333,067,423
Profit for the year	-	-	-	-	529,068,307	529,068,307
Other comprehensive income for the year	-	-	-	-	(2,899,438)	(2,899,438)
Total comprehensive income for the year	-	-	-	-	526,168,869	526,168,869
Dividend paid (Note 29)	-	-	-	-	(239,070,000)	(239,070,000)
<b>Balance as at 31 December 2020</b>	<b>613,000,000</b>	<b>427,822,558</b>	<b>15,300,000</b>	<b>61,300,000</b>	<b>1,502,743,734</b>	<b>2,620,166,292</b>

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

S 11 Group Public Company Limited and its subsidiary  
 Statements of changes in shareholders' equity (continued)  
 For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Retained earnings		
				Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2019</b>	613,000,000	427,822,558	15,300,000	61,300,000	1,215,590,596	2,333,013,154
Profit for the year	-	-	-	-	528,957,955	528,957,955
Other comprehensive income for the year (loss)	-	-	-	-	(2,899,438)	(2,899,438)
Total comprehensive income for the year	-	-	-	-	526,058,517	526,058,517
Dividend paid (Note 29)	-	-	-	-	(239,070,000)	(239,070,000)
<b>Balance as at 31 December 2019</b>	<u>613,000,000</u>	<u>427,822,558</u>	<u>15,300,000</u>	<u>61,300,000</u>	<u>1,502,579,113</u>	<u>2,620,001,671</u>
<b>Balance as at 1 January 2020</b>	613,000,000	427,822,558	15,300,000	61,300,000	1,502,579,113	2,620,001,671
Cumulative effect of change in accounting policy (Note 6)	-	-	-	-	(46,946,591)	(46,946,591)
<b>Balance as at 1 January 2020 - as restated</b>	<u>613,000,000</u>	<u>427,822,558</u>	<u>15,300,000</u>	<u>61,300,000</u>	<u>1,455,632,522</u>	<u>2,573,055,080</u>
Profit for the year	-	-	-	-	490,810,544	490,810,544
Other comprehensive income for the year	-	-	-	-	273,299	273,299
Total comprehensive income for the year	-	-	-	-	491,083,843	491,083,843
Dividend paid (Note 29)	-	-	-	-	(232,939,700)	(232,939,700)
<b>Balance as at 31 December 2020</b>	<u>613,000,000</u>	<u>427,822,558</u>	<u>15,300,000</u>	<u>61,300,000</u>	<u>1,713,776,665</u>	<u>2,831,199,223</u>

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

S 11 Group Public Company Limited and its subsidiary

Cash flows statements

For the year ended 31 December 2020

(Unit: Baht)

	Financial statements			
	Consolidated	in which the equity	Separate financial statements	
	financial statements	method is applied	2020	2019
	2020	2019	2020	2019
<b>Cash flows from operating activities</b>				
Profit before income tax	613,874,887	661,340,373	613,336,862	661,230,021
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Depreciation	8,643,678	6,940,880	8,459,811	6,940,880
Expected credit losses	682,611,261	-	682,611,261	-
Bad debts and doubtful accounts	-	512,504,015	-	512,504,015
Gain on sale assets	(2,664)	(58,219)	(2,664)	(58,219)
Loss on written-off assets	15,749	8,279	15,749	8,279
Share of gain from investment in an associate company	(110,431)	(110,352)	-	-
Loss on impairment of assets foreclosed (reversal)	(5,635,782)	4,828,369	(5,635,782)	4,828,369
Provision for long-term employee benefits	3,544,003	2,470,860	3,544,003	2,470,860
Hire purchase interest income	(1,905,434,427)	(1,805,780,558)	(1,905,434,427)	(1,805,780,558)
Loss from derivative	13,854,224	-	13,854,224	-
Interest expenses and amortisation of loans issuing cost	143,979,065	152,045,978	143,979,065	152,045,978
Amortised finance cost for lease liabilities	165,102	-	165,102	-
Loss from operating activities before changes in operating assets and liabilities	(444,495,335)	(465,810,375)	(445,106,796)	(465,810,375)
Operating assets (increase) decrease				
Hire purchase receivables	(484,439,526)	(1,324,148,613)	(484,439,526)	(1,324,148,613)
Assets foreclosed	7,323,159	(8,901,287)	7,323,159	(8,901,287)
Prepaid insurance premium	19,441,127	(9,836,884)	19,441,127	(9,836,884)
Other current assets	32,126,373	2,174,958	31,376,142	2,174,958
Other non-current assets	-	(47,000)	-	(47,000)
Operating liabilities increase (decrease)				
Trade accounts payables	(65,374,902)	23,571,958	(65,374,902)	23,571,958
Insurance premium payables	(8,053,290)	2,568,480	(8,053,290)	2,568,480
Accrued expenses	(7,920,228)	5,675,926	(7,294,204)	5,675,926
Other current liabilities	19,424,184	2,100,206	19,361,202	2,100,206
Cash flows used in operating activities	(931,968,438)	(1,772,652,631)	(932,767,088)	(1,772,652,631)
Cash received from interest	1,890,656,777	1,794,192,622	1,890,656,777	1,794,192,622
Cash paid for corporate income tax	(149,907,609)	(130,173,332)	(149,736,276)	(130,173,332)
Cash paid for interest	(135,764,202)	(132,776,457)	(135,764,202)	(132,776,457)
<b>Net cash flows from (used in) operating activities</b>	<b>673,016,528</b>	<b>(241,409,798)</b>	<b>672,389,211</b>	<b>(241,409,798)</b>

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



S 11 Group Public Company Limited and its subsidiary

Cash flows statements (continued)

For the year ended 31 December 2020

(Unit: Baht)

	Financial statements			
	Consolidated	in which the equity	Separate financial statements	
	financial statements	method is applied	2020	2019
	2020	2019	2020	2019
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits	(128,344)	(111,049)	(128,344)	(111,049)
Cash paid for purchases of investment in subsidiary	(206,346)	-	(1,077,700)	-
Cash receipt for proceed of equipment	6,450	62,525	6,450	62,525
Cash paid for acquisition of land, building and equipment	(9,301,007)	(6,870,221)	(9,267,226)	(6,870,221)
<b>Net cash flows used in investing activities</b>	<b>(9,629,247)</b>	<b>(6,918,745)</b>	<b>(10,466,820)</b>	<b>(6,918,745)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans from financial institutions	59,300,000	(10,000,000)	59,300,000	(10,000,000)
Increase (decrease) in short-term loans	(144,066,568)	48,062,708	(144,066,568)	48,062,708
Cash receiver from debentures	-	224,694,800	-	224,694,800
Repayment of debentures	-	(150,000,000)	-	(150,000,000)
Cash receipt from long-term loans	1,792,000,000	2,342,000,000	1,792,000,000	2,342,000,000
Repayment of long-term loans	(2,144,751,377)	(1,943,886,379)	(2,144,751,377)	(1,943,886,379)
Payment for loans issuing cost	(3,500,000)	(5,700,000)	(3,500,000)	(5,700,000)
Cash paid for lease liabilities	(1,990,600)	-	(1,990,600)	-
Payment for dividend	(232,939,700)	(239,070,000)	(232,939,700)	(239,070,000)
<b>Net cash flows from (used in) financing activities</b>	<b>(675,948,245)</b>	<b>266,101,129</b>	<b>(675,948,245)</b>	<b>266,101,129</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(12,560,964)</b>	<b>17,772,586</b>	<b>(14,025,854)</b>	<b>17,772,586</b>
Cash and cash equivalents at beginning of year	41,443,026	23,670,440	41,443,026	23,670,440
<b>Cash and cash equivalents at end of year</b>	<b>28,882,062</b>	<b>41,443,026</b>	<b>27,417,172</b>	<b>41,443,026</b>

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

# **S 11 Group Public Company Limited and its subsidiary**

## **Notes to financial statements**

**For the year ended 31 December 2020**

### **1. General information**

#### **1.1 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 2020, the Company has 9 branches located in Chonburi, Ayudhya, Rayong, Nakhon Ratchasima, Prachinburi and Chantaburi (2019: 9 branches).

#### **1.2 The Coronavirus disease 2019 pandemic (COVID-19)**

The Coronavirus disease 2019 pandemic (COVID-19) is impacting various businesses and industries both directly and indirectly and resulting in an economic slowdown. This situation could create uncertainties and this may be impacting the Company’s operating results and cash flows in the future. The Company’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities. The management has used estimates and judgement in various matters as the situation evolves.

### **2. Basis for the preparation of the financial statements**

#### **2.1 Basis for the preparation of the financial statements**

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

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

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

## **2.2 Basis for the preparation of the consolidated financial statements**

- (a) The consolidated financial statements include the financial statements of S 11 Group Public Company Limited (“the Company”) and MOD S Company Limited (“the subsidiary”), which is domiciled in Thailand and is principally engaged in management and accelerated collection of assets. The Company holds 90% of the subsidiary’s shares (“the Group”).
- (b) The Company is deemed to have control over an investee or a subsidiary if it has rights, or is exposed, to variable return from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- (c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- (d) The financial statements of the subsidiary are prepared using the same significant accounting policies as those adopted by the Company.
- (e) Material balances and significant transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

## **2.3 Basis for the preparation of the separate financial statements**

The separate financial statements present investment in a subsidiary and an associated company under the cost method.

## **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 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. However, the new standard involves changes to key principles, which are summarised below:

## **Financial reporting standards related to financial instruments**

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments.

The adoption of these financial reporting standards has resulted in changes in the Company's accounting policy as summarised below.

### ***Classification and measurement of financial assets and liabilities***

The Company reclassifies financial assets and liabilities to be consistent with the business model for managing the Company's financial assets and liabilities and the contractual cash flows characteristics of the financial assets, based on the facts and existing circumstances as of the date these financial reporting standards were initially adopted.

#### *Financial assets*

As at 1 January 2020, the Company's financial assets are cash and cash equivalents, hire purchase receivables and restricted bank deposits. The adoption of these set of financial reporting standards does not have any impact to the Company's classification of financial assets. The Company continues to be classified all financial assets as measured at amortised cost.

