

LEASE IT


Form 56-1 One Report 2020  
Lease IT Public Company Limited

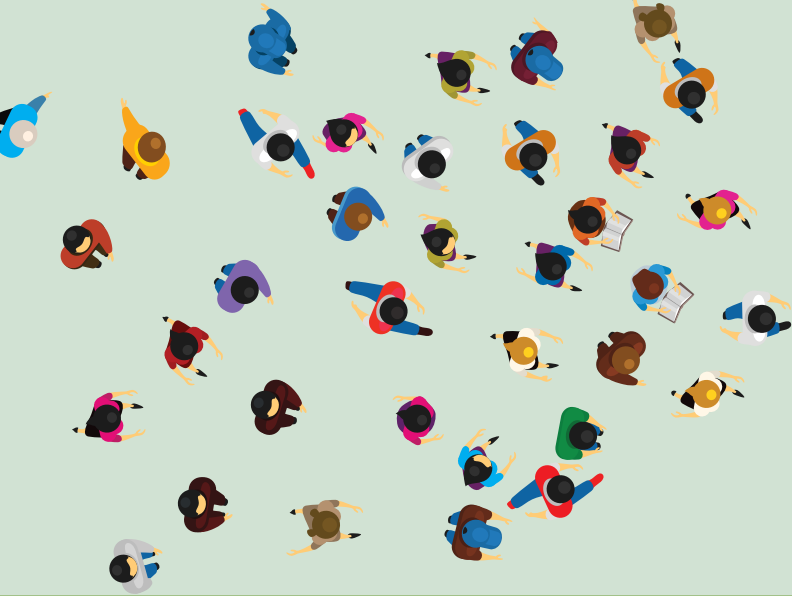


# ONE

of Thailand's  
Top Non-Bank  
Lenders for SMEs

 [www.leaseit.co.th](http://www.leaseit.co.th)

 Lease It สิ้นเชื่อธุรกิจ เพื่อนคู่คิด SME



# ONE

of Thailand's  
Top Non-Bank  
Lenders for SMEs

**LIT** A leader of non-bank lending business, providing alternative funding source for small and medium enterprises (SMEs), who are government, state enterprise or large private companies' suppliers.

## Our Mission

We strive to offer entrepreneurs, small and medium enterprises (SMEs) access to capital for their businesses by activating alternative funding sources outside the financial sector (Non-Bank), ultimately leading to higher levels of relationships as partners (True Financial Partner).

## Our Vision

To Create Opportunities for ALL



## Our Core Values



Grow your **SMEs** faster with **Lease IT**

Listed in  
The Stock  
Exchange of  
Thailand - Market  
for Alternative  
Investment (mai)



Doing  
business  
for **over**  
**14**  
years

Provided  
**more**  
than  
**50,000**  
million Baht  
in funding

Financial  
support  
for  
**2,500**  
customers

## Our Goals

The Company aims to be a leading non-bank credit service provider, which creates opportunities to access alternative funding sources for Small and Medium Enterprise (SMEs). Lease IT has 6 operation goals to develop sustainable growth of the organization.