#### *Financial liabilities*

Financial liabilities are classified and measured at amortised cost.

## *Derivatives*

The Company initially recognises derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

## ***Impairment of financial assets***

TFRS 9 requires entities to estimate allowance for expected credit losses in place of the losses recognised under the previous accounting policy. It requires that impairment loss be recognised using the Expected Credit Loss model and a management overlay is applied to account for factors that are not captured by the model and requires the Company to recognise an allowance for expected credit losses for all financial assets that are debt instruments and not measured at fair value through profit or loss, including for undrawn commitments and financial guarantees, and it is not necessary for a credit-impaired event to have occurred prior to the recognition. The Company considers using a simplified approach to determine expected credit losses for hire-purchase receivables. The allowance is measured at the amount equal to the lifetime expected credit losses of financial assets.

## ***Practices during the transitional period***

The Company adopted these financial reporting standards which the cumulative effects of the initial adoption of the financial reporting standards is recognised as adjustment to the retained earnings or other components of shareholders' equity as at 1 January 2020 and the comparative information was not restated.

The cumulative effect of the change is described in Note 6 to the financial statements.

## **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

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The Company adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020 (if any), and the comparative information was not restated.

The cumulative effect of the change is described in Note 6 to the financial statements.

## **Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand No. BOT.RPD.(23)C. 276/2563 “Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy” and the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563 “Measures to provide additional assistance to debtors during the COVID-19 situation” or any other measures announced by the Bank of Thailand. Such entities include credit card businesses, businesses providing loans secured against vehicle registrations without collateral, personal loan businesses under the supervision of the Bank of Thailand and certain entities not under the supervision of the Bank of Thailand, such as leasing, hire-purchase, motorcycle hire-purchase and factoring businesses. Entities providing assistance to debtors in accordance with the Bank of Thailand’s measures and electing to apply this Accounting Treatment Guidance have to apply all temporary relief measures in this guidance.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy during the period from 1 January 2020 to 31 December 2021 or until the Bank of Thailand makes changes, with which the entities are to comply.

In addition, as at 19 June 2020 the BOT issued the circular of the BOT No.BOT.RPD.(01) C.648/2563 “Measures to provide additional assistance to small-sized debtors during the COVID-19 situation”.

The Company do not apply this temporary relief measures.

## **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

During the period from the first quarter to the third quarter of 2020, the Company elected to apply the temporary relief measures on accounting alternatives relating to measurement of expected credit losses using a simplified approach.

In the fourth quarter of 2020, the Company has assessed of the financial impacts of the uncertainties of the COVID-19 Pandemic on the valuation of asset. As a result, in preparing the financial statements for the year ended 31 December 2020, the Company has decided to discontinue application of the temporary relief measures on accounting alternatives. This has no significant impact on the Company's financial statements.

### **3.2 Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2021**

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Group has evaluated these standards do not have any significant impact on the Group's financial statements in the year when they are adopted.

## **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 interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument or, when appropriate, a shorter period, to the net carrying amount of the financial asset. The effective interest rate is calculated by taking into account any discount or premium on acquisition, fees and costs that are an integral part of the effective interest rate.

#### b) Fee and service income

Fee and service income are recognised on an accrual basis.

#### 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 Financial instruments**

*Accounting policy adopted since 1 January 2020*

#### **Classification and measurement of financial assets and financial liabilities**

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss.

#### *Financial assets*

The Company classifies its financial assets - debt instruments as subsequently measured at amortised cost or fair value in accordance with the Company's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets as follows:



- *Financial assets measured at amortised cost* only if both following conditions are met: the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at amortised cost net of allowance for expected credit losses (if any).
- *Financial assets measured at fair value through profit or loss* unless the financial asset is held within a business model whose objective is to hold financial asset in order to collect contractual cash flows or the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These financial assets are subsequently measured at fair value. Unrealised gains and losses from change in fair value, and gains or loss on disposal of instruments are recognised as gains or loss on financial instruments measured at fair value through profit or loss.

#### *Financial liabilities*

Except for derivative liabilities, at initial recognition the Group's financial liabilities are recognised at fair value net of transaction costs and classified as liabilities to be subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. In determining amortised cost, the Group takes into account any fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

#### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is presented in the statement of financial position when the Company has a legal right to offset the amounts and intends to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Derecognition of financial instruments**

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

#### **4.4 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.

#### **4.5 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.

#### **4.6 Allowance for expected credit losses of hire purchase receivables/Allowance for doubtful accounts**

*Accounting policy adopted since 1 January 2020 - Allowance for expected credit losses of hire purchase receivables*

The Company recognises expected credit losses for hire purchase receivables using a simplified approach, taking into account the business model and historical data of the business, based on assumptions and factors related to the appropriate estimation cash flow that reflects economic conditions and environment at present and in the future. The Company reviews the cash flow at least every end of the reporting period. In addition, the Company classifies the hire purchase receivables based on the credit risk characteristics of the hire purchase receivables, taking into account the correspondence between cash inflows of the hire purchase receivables on a contract basis based on the overdue date and maturity date of the contract.

Moreover, the Company also set up additional allowance based on expected credit loss.

~~*Accounting policy adopted before 1 January 2020 - 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.

#### **4.7 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 statements of comprehensive income (if any).

#### **4.8 Investment in subsidiary**

Investments in subsidiary is accounted for in the separate financial statements using the cost method.

#### **4.9 Investment in an associated company**

- a) Investment in associated company is accounted for in the financial statements in which the equity method is applied using the equity method.
- b) Investment in associated company is accounted for in the separate financial statements using the cost method.

#### **4.10 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 - 10 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.

#### **4.11 Leases**

At inception of contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

*Accounting policy adopted since 1 January 2020*

##### **The Group as a lessee**

The Group applies a single accounting method for both the recognition and measurement of all leases, except for short-term leases and leases where the underlying assets are of low value. At the commencement date of the lease (the date the underlying asset is available for use), the Group recognise lease liabilities based on lease payment and right-of-use assets, which represent the right to use the underlying assets.

##### ***Right-of-use assets***

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

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

Land	15 years
Building	1 - 4 years
Equipment	3 - 4 years

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost of such asset reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Right-of-use assets are presented as part of property, plant and equipment in the statement of financial position.

### ***Lease liabilities***

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be payable under residual value guarantees. Moreover, the lease payments include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising an option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

### ***Short-term leases and leases of low-value assets***

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

### ***Accounting policy adopted before 1 January 2020***

Leases which transfer substantially all the risks and rewards of ownership to the lessee are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases which do not transfer substantially all the risks and reward of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

#### **4.12 Impairment of non-financial assets**

At the end of each reporting period, the Group performs impairment reviews in respect of the property, plant and equipment, intangible assets and right-of-use assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

#### **4.13 Employee benefits**

##### **Short-term employee benefits**

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

##### **Post-employment benefits**

Defined contribution plans

The Group 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 Group's contributions are recognised as expenses when incurred.

##### **Post-employment benefits (Defined benefit plans)**

The Group 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 Group'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.

#### **4.14 Income tax**

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

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##### **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.

## **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 Group 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are directly recorded to shareholders' equity.

### **4.15 Provisions**

Provisions are recognised when the Group 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.

### **4.16 Derivatives**

The Group uses derivatives such as interest rate swaps to hedge its interest rate risks.

Derivatives are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. The subsequent changes are recognised in profit or loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Derivatives are presented as non-current assets or non-current liabilities if the remaining maturity of the instrument is more than 12 months and it is not due to be realised or settled within 12 months. Other derivatives are presented as current assets or current liabilities.

### **4.17 Fair value measurement**

Fair value is the price that would be received from sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company 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 expected credit losses of hire purchase receivables**

The management is required to use judgement in estimating an allowance for expected credit losses of hire purchase receivables, with the assessment made with respect to the financial situation of receivables, together with the use of forward-looking information in estimating the allowance for expected credit losses. The estimation involves numerous variables; therefore, actual results may differ from the estimates.

### **5.2 Allowance for impairment of assets foreclosed**

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

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### **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 values of the Company's building and equipment and to review estimate useful lives and salvage values when there are any changes.



In addition, the management is required to review land, building and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### **5.4 Leases**

##### ***Determining the lease term with extension and termination options - The Group as a lessee***

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

##### ***Estimating the incremental borrowing rate - The Group as a lessee***

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

##### ***Lease classification - The Group as lessor***

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to exercise judgement as to whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

#### **5.5 Incremental borrowing rate**

The Company is unable to determine the interest rate implicit the lease agreement. Therefore, the Company's incremental loan interest rate is used to discount the lease liability. The marginal borrowing rate is the interest rate that the Company is to pay for borrowing necessary to acquire assets that are close to the right-of-use assets in a similar economic environment and with similar term of loan and collateral.

## **5.6 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.

## **5.7 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.

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

As described in Note 3.1 to the financial statements, during the current year, the Company has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The change in accounting policy due to the adoption of TFRS 16 do not have any impact on retained earnings as at 1 January 2020.

The impacts of changes in accounting policies on the statements of financial position at the beginning of 2020 due to the adoption of these standards are presented as follows:

(Unit: Baht)

	Financial statements in which the equity method is applied			
	31 December 2019	The impacts of Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
<b>Statements of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current portion of hire purchase receivables - net	3,122,683,406	64,215,706	-	3,186,899,112
<b>Non-current assets</b>				
Hire purchase receivables - net of current portion	3,061,899,077	(114,308,968)	-	2,947,590,109
Land, building and equipment - net	86,837,474	-	12,681,831	99,519,305
Deferred tax assets	151,801,785	11,736,648	-	163,538,433
<b>Liabilities and shareholders' equity</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	-	-	1,490,036	1,490,036
Derivative liabilities	-	8,589,977	-	8,589,977
<b>Non-current liabilities</b>				
Lease liabilities, net of current portion	-	-	11,191,795	11,191,795
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	1,502,743,734	(46,946,591)	-	1,455,797,143

(Unit: Baht)

	Separate financial statements			
	31 December 2019	The impacts of Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
<b>Statements of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current portion of hire purchase receivables - net	3,122,683,406	64,215,706	-	3,186,899,112
<b>Non-current assets</b>				
Hire purchase receivables - net of current portion	3,061,899,077	(114,308,968)	-	2,947,590,109
Land, building and equipment - net	86,837,474	-	12,681,831	99,519,305
Deferred tax assets	151,801,785	11,736,648	-	163,538,433
<b>Liabilities and shareholders' equity</b>				
<b>Liabilities</b>				
<b>Current liabilities</b>				
Current portion of lease liabilities	-	-	1,490,036	1,490,036
Derivative liabilities	-	8,589,977	-	8,589,977
<b>Non-current liabilities</b>				
Lease liabilities, net of current portion	-	-	11,191,795	11,191,795
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	1,502,579,113	(46,946,591)	-	1,455,632,522

## 6.1 Financial instruments

Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Baht)
Recognition of an allowance for expected credit losses on financial assets	50,093,262
Recognition of derivatives at fair value through profit or loss	8,589,977
	58,683,239
Related income tax	(11,736,648)
	46,946,591

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Baht)			
Financial Statements in which the equity method is applied and Separate Financial Statements			
Classification and measurement under the former basis as at 31 December 2019	Classification and measurement under TFRS 9 as at 1 January 2020		
<b>Financial assets</b>			
Cash and cash equivalents	41,443,026	Amortised cost	41,443,026
Hire purchase receivables	6,184,582,483	Amortised cost	6,134,489,221
Restricted bank deposits	1,044,853	Amortised cost	1,044,853
<b>Financial liabilities</b>			
Short-term loans from financial institutions	190,000,000	Amortised cost	190,000,000
Trade payables	70,674,347	Amortised cost	70,674,347
Short-term loans	585,996,599	Amortised cost	585,996,599
Derivatives liabilities	-	Fair Value through profit or loss	8,589,977
Long-term loans	2,841,775,258	Amortised cost	2,841,775,258
Debentures	224,773,744	Amortised cost	224,773,744

## 6.2 Leases

Upon initial application of TFRS 16 the Company recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rate at 1 January 2020.

	(Unit: Baht)
Operating lease commitments as at 31 December 2019	13,286,038
Add: Option to extend lease term	998,484
Less: Contracts reassessed as service agreements	(1,150,495)
Less: Deferred interest expenses	(452,196)
Increase in lease liabilities due to TFRS 16 adoption	<u>12,681,831</u>
Liabilities under finance lease agreements as at 31 December 2019	<u>-</u>
Lease liabilities as at 1 January 2020	<u>12,681,831</u>
Weighted average incremental borrowing rate (Percent per annum)	4.39
Comprise of:	
Current lease liabilities	1,490,036
Non-current lease liabilities	<u>11,191,795</u>
	<u>12,681,831</u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Baht)
Land	10,127,809
Buildings and building improvement	2,287,747
Furniture and office equipment	<u>266,275</u>
Total right-of-use assets	<u>12,681,831</u>

## 7. Cash and cash equivalents

(Unit: Baht)

	Financial statements in which the equity method is applied and		
	Consolidated financial statements	Separate financial statements	Separate financial statements
	2020	2020	2019
Cash and cash equivalents	810,932	800,800	758,800
Bank deposits	28,071,130	26,616,372	40,684,226
<b>Total</b>	<b>28,882,062</b>	<b>27,417,172</b>	<b>41,443,026</b>

As at 31 December 2020, bank deposits in savings accounts and fixed deposits are carried interest at the rates between 0.05 - 0.40 percent per annum (2019: 0.10 - 0.90 percent per annum) as announced by the banks.

## 8. Hire purchase receivables

- 8.1 As at 31 December 2020 and 2019, the contracted terms of the Company's hire purchase receivables are 12 - 48 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)

	Consolidated and Separate financial statements		
	2020		
	Amounts due within 1 year <sup>(2)</sup>	Amounts due over 1 year	Total
Hire purchase receivables	5,602,891,714	3,562,513,040	9,165,404,754
Less: Unearned hire purchase income <sup>(1)</sup>	(1,640,230,478)	(693,939,626)	(2,334,170,104)
Present value of the minimum lease payment receivables	3,962,661,236	2,868,573,414	6,831,234,650
Less: Allowance for expected credit losses	(721,854,797)	(158,284,718)	(880,139,515)
<b>Net hire purchase receivables</b>	<b>3,240,806,439</b>	<b>2,710,288,696</b>	<b>5,951,095,135</b>

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

(Unit: Baht)

Financial statements in which the equity method is applied  
and Separate financial statements

	2019		
	Amounts due within 1 year <sup>(2)</sup>	Amounts due over 1 year	Total
Hire purchase receivables	5,633,839,744	3,905,331,616	9,539,171,360
Less: Unearned hire purchase income <sup>(1)</sup>	(1,736,833,740)	(810,512,539)	(2,547,346,279)
Present value of the minimum lease payment receivables	3,897,006,004	3,094,819,077	6,991,825,081
Less: Allowance for doubtful accounts <sup>(3)</sup>	(774,322,598)	(32,920,000)	(807,242,598)
Net hire purchase receivables	<u>3,122,683,406</u>	<u>3,061,899,077</u>	<u>6,184,582,483</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.

(3) The balance of allowance for doubtful account due within 1 year includes additional provision for uncollectible receivables.

**8.2** As at 31 December 2020 and 2019, the balances of hire purchase receivables (net of unearned hire purchase income) and allowance for expected credit losses are classified by aging of installment past due as follows:

(Unit: Baht)

Aging	Consolidated and Separate financial statements	
	2020	
	Balance of hire purchase receivables	Allowance for expected credit losses
Not yet due, past due not more than 2 months	5,848,448,723	272,458,382
More than 2 months, but less than 4 months	272,130,850	3,334,387
4 months or more, but less than 6 months	107,803,113	1,494,782
6 months or more, including fully-mature deposit contracts	602,851,964	602,851,964
Total	<u>6,831,234,650</u>	<u>880,139,515</u>



As at 31 December 2019, 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	Financial statements in which the equity method is applied and Separate financial statements		
	2019		
	Balance of hire purchase receivables	Percentage of allowance set up by the Company	Allowance for doubtful accounts
Not yet due	4,831,170,810	1	48,310,287
Past due			
Less than 1 month	740,865,990	1	7,408,660
1 month or more, but less than 2 months	383,453,965	1	3,834,526
2 months or more, but less than 4 months	319,025,688	2	6,380,497
4 months or more, but less than 7 months	203,284,997	100	203,284,997
7 months or more, but less than 13 months	261,322,399	100	261,322,399
13 months or more	252,701,232	100	252,701,232
Total	<u>6,991,825,081</u>		<u>783,242,598</u>
Allowance for doubtful accounts - additional provision for uncollectible receivables			<u>24,000,000</u>
Total			<u>807,242,598</u>

**8.3** As at 31 December 2019, the Company had hire purchase receivables amounting to Baht 1,057 million (before netting with unearned hire purchase income) for which revenue recognition has ceased.

**8.4** As at 31 December 2020, the Company had transferred rights of claim under hire purchase agreements with outstanding balances (before netting with unearned hire purchase income) of Baht 837 million (2019: Baht 1,098 million) in order to secure credit facilities granted by commercial banks as discussed in Note 18 to the financial statements.

## 8.5 Allowance for expected credit losses

Movements of allowance for expected credit losses (ECL) / allowance for doubtful accounts of hire purchase receivables are as follows:

	(Unit: Baht)
	Consolidated and Separate financial statements
	2020
Balance beginning of the year - allowance for doubtful accounts	807,242,598
Restated for adoption of new accounting standards <sup>(1)</sup>	50,093,262
Balance beginning of the year - expected credit losses	857,335,860
Add: Expected credit losses during the year	682,611,261
Less: Bad debt written-off	(659,807,606)
Balance end of the year	880,139,515

<sup>(1)</sup> The beginning balance of allowance for doubtful accounts was determined based on the former accounting policy, while current information is presented in accordance with TFRS 9, without restatement of the prior year's financial statements presented as comparative information, as discussed in Note 3.1.

	(Unit: Baht)
	Financial statements in which the equity method is applied and Separate financial statements
	2019
Balance beginning of the year	751,343,850
Add: Doubtful account increase during the year	512,504,015
Less: Bad debt written-off	(456,605,267)
Balance end of the year	807,242,598

## 9. Assets foreclosed

(Unit: Baht)

	Consolidated and Separate	Financial statements in which
	financial statements	the equity method is applied and
	2020	Separate financial statements
		2019
Assets foreclosed - cost	36,512,899	43,836,057
Less: Allowance for impairment	(14,425,396)	(20,061,177)
Assets foreclosed - net	22,087,503	23,774,880

## 10. Other current assets

(Unit: Baht)

	Consolidated	Separate financial	Financial
	financial statements	statements	statements in which
	2020	2020	the equity method
			is applied and
			Separate financial
			statements
			2019
Advance VAT receivable	31,009,258	31,009,258	28,543,548
Other receivable - sales of assets foreclosed	3,192,918	3,192,918	3,459,380
Revenue department receivable	2,766,996	2,766,996	2,366,975
Other accrued income	4,085,677	4,085,677	6,254,759
Others	2,695,738	2,714,552	4,036,470
Total	43,750,587	43,769,401	44,661,132

## 11. Investment in subsidiary

On 14 May 2020, the Board of Directors' Meeting No. 2/2020 passed a resolution to approve the Company acquisition of an additional 130,000 ordinary shares of MOD S Company Limited (an associate) from its existing shareholder ("the Seller"), which represents 65% of all issued shares of MOD S Company Limited. Following the acquisition of the shares, then together with the 49,998 shares of MOD S Company Limited held by the Company, the Company held 179,998 shares of MOD S Company Limited, representing 90% of all issued shares of MOD S Company Limited. On 21 May 2020, the Company entered into a share purchase and sale agreement with the Seller, whereby the purchase price was Baht 1.08 million. The Company received all of these shares and made payment to the Seller on 21 May 2020. As a result, the status of MOD S Company Limited changed from an associate to a subsidiary of the Company and it has to be included in the consolidated financial statements from 21 May 2020, which is the date on which the Company assumed control.