1

Generate revenue to create wealth and stability for organization

Enhance Credit Underwriting Process

2

Improve working process efficiency

3

Goals

4

Increase Customer Satisfaction

Increase Brand Awareness

5

Sustainable Growth

6

## Board of Directors



**Police General  
Jate Mongkolhutthi**  
Chairman of the Board,  
Independent Director



**Mr. Pongsak Chewcharat**  
Independent Director  
and Chairman of  
the Audit Committee



**Mr. Suthud  
Khancharoensuk**  
Independent Director and  
Audit Committee Member



**Associate Professor  
Dr. Suda Suwannapirom**  
Independent Director and  
Audit Committee Member



**Mrs. Wasara  
Chotithammarat**  
Independent Director and  
Audit Committee Member



**Ms. Parichatara  
Laotheerasirivong**  
Senior Executive Director



**Mr. Sompon Aketerajit**  
Director and  
Managing Director



**Ms. Sitaphatr  
Nirojthanarat**  
Director & Assistant  
Managing Director



## Executives



**Mr. Sompon Aketerajit**  
Managing Director & CEO



**Ms. Sitaphatr Nirojthanarat**  
Assistant Managing Director  
Support Functions & Managing  
Director of subsidiary



**Mrs. Rungnapa Ogas**  
Assistant Managing Director  
Operation Functions



**Mrs. Chonticha  
Supaluxmetha**  
Chief Financial Officer (CFO) &  
Managing Director of subsidiary



**Ms. Piyanan Mongkol**  
Company Secretary &  
General Manager  
Corporate Sustainability



**Ms. Prapapan Raktham**  
General Manager  
General Administration



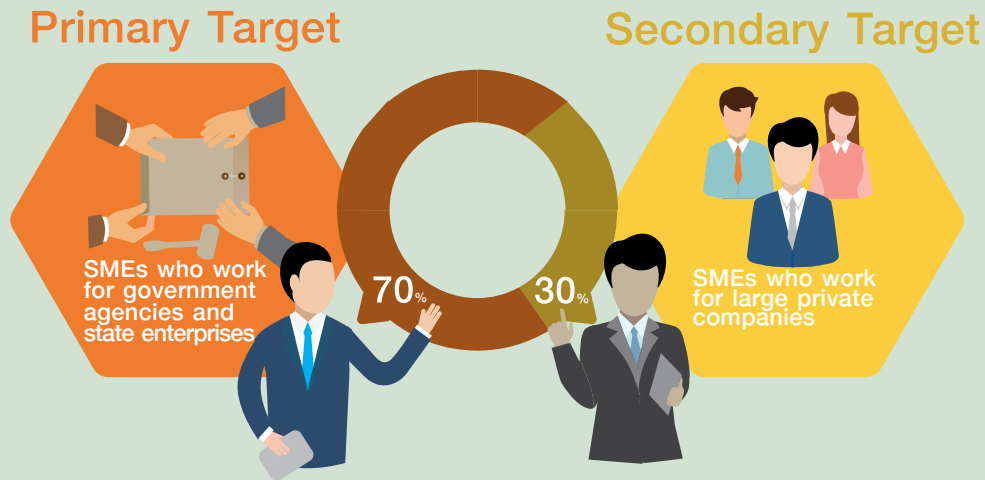
**Mr. Nuttawat Srilapho**  
General Manager  
Sales & Marketing



**ONE**  
of Thailand's  
Top Non-Bank  
Lenders for SMEs

# Our Target Customers

(As at 31 December 2020)



Account Receivable portfolio of the Company can be divided into 2 groups as follows;

1. Government agencies and state enterprises  
(The proportion of debtors who work for government agencies and state enterprises are at **70%** of the account receivable portfolio.)
2. Large private company (The proportion of debtors who work for large private companies is at **30%** of the account receivable portfolio.)



## Our Financial Services

We focus on developing a wide range of financial services for our customers. Lease IT deliver comprehensive services specifically designed to support Small and Medium Enterprises (SMEs). Our services are divided into several categories to offer entrepreneurs assistance from the beginning to end of a project. These services include Leasing, Hire Purchase, Factoring, Bid Bond, Project Backup Financing, Letter of Credit (L/C), and Supplier Finance Program.

## 1 Increase Competitiveness

### Bid Bond

Lease IT enhances SMEs competitiveness by offering credit, according to value of bid bond, to support the issuance of a bank guarantee to those customers who want to bid on government or state enterprise projects.