Management of the Company and its subsidiary determined that the acquisition of the investment in the subsidiary was an asset acquisition.

The carrying amounts of the assets and liabilities of MOD S Company Limited as at the acquisition date are as summarised below.

	(Unit: Baht)
Cash and cash equivalents	871,354
Other current assets	1,018,826
Land, building and equipment - net	553,036
Other non-current assets	6,500
Accrued expenses	(174,054)
Other current liabilities	(175,495)
Other non-current liabilities	-
Net assets of the subsidiary	<u>2,100,167</u>
Less: Non-controlling interests' proportionate share of net assets of the subsidiary	<u>(210,017)</u>
The Company's proportionate share of net assets of the subsidiary	<u><u>1,890,150</u></u>
Cash paid for purchase of investment in the subsidiary	1,077,700
Less: Cash and cash equivalents of the subsidiary	<u>(871,354)</u>
Net cash paid for purchase of investment in the subsidiary	<u><u>206,346</u></u>

## 12. Investment in an associated company

### 12.1 Detail of an associated company

(Unit: Baht)

Company's name	Nature of business	Shareholding percentage	Financial statements in	Separate financial
			which the equity method is applied	statements
			Book value	Cost/Book value
		31 December 2019	31 December 2019	31 December 2019
		(%)		
MOD S Company Limited (Note 11)	Manage and develop quality of assets	25	414,611	249,990

As at 21 May 2020, the Company changes in status of investment from an associate to a subsidiary, as discussed in Note 11 to the financial statements.

### 12.2 Share of comprehensive income and dividend

During the year ended 31 December 2020 and 2019, the Company recognised shares of gain from investment in an associated company in the financial statements in which the equity method is applied and no dividends received from the associated company during the year as follows:

(Unit: Baht)

Company's name	Share of gain from investment for the years ended 31 December	
	2020	2019
MOD S Company Limited	110,431	110,352

### 12.3 Summarised financial information of an associated company

Summarised financial information of MOD S Company Limited as at 31 December 2019, and as at 31 December 2019, prepared by the management of the associated company and not audited/reviewed by its auditor, is as follows:

#### Summarised information about financial position

(Unit: Baht)

	31 December 2019
Total assets	1,935,886
Total liabilities	277,443
Net assets	1,658,443

## Summarised information about income statement

	(Unit: Baht)
	For the years ended
	<u>31 December 2019</u>
Revenue	5,773,835
Profit for the year	441,406

### 13. Restricted bank deposits

As at 31 December 2020 and 2019, this represents bank deposits pledged with a commercial bank to secure the issuance of letters of guarantee on behalf of the Company, as discussed in Note 31.1 to the financial statements, a deposit used as an employee's security deposit and the security deposit of a contractor hired to repossess motorcycles.

### 14. Land, building and equipment

	(Unit: Baht)		
	Consolidated	Separate	Financial
	financial statements	financial statements	statements in which
	2020	2020	the equity method
			is applied and
			Separate financial
			statements
			2019
<u>Net Book Value</u>			
Land, Building and Equipment	90,049,379	89,646,430	86,837,474
Right-of-use assets (Note 20)	12,814,224	12,814,224	-
Total	<u>102,863,603</u>	<u>102,460,654</u>	<u>86,837,474</u>

Movements of land, building and equipment during the years ended 31 December 2020 and 2019 are summarised below.

(Unit: Baht)

	Consolidated financial statements						
	Land	Building and building improvement	Furniture and office equipment	Computer and equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>							
1 January 2019	45,620,289	42,059,742	15,957,149	9,336,733	16,239,006	-	129,212,919
Additions	-	-	1,063,426	2,005,592	2,492,502	1,308,700	6,870,220
Disposals/written off	-	-	(49,081)	(16,498)	(369,999)	-	(435,578)
Transferred in (out)	-	1,303,400	-	-	-	(1,303,400)	-
31 December 2019	45,620,289	43,363,142	16,971,494	11,325,827	18,361,509	5,300	135,647,561
Additions	5,500,000	23,050	864,748	2,375,825	437,383	100,000	9,301,006
Increase as a result of change in status of investments from an associate to a subsidiary	-	-	529,522	653,831	-	-	1,183,353
Disposals/written off	-	-	(67,915)	(64,397)	-	(5,300)	(137,612)
31 December 2020	51,120,289	43,386,192	18,297,849	14,291,086	18,798,892	100,000	145,994,308
<b>Accumulated depreciation</b>							
1 January 2019	-	8,951,014	11,513,329	7,639,886	14,187,970	-	42,292,199
Depreciation during the year	-	2,123,426	1,955,339	1,213,240	1,648,875	-	6,940,880
Depreciation for disposals/written off	-	-	(36,518)	(16,475)	(369,999)	-	(422,992)
31 December 2019	-	11,074,440	13,432,150	8,836,651	15,466,846	-	48,810,087
Depreciation during the year	-	2,180,500	1,476,097	1,657,998	1,308,008	-	6,622,603
Increase as a result of change in status of investments from an associate to a subsidiary	-	-	191,677	438,640	-	-	630,317
Depreciation for disposals/written off	-	-	(53,755)	(64,323)	-	-	(118,078)
31 December 2020	-	13,254,940	15,046,169	10,868,966	16,774,854	-	55,944,929
<b>Net book value</b>							
31 December 2019	45,620,289	32,288,702	3,539,344	2,489,176	2,894,663	5,300	86,837,474
31 December 2020	51,120,289	30,131,252	3,251,680	3,422,120	2,024,038	100,000	90,049,379
<b>Depreciation charge for the years ended 31 December</b>							
2019							6,940,880
2020							6,622,603

## Separate financial statements

	Land	Building and improvement	Furniture and office equipment	Computer and equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>							
1 January 2019	45,620,289	42,059,742	15,957,149	9,336,733	16,239,006	-	129,212,919
Additions	-	-	1,063,426	2,005,592	2,492,502	1,308,700	6,870,220
Disposals/written off	-	-	(49,081)	(16,498)	(369,999)	-	(435,578)
Transferred in (out)	-	1,303,400	-	-	-	(1,303,400)	-
31 December 2019	45,620,289	43,363,142	16,971,494	11,325,827	18,361,509	5,300	135,647,561
Additions	5,500,000	23,050	836,379	2,370,414	437,383	100,000	9,267,226
Disposals/written off	-	-	(67,915)	(64,397)	-	(5,300)	(137,612)
31 December 2020	51,120,289	43,386,192	17,739,958	13,631,844	18,798,892	100,000	144,777,175
<b>Accumulated depreciation</b>							
1 January 2019	-	8,951,014	11,513,329	7,639,886	14,187,970	-	42,292,199
Depreciation during the year	-	2,123,426	1,955,339	1,213,240	1,648,875	-	6,940,880
Depreciation for disposals/written off	-	-	(36,518)	(16,475)	(369,999)	-	(422,992)
31 December 2019	-	11,074,440	13,432,150	8,836,651	15,466,846	-	48,810,087
Depreciation during the year	-	2,180,500	1,411,683	1,538,545	1,308,008	-	6,438,736
Depreciation for disposals/written off	-	-	(53,755)	(64,323)	-	-	(118,078)
31 December 2020	-	13,254,940	14,790,078	10,310,873	16,774,854	-	55,130,745
<b>Net book value</b>							
31 December 2019	45,620,289	32,288,702	3,539,344	2,489,176	2,894,663	5,300	86,837,474
31 December 2020	51,120,289	30,131,252	2,949,880	3,320,971	2,024,038	100,000	89,646,430
<b>Depreciation charge for the years ended 31 December</b>							
2019							6,940,880
2020							6,438,736

As at 31 December 2020, certain items of building, equipment and motor vehicles were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 30 million (2019: Baht 28 million).



## 15. Deferred tax assets/income tax expenses

### 15.1 Deferred tax assets

As at 31 December 2020 and 2019, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Baht)	
	Consolidated and Separate financial statements	Financial statements in which the equity method is applied and Separate financial statements
	2020	2019
<b>Deferred tax assets</b>		
Allowance for expected credit losses	176,027,903	-
Allowance for doubtful accounts	-	161,448,520
Allowance for impairment of assets foreclosed	2,885,079	4,012,235
Provision for long-term employee benefits	4,073,797	3,433,321
Advance receive from insurance premium	10,974,292	11,029,373
Others	2,819,084	700,183
Total	<u>196,780,155</u>	<u>180,623,632</u>
<b>Deferred tax liability</b>		
Deferred commission and initial direct cost from hire purchase contracts	25,613,332	26,881,373
Deferred loans issuing costs	1,394,696	1,635,222
Deferred debentures issuing cost	144,731	305,252
Total	<u>27,152,759</u>	<u>28,821,847</u>
Deferred tax assets - net	<u>169,627,396</u>	<u>151,801,785</u>

## 15.2 Income tax expenses

Income tax expenses for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Baht)

	For the years ended 31 December				
	Consolidated financial statements	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
<b>Current income tax:</b>					
Interim corporate income tax charge	128,730,245	142,553,901	128,683,606	142,553,901	
<b>Deferred tax:</b>					
Relating to origination and reversal of temporary differences	(6,157,288)	(10,281,835)	(6,157,288)	(10,281,835)	
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>122,572,957</u>	<u>132,272,066</u>	<u>122,526,318</u>	<u>132,272,066</u>	

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Baht)

	For the years ended 31 December				
	Consolidated financial statements	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
Deferred tax relating to actuarial (gain) loss	(68,325)	724,860	(68,325)	724,860	

Deferred tax relating to retain earning as at 1 January 2020 are as follow:

(Unit: Baht)

	1 January 2020
Deferred tax relating to allowance for expected credit losses	10,018,653
Deferred tax relating to derivative liabilities	1,717,995
	<u>11,736,648</u>

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

(Unit: Baht)

	For the years ended 31 December				
	Consolidated financial statements	Financial statements in which the equity method is applied		Separate financial statements	
		2020	2019	2020	2019
	Accounting profit before tax	613,874,887	661,340,373	613,336,862	661,230,021
Applicable tax rate	20%	20%	20%	20%	
Amount of profit before tax multiplied by applicable tax rate	122,774,977	132,268,075	122,667,373	132,246,004	
Tax effect of tax-exempt income and disallowed expenses	(202,020)	3,991	(141,055)	26,062	
Income tax expenses reported in the statements of comprehensive income	122,572,957	132,272,066	122,526,318	132,272,066	

#### 16. Short-term loans from financial institutions

(Unit: Baht)

	Interest rate (percent per annum)	Consolidated and Separate financial statements	Financial statements in which the equity method is applied and Separate financial statements
		2020	2019
Promissory notes	3.85	249,300,000	190,000,000

These present loans in the form of promissory notes, under which principal payment is due at call and interest is payable every month end.

As at 31 December 2020, the short-term credit facilities which have not yet been drawn down amounted to Baht 51 million.

#### 17. Short-term loans

As at 31 December 2020, the Company has loans in form of bills of exchange, net of discount, totaling Baht 457 million, the bills are registered, transferable, and maturing within 270 days from the date of issuance (maturity date between January - June 2021), with interest charged at the rate of 3.13 - 3.18 percent per annum (2019: Bills of exchange of Baht 586 million, registered, transferable, and maturing within 270 days from the date of issuance, maturity date between January - May 2019, with interest charge at the rate of 3.05 - 3.65 percent per annum).

## 18. Long-term loans

As at 31 December 2020 and 2019, the long-term loans, which the Company obtained from local financial institutions, are detailed below.

				(Unit: Baht)	
				Financial statements in which the equity method is applied and Separate financial statements	
Facility no.	Loan facility	Interest rate (% per annum)	Repayment schedule	Consolidated and Separate financial statements 2020	Separate financial statements 2019
1	Loan agreement dated 27 June 2014	MLR - 2.63	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	1,195,461,718	1,438,196,641
2	Loan agreement dated 11 October 2016	THBFIX1M + 1.8	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	-	2,700,000
3	Loan agreement dated 13 September 2017	4.4	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	-	122,014,353
4	Loan agreement dated 4 October 2017	THBFIX1M + 1.8	Payment in between 24 and 30 installments, with the first installment payment on the last day of the month of drawdown	-	112,900,000
5	Loan agreement dated 29 June 2018	4.4	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	142,586,832	384,896,763
6	Loan agreement dated 9 July 2018	THBFIX6M + 1.65	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	105,436,000	347,164,000
7	Loan agreement dated 28 June 2019	4.4	Payment in 30 equal installments, with the first installment payment on the last day of the month of drawdown	359,741,530	239,739,738
8	Loan agreement dated 11 September 2019	THBFIX6M + 1.65	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	407,100,000	202,990,000
9	Loan agreement dated 31 March 2020	4.4	Payment in 30 installments, with the first installment payment on the last day of the month of drawdown	287,524,038	-
<b>Total</b>				<b>2,497,850,118</b>	<b>2,850,601,495</b>
Less: Deferred loans issuing costs				(7,623,603)	(8,826,237)
Long-term loans				2,490,226,515	2,841,775,258
Less: current portion due within 1 year				(1,691,831,930)	(1,759,599,794)
Long-term loans, net of current portion				<u>798,394,585</u>	<u>1,082,175,464</u>

Under each loan agreement, the Company has to comply with certain covenants regarding, among other things, the maintenance of the proportion of shareholding of the major shareholders, the maintenance of a debt to equity ratio, hire purchase receivables with more than 3 installment past due to total hire purchase receivables ratio, hire purchase receivables with no more than 3 installments past due to total debts ratio, the transfer of rights of claim under hire purchase agreements and motorcycle registrations, as notified by the commercial bank, or the pledge of the Company's shares held by the major shareholders.

As at 31 December 2020, the Company has commitments of Baht 513 million under interest rate swap agreements with a bank that is the Company's lender for loan facilities no. 6 and 8 whereby floating interest rates are swapped for a fixed interest rate throughout the term of the loan. The interest rate swap agreements gradually mature within 2022, in accordance with the conditions of loan repayment (2019: the Company had commitments of Baht 666 million under interest rate swap agreements for loan facility no.2, 4, 6 and 8).

As at 31 December 2020, the Company has long-term credit facilities which have not yet been drawn down amounted to Baht 1,432 million.

Movements in the long-term loans account during the year ended 31 December 2020 and 2019 are summarised below.

	(Unit: Baht)	
	For the years ended 31 December	
	2020	2019
Balance at the beginning of year	2,850,601,495	2,452,487,874
Add: Addition borrowings during the year	1,792,000,000	2,342,000,000
Less: Loans repayment during the year	(2,144,751,377)	(1,943,886,379)
Balance at the end of year	<u>2,497,850,118</u>	<u>2,850,601,495</u>

## 19. Debt issued - debentures

As at 31 December 2020 and 2019, there were debentures issued by the Company has detailed below.

No.	Date	Repayment schedule	(Unit: Baht)	
			Consolidated and Separate financial statements	Financial statements in which the equity method is applied and Separate financial statements
			2020	2019
1	26 November 2019	Issued name registered, unsubordinated and unsecured without a debentures representative, 2 years term with a coupon rate at 4% per annum, interest payable every quarter	226,300,000	226,300,000
Total			226,300,000	226,300,000
Less: Deferred issuing costs			(723,656)	(1,526,256)
Debentures			225,576,344	224,773,744
Less: Current portion due within 1 year			(225,576,344)	-
Debentures - net of current portion			-	224,773,744

The Company has to comply with financial covenants i.e. maintenance of debt to equity ratio.

## 20. Lease

The Company has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 1 - 15 years.

### a) Right-of-use assets

Movement of right-of-use assets for the year ended 31 December 2020 are summarised below:

	(Unit: Baht)			
	Consolidated and Separate financial statements			
	Land	Buildings	Equipment	Total
1 January 2020	10,127,809	2,287,747	266,275	12,681,831
Additions	-	-	2,153,468	2,153,468
Depreciation for the year	(678,959)	(844,063)	(498,053)	(2,021,075)
31 December 2020	9,448,850	1,443,684	1,921,690	12,814,224

**b) Lease liabilities**

	(Unit: Baht)
	Consolidated and Separate financial statements
	31 December 2020
Lease payments	13,495,428
Less: Deferred interest expenses	(495,274)
Total	13,000,154
Less: Portion due within one year	(1,784,908)
Lease liabilities - net of current portion	11,215,246

A maturity analysis of lease liability of cash paid from lease, as disclose in Note 32.2.3 to the financial statements liquidity risk.

**c) Expenses relating to leases that are recognised in profit or loss**

	(Unit: Baht)
	Consolidated and Separate financial statements
	For the year ended 31 December 2020
Depreciation expense of right-of-use assets	2,021,075
Interest expense on lease liabilities	165,102
Total	2,186,177

**d) Others**

The Company had total cash outflows for leases for the year ended 31 December 2020 of Baht 1.99 million.

## 21. 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	
	2020	2019
Provision for long-term employee benefits		
at beginning of year	17,166,607	11,071,449
Included in profit or loss:		
Current service cost	3,210,254	2,113,657
Interest cost	333,749	357,202
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Financial assumptions changes	131,989	767,354
Experience adjustments	(473,613)	2,856,945
Provision for long-term employee benefits at end of year	<u>20,368,986</u>	<u>17,166,607</u>

Principal actuarial assumptions at the valuation date were as follows:

	31 December 2020	31 December 2019
	(% per annum)	(% per annum)
Discount rate	1.82	1.94
Future salary increase rate	6.50	6.50
Staff turnover rate	10.52	10.57

As at 31 December 2020, the weighted average duration of the liabilities for long-term benefit is 22.13 years (2019: 22.41 years), and the Company has no obligation relating to loan-term employee benefits expected to be paid to its employees in the next one year.



The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefits obligation as at 31 December 2020 and 2019 are summarised below.

(Unit: Baht)

	2020	
	Rate increase 1%	Rate decrease 1%
Discount rate	Liabilities decreased by 1,176,880	Liabilities increased by 1,374,642
Salary increase rate	Liabilities increased by 1,212,870	Liabilities decreased by 1,069,645
Turnover rate	Liabilities decreased by 1,112,038	Liabilities increased by 1,306,130

(Unit: Baht)

	2019	
	Rate increase 1%	Rate decrease 1%
Discount rate	Liabilities decreased by 1,051,226	Liabilities increased by 1,227,479
Salary increase rate	Liabilities increased by 1,142,505	Liabilities decreased by 1,004,662
Turnover rate	Liabilities decreased by 1,009,495	Liabilities increased by 1,176,149

## 22. 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 2020, the Company had a debt-to-equity ratio of 1.28:1 (2019: 1.56:1).

## 23. 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.

At present, the Company allotted profit of 10 percent of the registered capital to the statutory reserve.

## 24. Expenses by nature

Significant selling and administrative expenses by nature are as follows:

(Unit: Baht)

	For the years ended 31 December		
	Financial		
	statements in which		
	the equity method		
is applied and			
Separate financial			
statements			
Consolidated	Separate	Separate financial	
financial statement	financial statement	statements	
2020	2020	2019	
Salary, wages and other employee benefits	156,880,873	152,965,100	152,465,952
Insurance premium expenses	110,269,906	110,269,906	107,156,569
Stamp duties and postal expenses	12,583,400	12,583,280	12,281,064
Expense relating demands for payment	16,723,775	21,480,230	14,299,585
Depreciation	6,622,603	6,438,736	6,425,675
Registration expenses	10,795,110	10,795,110	7,205,174
Utilities expenses	5,478,017	5,200,148	5,059,587
Miscellaneous for office expenses	2,115,433	2,112,250	2,499,183

## 25. Loss on impairment and disposal of assets foreclosed

(Unit: Baht)

	For the years ended 31 December	
	Financial	
	statements in which	
	the equity method is	
Consolidated and		
applied and		
Separate financial		
Separate financial		
statements		
statements		
2020	2019	
Loss on impairment of assets foreclosed (reversal)	(5,635,782)	4,828,369
Loss on disposal of assets foreclosed	231,048,866	240,379,313
Total	225,413,084	245,207,682

## 26. Earnings per share

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

## 27. 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 years 2020 amounting to Baht 2.70 million (2019: Baht 2.54 million) were recognised as expenses.