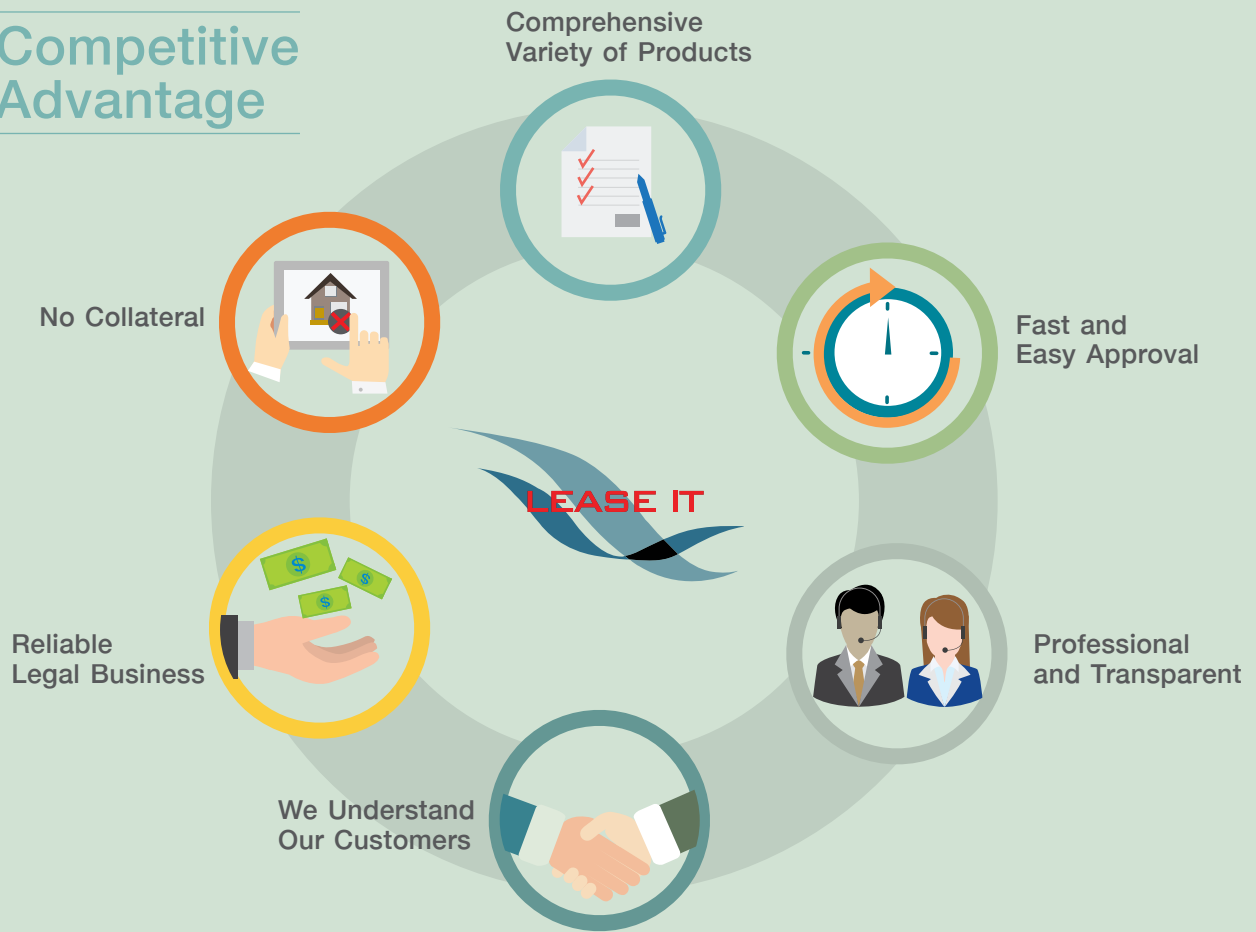
### Letter of Credit (L/C)

The Company offers financial service in form of Letter of Credit (L/C) to SMEs customers who want to import goods. Customers who use our L/C service are offered to use Project Backup Financing for payment of imported goods as well.



### Letter of Guarantee

# Competitive Advantage



## 2 Provide Capital



### Project Backup Financing

Let Lease IT be a part of your success by offering you Project Backup Finance, which offer you loan for your business or government project.

## 3 Increase Cash Flow

### Leasing & Hire Purchase

The Company offers Leasing and Hire Purchase for entrepreneurs who want to buy and lease assets such as IT device, software and computer, machine, vehicle or any other equipment, on the condition that those assets must have leasing agreement with government, the state enterprises or large private enterprises.



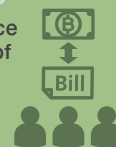
### Factoring

The Company provides factoring service, which is the purchase of receivables. Approximately we offer 70-90 percent of value of invoice. Factoring allows SME to receiving immediate cash payment without waiting for credit term due. The Company typically purchases receivables without having collateral but there is the assignment of accounts receivable of customers to the Company.



### Supply Chain Finance

Similar to Factoring, Supplier Finance program allows the SME suppliers of the Company who joins Supplier Finance program to receive immediate cash payment without waiting for credit term due of the seller. By doing this, supplier can improve their cash flow while the seller company, who joined the program, can improve their supply chain.



Pre-Finance

Post-Finance

Grow together



## Message to Shareholders



The Corona Virus Crisis 2019 impacted people from all walks of life globally, and it continuing spread around the world in 2020. All industries have been impacted by the Covid-19 Crisis with varying degrees of severity despite it's size and whether it is domestic or international Thailand's backbone business i.e. travels, hotel, airline and various modes of transportations - domestic or international also have been affected by Coronavirus. The lifestyle pattern need to be changed to a new concept to cope with this situation under 'new' normal.