## 28. Related party transactions

During the years, the Company had significant business transactions with related parties. Such transactions are in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. A summary of related parties and transactions with those parties is below.

Name of related party	Relationship with the Company				
MOD S Company Limited	Was an associate company until 21 May 2020 and became a subsidiary since then				
(Unit: Baht)					
	For the years ended 31 December				
	Financial statements in which		Separate financial statements		
	Consolidated financial statements	the equity method is applied			
	2020	2019	2020	2019	Pricing policy
<u>Transactions with subsidiary</u>					
Service expense	-	-	4,774,275	-	As stipulated in agreements
<u>Transactions with associate</u>					
Service income	-	1,143	-	1,143	As stipulated in agreements
Service expense	2,954,347	5,192,345	2,954,347	5,192,345	As stipulated in agreements
<u>Transactions with directors and related persons</u>					
Interest expense	1,524,164	149,918	1,524,164	149,918	As stipulated in agreements
Amortisation of debenture issuing cost	134,772	13,256	134,772	13,256	As stipulated in agreements

The balance of the accounts as at 31 December 2020 and 2019 between the Company and associate company, directors and related persons are as follows:

(Unit: Baht)

	Consolidated financial statements	Separate financial statements	Financial statements in which the equity method is applied and Separate financial statements
	31 December 2020	31 December 2020	31 December 2019
<u>Subsidiary</u>			
Service payable	-	741,418	-
<u>An associate company</u>			
Service payable	-	-	524,980
<u>Directors and related persons</u>			
Interest payable	149,918	149,918	149,918
Debenture	37,878,485	37,878,485	37,743,713

#### Directors and management benefits

During the year, the Company had the following employee benefit expenses payable to their directors and management.

(Unit: Baht)

	For the years ended 31 December			
	Consolidated financial statements	Financial statements in which the equity method is applied	Separate financial statements	
	2020	2019	2020	2019
Short-term employee benefits	18,141,686	19,242,510	18,141,686	19,242,510
Post-employment benefits	1,572,532	1,502,484	1,572,532	1,502,484
Total	19,714,218	20,744,994	19,714,218	20,744,994

## 29. Dividends

Dividends	Approved by	Total dividends	Dividend per share
		Million Baht	Baht
Dividends from the operating result for the year ended 31 December 2019	The annual general meeting of the Company's shareholders No. 1/2020 on 2 April 2020	171.64	0.28
Interim dividend from the operating result of the 2020 first half year	The Board of Director's Meeting of the Company's No. 4/2020 on 12 November 2020	61.30	0.10
		<u>232.94</u>	
Dividends from the operating result for the year ended 31 December 2018	The annual general meeting of the Company's shareholders No. 1/2019 on 4 April 2019	147.12	0.24
Interim dividend from the operating result of the 2019 first half year	The Board of Director's Meeting of the Company's No. 3/2019 on 13 August 2019	91.95	0.15
		<u>239.07</u>	

## 30. 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 2020 and 2019.

## 31. Commitments

### 31.1 Guarantees

As at 31 December 2020 and 2019, 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.

### 31.2 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.

### 31.3 Service agreements

The Company has entered into service agreements. The terms of the agreements are generally between 1 and 2 years. As at 31 December 2020, future minimum lease payments required under these non-cancellable service contracts were as follows:

	(Unit: Baht)
	<u>2020</u>
Payable:	
In up to 1 year	1,212,628
In over 1 and up to 5 years	27,000

## 32. Financial instruments

### 32.1 Derivatives

	(Unit: Baht)	
	Consolidated and Separate financial statements	Financial statements in which the equity method is applied and Separate financial statements
	<u>2020</u>	<u>2019</u>
<b>Derivative liabilities</b>		
Derivatives liabilities not designated as hedging instruments	9,934,776	-
<b>Total derivative liabilities</b>	<u>9,934,776</u>	<u>-</u>

## **32.2 Financial risk management objectives and policies**

The Group's financial instruments principally comprise cash and cash equivalents, hire purchase receivables, restricted bank deposits, short-term loans from financial institutions, trade payables, short-term loans, long-term loans and debt issued - debentures. The financial risks associated with these financial instruments and how they are managed is described below.

### **32.2.1 Credit risk**

#### ***Hire purchase receivables***

The Group has the risk with hire purchase receivables, cash and cash equivalents and other financial instruments. Except for derivatives, the maximum exposure to credit risk is limited to the carrying amounts as stated in the statement of financial position. The Group's maximum exposure relating to derivatives is noted in the liquidity risk topic.

The Group manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. Outstanding trade receivables are regularly monitored. In addition, the Group does not have high concentrations of credit risk since it has a large customer.

An impairment analysis is performed at each reporting date to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar credit risks. The calculation of expected credit losses are considered the reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. The Group 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.

The credit risk on derivatives is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### **Maximum exposure to credit risk**

The maximum exposure is shown gross of financial instruments before taking into account collateral arrangements and any actions taken to improve. For financial assets that recognises in statement of financial position, the maximum exposure is shown gross, before taking into allowance for expected credit losses.

The Group disclose this information since 2020, due to the adoption of financial reporting standard since 1 January 2020. As at 31 December 2020, the exposure to credit risk are as follow:

	(Unit: Baht)	
	Consolidated financial statements	Separate financial statements
	2020	2020
Cash and cash equivalents	28,882,062	27,417,172
Restricted bank deposits	1,173,197	1,173,197
Hire purchase receivables	5,951,095,135	5,951,095,135
Total exposure to credit risk	<u>5,981,150,394</u>	<u>5,979,685,504</u>

### Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group has adopted policies to mitigate this risk by analyst from customer information and monitoring status of customer.

### Collateral and any operations to increase creditability

The Group has held collateral and any operations to increase creditability of exposure to credit risk. The details of the collateral held by the Group for each type of financial assets are as follows:

	(Unit: Baht)	
	Consolidated and Separate financial statements	
	Exposure to risk with collateral	Type of collateral
	31 December 2020	
Hire purchase receivables	6,831,234,650	Motorcycle

### 32.2.2 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 Group. As the Group has no foreign currency assets and liabilities and no investments in securities, market risk therefore consists of only interest rate risk. The Group manages the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, in order to generate a suitable yield while maintaining risk at acceptable levels.



## Interest rate risk

The Group enters into a variety of derivatives to manage its risk exposure, including hire purchase receivables, long-term loans and debt issued - debentures. Most of the Group's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

The Group manages its interest rate risk by manage this, the Group enters into interest rate swaps in which it agrees to exchange, at specified intervals, between fixed and variable rate interest amounts calculated by reference to an agreed-upon notional principal amount as described in Note 18 to the financial statements.

As at 31 December 2020 and 2019, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Baht)

Transactions	Consolidated financial statements				
	2020				
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total
	Repricing or maturity date				
	Within 1 year	Over 1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalents	-	-	12,138,365	16,743,697	28,882,062
Hire purchase receivables <sup>(1)</sup>	3,240,806,439	2,710,288,696	-	-	5,951,095,135
Restricted bank deposits	11,283	-	1,161,914	-	1,173,197
<b>Financial liabilities</b>					
Short-term loans from financial institutions	249,300,000	-	-	-	249,300,000
Trade accounts payables	-	-	-	5,299,445	5,299,445
Short-term loans	457,239,859	-	-	-	457,239,859
Derivatives liabilities	-	-	9,934,776	-	9,934,776
Long-term loans	510,998,862	275,096,938	1,704,130,715	-	2,490,226,515
Debt issued - debentures	225,576,344	-	-	-	225,576,344

(Unit: Baht)

Separate financial statements					
2020					
Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total
	Repricing or maturity date				
	Within 1 year	Over 1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalents	-	-	10,713,607	16,703,565	27,417,172
Hire purchase receivables <sup>(1)</sup>	3,240,806,439	2,710,288,696	-	-	5,951,095,135
Restricted bank deposits	11,283	-	1,161,914	-	1,173,197
<b>Financial liabilities</b>					
Short-term loans from financial institutions	249,300,000	-	-	-	249,300,000
Trade accounts payables	-	-	-	5,299,445	5,299,445
Short-term loans	457,239,859	-	-	-	457,239,859
Derivatives liabilities	-	-	9,934,776	-	9,934,776
Long-term loans	510,998,862	275,096,938	1,704,130,715	-	2,490,226,515
Debt issued - debentures	225,576,344	-	-	-	225,576,344

(Unit: Baht)

Financial statements in which the equity method is applied and Separate financial statements					
2019					
Transactions	Fixed interest rate		Floating interest rate	Non-interest bearing	Total
	Repricing or maturity date				
	Within 1 year	Over 1 - 5 years			
<b>Financial assets</b>					
Cash and cash equivalents	-	-	25,716,071	15,726,955	41,443,026
Hire purchase receivables <sup>(1)</sup>	3,122,683,406	3,061,899,077	-	-	6,184,582,483
Restricted bank deposits	11,183	-	1,033,670	-	1,044,853
<b>Financial liabilities</b>					
Short-term loans from financial institutions	190,000,000	-	-	-	190,000,000
Trade accounts payables	-	-	-	70,674,347	70,674,347
Short-term loans	585,996,599	-	-	-	585,996,599
Long-term loans	468,663,182	274,282,114	2,098,829,962	-	2,841,775,258
Debt issued - debentures	-	224,773,744	-	-	224,773,744

(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.

### Analysis of effect to changes in interest rates

Analysis of effect to changes in interest rates shows the potential change in interest rates on the statement of comprehensive income and the equity of the Group by setting constant to other variables. However, financial assets and financial liabilities at the end of reporting period of the Group have constant interest rates. Effect to changes in interest rates does not have any significant impact on the financial statements.