Lease IT is another business that has been impacted by the pandemic during the government's imposed lock down. Various activities had to come to a sudden stop. Any business that the Company can undertake will continue in order to minimize the impact to our customers. As meeting clients face to face has become difficult, the Company launched a new online channel for SMEs who want to apply for loan products through The "3 easy steps to safely apply for loan at home by clicking [www.leaseit.co.th](http://www.leaseit.co.th)" campaign which has received good response from customer Activities that involved congregation of people is banned resulting in the postponement of the Annual General meeting to August 2020 and the Company paid interim dividend to alleviate the economic impact on shareholders. With regards to the employees, as the Company can continue to operate business there is no policy to reduce headcounts which greatly boosted the employees' morale. The Company implemented several measures to reduce the risk of contracting the disease e.g. car pool, alternate working days, alternate office hours, alternate lunch breaks, work from home etc. It is undeniable that the technology has played greater roles. The Company continues to develop its operating systems to accommodate the customers' evolving needs and changing behaviors e.g. introduce robotic process automation to Data security, in order to prepare for the enforcement of Personal Data Protection Act (PDPA). The Company can overcome the crisis the past year, Thanks to the perseverance of employees and the support from our valued customers. I would like to thank our customers, shareholders, directors and all employees who have been supportive to the Company to overcome challenges. Although the results did not go according to the plan, the Board of Directors, management and every employees still continue to focus on strengthening the Company's performance for future sustainable growth. The Company continues to maintain the proportion of loan portfolio between public debtors and private sector at 70:30, Loan approval process have been more strength and careful the Company continues to preserve its competitive advantage i.e. 'speediness" which is considered the Company's unique strength. In addition to striving for economic achievement, the Company continues to perform with accountability to the community, society and the environment, which will bring in the business sustainability and benefit to all stakeholders according to sustainable development of global community (SDGs).

This is the first year that the Company 1 among 124 registered companies that is selected to join the list of SET's Thailand Sustainability Investment 2020. However, the Company shall strive to continue doing business by considering the community, society, environment under good corporate governance and take into account every stakeholders for sustainable growth in the future.

**Police General Jate Mongkolhutti**  
Chairman of the Board

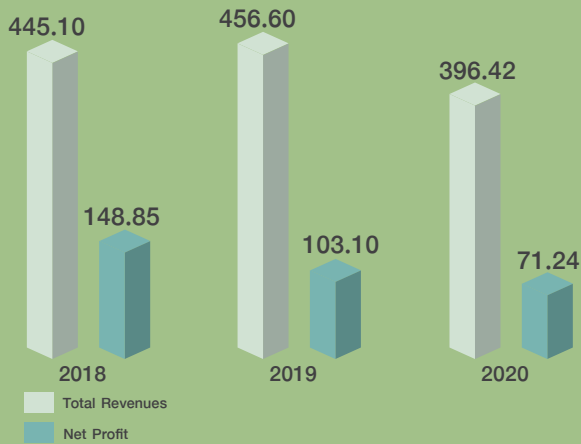
**Mr. Sompon Aketerajit**  
Managing Director & CEO



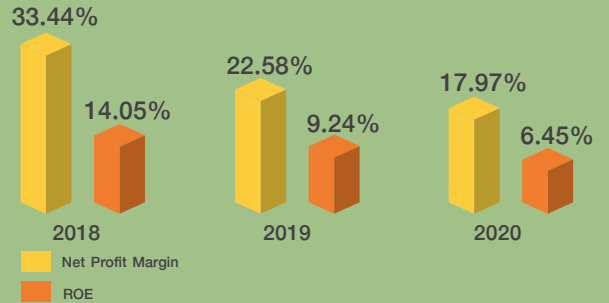
# Financial Highlights

(Unit : MB)