### **32.2.3 Liquidity risk**

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

The Group has a policy to manage liquidity risk with appropriate long-term loan and short-term loan structure. However, the Group has a policy in maintaining the liquidity to ensure that there is sufficient liquidity of requirement for the current and the future.

The table below summarises the maturity profile of the Group financial assets and financial liabilities as at 31 December 2020 and 2019 are as follows:

(Unit: Baht)

Transactions	Consolidated financial statements				
	2020				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b><u>Financial assets</u></b>					
Cash and cash equivalents	28,882,062	-	-	-	28,882,062
Hire purchase receivables <sup>(1)</sup>	-	3,240,806,439	2,710,288,696	-	5,951,095,135
Restricted bank deposits	-	-	-	1,173,197	1,173,197
<b><u>Financial liabilities</u></b>					
Short-term loans from financial institutions	249,300,000	-	-	-	249,300,000
Trade accounts payables	-	5,299,445	-	-	5,299,445
Short-term loans	-	457,239,859	-	-	457,239,859
Derivatives liabilities - net settlement	-	985,296	8,949,480	-	9,934,776
Long-term loans	-	1,691,831,930	798,394,585	-	2,490,226,515
Debt issued - debentures	-	225,576,344	-	-	225,576,344

(Unit: Baht)

Separate financial statements					
2020					
Transactions	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	27,417,172	-	-	-	27,417,172
Hire purchase receivables <sup>(1)</sup>	-	3,240,806,439	2,710,288,696	-	5,951,095,135
Restricted bank deposits	-	-	-	1,173,197	1,173,197
<b>Financial liabilities</b>					
Short-term loans from financial institutions	249,300,000	-	-	-	249,300,000
Trade accounts payables	-	5,299,445	-	-	5,299,445
Short-term loans	-	457,239,859	-	-	457,239,859
Derivatives liabilities - net settlement	-	985,296	8,949,480	-	9,934,776
Long-term loans	-	1,691,831,930	798,394,585	-	2,490,226,515
Debt issued - debentures	-	225,576,344	-	-	225,576,344

(Unit: Baht)

Financial statements in which the equity method is applied  
and Separate financial statements

2019					
Transactions	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	41,443,026	-	-	-	41,443,026
Hire purchase receivables <sup>(1)</sup>	-	3,122,683,406	3,061,899,077	-	6,184,582,483
Restricted bank deposits	-	-	-	1,044,853	1,044,853
<b>Financial liabilities</b>					
Short-term loans from financial institutions	190,000,000	-	-	-	190,000,000
Trade accounts payables	-	70,674,347	-	-	70,674,347
Short-term loans	-	585,996,599	-	-	585,996,599
Long-term loans	-	1,759,599,794	1,082,175,464	-	2,841,775,258
Debt issued - debentures	-	-	224,773,744	-	224,773,744

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

### 32.3 Fair values

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position, is as follows:

(Unit: Baht)

	Consolidated financial statements				
	2020				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b><u>Financial assets for which fair value</u></b>					
<b><u>are disclosed</u></b>					
Cash and cash equivalents	28,882,062	28,882,062	28,882,062	-	-
Hire purchase receivables	5,951,095,135	5,798,674,375	-	-	5,798,674,375
Restricted bank deposits	1,173,197	1,173,197	1,173,197	-	-
<b><u>Financial liabilities for which fair value</u></b>					
<b><u>are disclosed</u></b>					
Short-term loans from financial institutions	249,300,000	249,300,000	-	249,300,000	-
Trade accounts payables	5,299,445	5,299,445	5,299,445	-	-
Short-term loans	457,239,859	457,239,859	-	457,239,859	-
Derivatives liabilities	9,934,776	9,934,776	-	9,934,776	-
Long-term loans	2,490,226,515	2,492,896,966	-	2,492,896,966	-
Debt issued - debentures	225,576,344	226,355,561	-	226,355,561	-

(Unit: Baht)

	Separate financial statements				
	2020				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b><u>Financial assets for which fair value</u></b>					
<b><u>are disclosed</u></b>					
Cash and cash equivalents	27,417,172	27,417,172	27,417,172	-	-
Hire purchase receivables	5,951,095,135	5,798,674,375	-	-	5,798,674,375
Restricted bank deposits	1,173,197	1,173,197	1,173,197	-	-
<b><u>Financial liabilities for which fair value</u></b>					
<b><u>are disclosed</u></b>					
Short-term loans from financial institutions	249,300,000	249,300,000	-	249,300,000	-
Trade accounts payables	5,299,445	5,299,445	5,299,445	-	-
Short-term loans	457,239,859	457,239,859	-	457,239,859	-
Derivatives liabilities	9,934,776	9,934,776	-	9,934,776	-
Long-term loans	2,490,226,515	2,492,896,966	-	2,492,896,966	-
Debt issued - debentures	225,576,344	226,355,561	-	226,355,561	-

(Unit: Baht)

Financial statements in which the equity method is applied  
and Separate financial statements

	2019				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<b><u>Financial assets for which fair value are disclosed</u></b>					
Cash and cash equivalents	41,443,026	41,443,026	41,443,026	-	-
Hire purchase receivables	6,184,582,483	6,085,267,059	-	-	6,085,267,059
Restricted bank deposits	1,044,853	1,044,853	1,044,853	-	-
<b><u>Financial liabilities for which fair value are disclosed</u></b>					
Short-term loans from financial institutions	190,000,000	190,000,000	-	190,000,000	-
Trade accounts payables	70,674,347	70,674,347	70,674,347	-	-
Short-term loans	585,996,599	585,996,599	-	585,996,599	-
Long-term loans	2,841,775,258	2,843,940,000	-	2,843,940,000	-
Debt issued - debentures	224,773,744	225,210,666	-	225,210,666	-

Fair value hierarchy for financial assets and liabilities as at 31 December 2020 and 2019 is stipulated in notes 4.17 to the financial statements.

The methods and assumptions used by the Group estimating the fair value of financial instruments are as follows:

- 1) For financial assets and liabilities which have short-term maturities, including cash and cash equivalents, short-term loans from financial institutions, trade accounts payables and short-term loans, the carrying amounts in the statement of financial position approximate their fair value.
- 2) The fair value of hire purchase receivables is estimated by discounting expected future cash flows by the current market interest rate of loans with similar terms and conditions.
- 3) The fair value of long-term loans and debt issued - debentures is estimated by discounting expected future cash flows by the current market interest rate.
- 4) The fair value of derivatives has been determined using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as interest rate yield curves. The Group considers to counterparty credit risk when determining the fair value of derivatives.

**33. Events after the reporting period**

On 15 February 2021, the Board of Director Meeting of the Company No. 1/2021 passed the resolutions to propose to the Annual General Meeting of shareholders to approve a dividend payment from the 2020 operating results at a rate of Baht 0.25 per share, or a total of Baht 153.25 million. The Company paid an interim dividend of Baht 0.10 per share on 9 December 2020 and is therefore to pay another final dividend of Baht 0.15 per share.

**34. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 15 February 2021.



**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	68	Master Degree in Engineering Management, University of St. Louis, Philippines  Directors Accreditation Program (DAP) Class 5/2004, Institute of Directors, Thailand	Direct : 1.86 Indirect <sup>1</sup> : 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
2. Mr. Surasak Khemthongkum	55	MBA, Rangsit University  Directors Accreditation Program (DAP) Class 63/2007, Institute of Directors, Thailand  Accounting for Non Accounting Audit Committee, SET	Direct : 0.35 Indirect <sup>1</sup> : 0.18	None	February 2020 – Present	Managing Director / The 2 <sup>nd</sup> Vice Chairman	S 11 GROUP PCL / Hire Purchase
					May 2020 - Present	Chairman	MOD S Co., Ltd. / Debt Collection
					2013 – February 2020	Director / Managing Director	S 11 GROUP PCL / Hire Purchase
					July 2011 - 2013	Director / Credit & Marketing Manager	S 11 GROUP PCL / Hire Purchase
3. Mr. Sirawat Wanglee	47	MBA, Kenan Flagler Business Scholl, University of North Carolina at Chapel Hill, USA  Directors Accreditation Program (DAP) Class 81/2009, Institute of	Direct : 9.02 Indirect <sup>1</sup> : 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, Thailand			2010 - Present	Managing Director	WEERAWONG ESTATE CO., LTD. / Real Estate
4. Mr. Jeremy Liau	52	- BBA Finance, University of Notre Dame, USA  - Certificate from Thai Institute of Directors Association  Directors Accreditation Program (DAP) Class 67/2007, Institute of Directors, Thailand  Director Certification Program (DCP) Class 112/2009, Institute of Directors, Thailand	Direct : 4.63* Indirect <sup>1</sup> : 0.82	None	April 2019 - Present  August 2018 – April 2019	Director / Investor Relations Advisor  Investor Relations Advisor	S 11 GROUP PCL / Hire Purchase  S 11 GROUP PCL / Hire Purchase
5. Mr.Christopher Charles Tay	52	MBA Manchaester Business school, Manchester UK  Directors Accreditation Program (DAP) Class 135/2017, Institute of Directors, Thailand	Direct : 4.44* Indirect <sup>1</sup> : None	None	2016 - Present  2004 - Present  2004 - Present	Director  Owner  Owner	S 11 GROUP PCL / Hire Purchase  Honest Joe's Autos Pte Ltd  Fuss Free Auto
6. Mr. Thosaporn Lerdhban	53	Bachelor of Commerce and Accountancy, Krirk University  Directors Accreditation Program	Direct : 0.40 Indirect <sup>1</sup> : 0.39	Spouse of Miss Watcharaporn Meruthong	July 2011 - Present	Director / IT Manager	S 11 GROUP 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
		(DAP) Class 105/2013, Institute of Directors, Thailand					
7. Mrs. Vachira Na Ranong	66	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  Capital Market Academy Class 8	Direct : 0.00** Indirect <sup>1</sup> : None	None	August 2017 - Present  August 2017 - Present  March 2019 – Present  2013 - August 2017  2012 – March 2019	Vice Chairman / Chairman of the Audit Committee / Independent Director  Independent Director  Association Advisor  Audit Committee / Independent Director  Director / Association President	S 11 GROUP PCL / Hire Purchase  Aapico Hitech PCL / Auto parts manufacture  THAI INVESTOR ASSOCIATION  S 11 GROUP PCL / Hire Purchase  THAI INVESTOR ASSOCIATION
8. Mr. Thanisorn Dejthamrong	68	Ph. D. (Economics), University of Washington, Seattle, Washington, USA  Directors Accreditation Program (DAP) Class 106/2013, Institute of Directors, Thailand	Direct : None Indirect <sup>1</sup> : None	None	2013 - Present  2005 - Present	Audit Committee / Independent Director  Economic Advisor	S 11 GROUP PCL / Hire Purchase  BANPU PCL / Energy



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.Thirawat Sarindu	68	Master's degree in M.S. Mechanical Engineer from Fairleigh Dickinson University, USA  Directors Accreditation Program (DAP) Class 140/2017, Institute of Directors, Thailand	Direct : None Indirect <sup>1</sup> : None	None	2017 - Present	Audit Committee / Independent Director	S 11 GROUP PCL / Hire Purchase
					1999 – Present	Chairman / Professionals expert in energy conservation / Professional licensed expert in the building safety inspector	Inter Engineering Management Co.,Ltd. / Engineering Consultant
10. Mr. Kritsakorn Netprapa	50	MBA, West Coast University, USA	Direct : 0.16 Indirect <sup>1</sup> : 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
11. Mr. Wanchai Boontham	62	BA of Law, Ramkhamhaeng University  Mini M.B.A , Class RMM II, Rangsit University	Direct : 0.28 Indirect <sup>1</sup> : 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
12. Miss. Watcharaporn Meruthong	52	Bachelor Degree in Accountant, Kirk University  Bachelor Degree in Accountant, Chankrasem Rajabhat University	Direct : 0.39 Indirect <sup>1</sup> : 0.40	Spouse of Mr. Thosaporn Lerdbhan	July 2011 - Present	Accounting & Finance Manager	S 11 GROUP 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					
13. Mr.Somkid Jaruphaiboonphan	59	BA Thai Language and Literature, Srinakharinwirot University, Bang Saen	Direct : 0.02 Indirect <sup>1</sup> : 0.13	None	February 2017 - Present  2016  1996 – 2015	Personnel Manager  Administration Manager  Personnel and Administration Manager	S 11 GROUP PCL / Hire Purchase  GROUP LEASE PCL / Hire Purchase  GROUP LEASE PCL / Hire Purchase
14. Miss Jamsiri Sangkarak	49	Bachelor Degree in HR, Sripatum University	Direct : 0.11 Indirect <sup>1</sup> : 0.00	None	February 2017 - Present  May 2011 – February 2017	Administration Manager  Personnel and Administration Manager	S 11 GROUP PCL / Hire Purchase  S 11 GROUP PCL / Hire Purchase
15. Miss Aree Srikrairo	51	Bachelor Degree in Marketing, Phranakorn Rajabhat University	Direct : 0.09 Indirect <sup>1</sup> : None	None	May 2011 - Present	Operation Manager	S 11 GROUP PCL / Hire Purchase
16. Miss. Jeeranai Promtong	42	Vocational Certificate in Marketing, Wimon Commercial Siyan School	Direct : 0.01 Indirect <sup>1</sup> : None	None	August 2015 - Present  May 2015 – July 2015	Customer Service Manager  Customer Service Department Chief	S 11 GROUP PCL / Hire Purchase  S 11 GROUP 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
17. Mrs. Wanna Laicharoenwong	61	Bachelor of Business Administration in Management, Bangkok University  Mini M.B.A., Rangsit University Class RMM II	Direct : 0.53 Indirect <sup>1</sup> : 0.59	None	February 2017 – Present	Secretary of the Audit Committee / The Office of the Internal Audit Manager	S 11 GROUP PCL / Hire Purchase
					August 2015 – February 2017	Secretary of the Audit Committee	S 11 GROUP PCL / Hire Purchase
					February 2014 – August 2015	Secretary of the Audit Committee / The Office of the Internal Audit Manager	S 11 GROUP PCL / Hire Purchase
18. Mrs. Katika Kusawadee (Chiradamrong)	37	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 : 0.28 Indirect <sup>1</sup> : 9.34	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: <sup>1</sup> 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.	WEERAWONG CO., LTD.	WEERAWONG ESTATE CO., LTD.	SAHAPITAKSIN CO., LTD.	WANGLEE CO., LTD.	Thai Investors Association	Aapico Hitech Public Company Limited	MOD S Co., Ltd	RTL EQUIPMENT CO., LTD.	POWERSET CO., LTD.	RTL FASTENERS CO., LTD.	Inter Engineering Management Co., Ltd.
1. Mr. Samart Chiradamrong Chairman	X	I											
2. Mr. Surasak Khemthongkum Managing Director / The 2 <sup>nd</sup> Vice Chairman	I, III	I							X				
3. Mr. Sirawat Wanglee Director	I		I, III	I, III	I	I							
4. Mr. Jeremy Liau Director	I												
5. Mr. Christopher Charles Tay Director	I												
6. Mr. Thosaporn Lerdbhan Director / IT Manager	I, III	I											
7. Mrs. Vachira Na Ranong Vice Chairman / Chairman of Audit Committee / Independent Director	I, II, V						I	V					
8. Mr. Thirawat Sarindu Audit Committee / Independent Director	I, II, V												X
9. Mr. Thanisorn Degthamrong Audit Committee / Independent Director	I, II, V									I	I	I	



NAME POSITION	S 11 GROUP PCL	S CHARTER CO., LTD.	WEERAWONG CO., LTD.	WEERAWONG ESTATE CO., LTD.	SAHAPITAKSIN CO., LTD.	WANGLEE CO., LTD.	Thai Investors Association	Aapico Hitech Public Company Limited	MOD S Co., Ltd	RTL EQUIPMENT CO., LTD.	POWERSET CO., LTD.	RTL FASTENERS CO., LTD.	Inter Engineering Management 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. Mr. Somkid Jaruphaiboonphan Personel Manager	III												
14. Miss Jamsiri Sangkarak Administration Manager	III												
15. Miss Aree Srikrarot Operation Manager	III												
16. Miss Jeeranai Promtong Customer Service Manager	III												
17. Mrs. Wanna Laicharoenwong Office of Internal Audit Manager	III												

Remark

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





Duties and responsibilities of Company Secretary

Company Secretary shall perform duty with responsibility, carefulness and honesty according to the Securities and Exchange Act (4<sup>th</sup> edition) B.E.2551 which specified certain roles, duties and responsibilities for Company Secretary as follow;

1. Prepare and store the following documents;
  - 1.1 Board of Directors' registration
  - 1.2 Board of Directors' Notice, Minute and Annual Report
  - 1.3 Annual General Meeting's Notice and Minute
2. Store report of interest which created by Director or Management
3. Submit the copy of report of interest according to section 89/14 to Chairman and Chairman of Audit Committee within 7 business days from the day that the Company received such report.  
The Company shall provide document storage system or evidence relating to information disclosure as well as supervise accuracy, completely and auditable storage within not less than 10 years from the day that prepared such document or information.

Performing any other duties and responsibilities assigned by Capital Market Supervisory Board



Attachment 2

Detail of Directors of Subsidiary Company





## Detail of Directors of Subsidiary Company

Name of Directors	MOD S Co., Ltd.
1. Mr. Surasak Khemthongkum	X
2. Mr. Paiboon Chaibenchapon	I
3. Mr. Wanchai Boontham	I
4. Ms. Orawan Lertnapakart	I
5. Mr. Suranat Limsuwan	I

Remark

1. X = Chairman    I = Director    II = Executive Director

2. Subsidiary Company means (1) a significantly subsidiary company for example generates profit more than 10 percent of total revenues according to the total profit and loss statement of current fiscal year and (2) a company which listed company hold share more than 50 percent of total eligible voting share of such company.



### **Attachment 3**

Details of Head of Internal Audit and Head of Internal Compliance

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**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
Mrs. Wanna Laicharoenwong / Office of Internal Audit Manager / 14 February 2017	61	Bachelor of Business Administration in Management, Bangkok University  Mini M.B.A., Rangsit University Class RMM II	Direct : 0.53 Indirect <sup>1</sup> : 0.59	None	February 2017 – Present	Secretary of the Audit Committee / The Office of the Internal Audit Manager	S 11 GROUP PCL / Hire Purchase
					August 2015 – February 2017	Secretary of the Audit Committee	S 11 GROUP PCL / Hire Purchase
					February 2014 – August 2015	Secretary of the Audit Committee / The Office of the Internal Audit Manager	S 11 GROUP PCL / Hire Purchase

Remark: <sup>1</sup> 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 4

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)<sup>1</sup> 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.

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<sup>1</sup>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 corruption<sup>2</sup></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>	

<sup>2</sup> 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 5  
Report of the Audit Committee



## Report of the Audit Committee

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

1. Mrs. Vachira Na Ranong                      Chairman of the Audit Committee and Independent Director
2. Mr. Thanisorn Dejthamrong              Audit Committee and Independent Director
3. Mr. Thirawat Sarindu                      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 2020, 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 good corporate 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 2020, 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. The Audit Committee found that during 2020, the Company has related party transaction which according to trading conditions and regulations between the Company and such related party.
- **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 2020, the Audit Committee nominated Miss Rattana Jala CPA No.3734, Miss Ratchada Yongsawadwanich of CPA No.4951, Miss Wanwilai Phetsang CPA No.5315 and Miss Sirikom Plernpissiri CPA No.5234 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
Mrs. Vachira Na Ranong	4	4
Mr. Thanisorn Dejthamrong	4	4
Mr. Thirawat Sarindu	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 2020 financial statement and no event negatively affected the financial statements.

Mrs. Vachira Na Ranong

Chairman of the Audit Committee and Independent Director

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