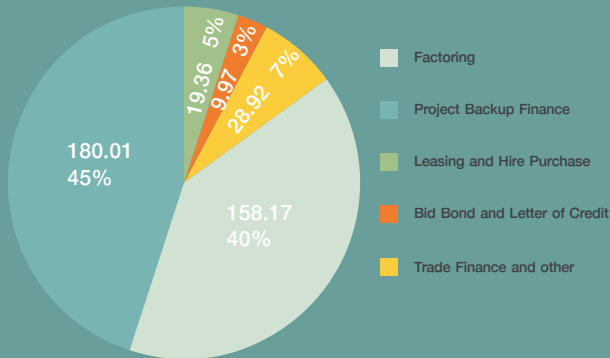
### Total Revenues & Net Profit



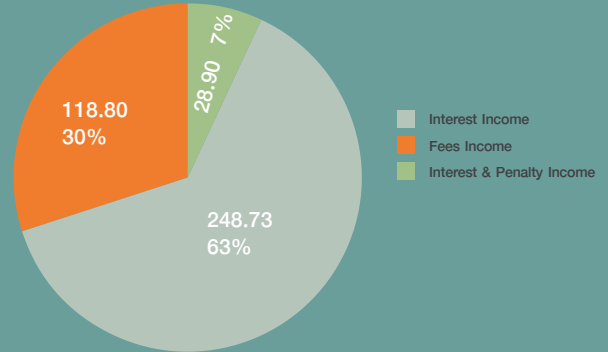
### Net Profit Margin & ROE



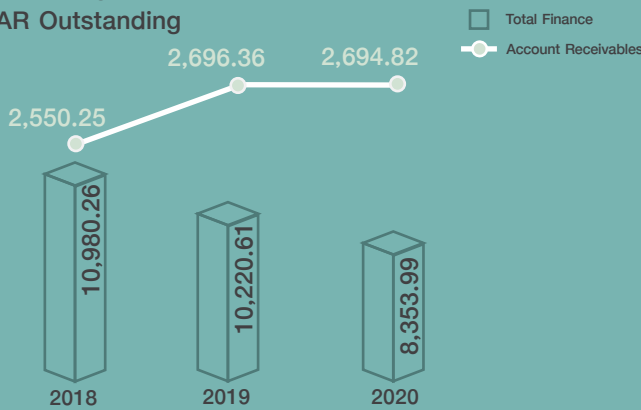
### Product Contribution



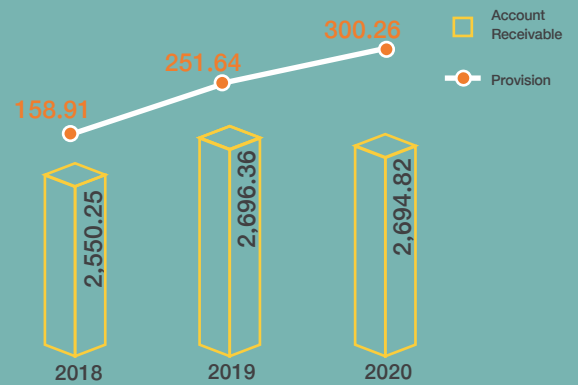
### Revenue Contribution



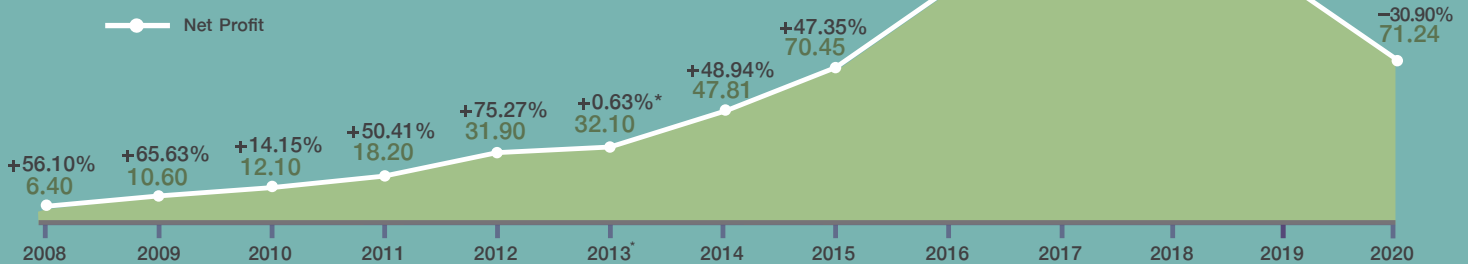
### Financing Amount & AR Outstanding



### AR Outstanding & Provision



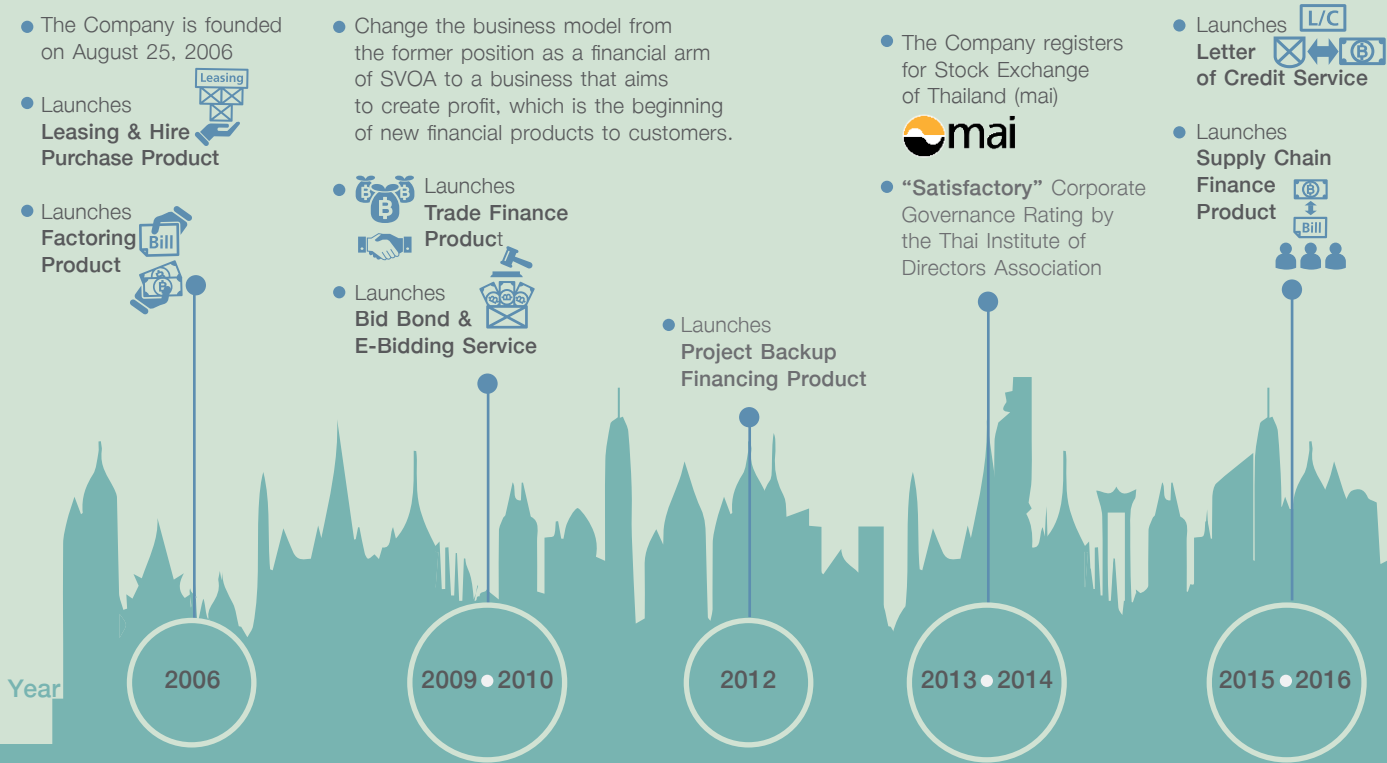
### Road Map of Net Profit



\* Changing in accounting policy for revenue recognition

# Key Development

Today, we focus to serve and finance SMEs and want them to reach an alternative source of funds. We aim to be the solution for our customers to help them with their business growth and success, ultimately becoming their true financial partner.



# Awards & Recognition

Over the years, we have been honored to receive various awards from leading organizations that represent our accomplishments and success as a company.



## “Best Investor Relations Awards” and “Outstanding Investor Relations Awards”

Among listed companies in the Market for Alternative Investment (mai), organized by SET-The Stock Exchange of Thailand. Lease IT received the “Best Investor Relations Awards” in SET Awards 2017 and received the “Outstanding Investor Relations Awards” in both SET Awards 2017 and 2018.

- The Company Issue and offer to sell warrants "LIT-W1"

• **"Excellent"** Corporate Governance Rating by the Thai Institute of Directors Association



• **"Best Investor Relations Awards"** Among listed companies in the Market for Alternative Investment (mai), organized by SET Award 2017



• **"Outstanding Investor Relations Awards"** Among listed companies in the Market for Alternative Investment (mai), organized by SET Award 2017



- The Company set up a new subsidiary which provides credit analysis, namely LIT Service Management Co., Ltd.



• **"Outstanding Investor Relations Awards"** Among listed companies in the Market for Alternative Investment (mai), organized by SET Award 2018



• Thailand Top Company Awards 2018 **"Best Business Alliance of the Year Award"**



• **"Excellent"** Corporate Governance Rating by the Thai Institute of Directors Association



• TRIS Rating assigns the Company Rating at **"BBB-"** Investment Grade with a **"Stable"** outlook.



• **"Excellent"** Corporate Governance Rating by the Thai Institute of Directors Association



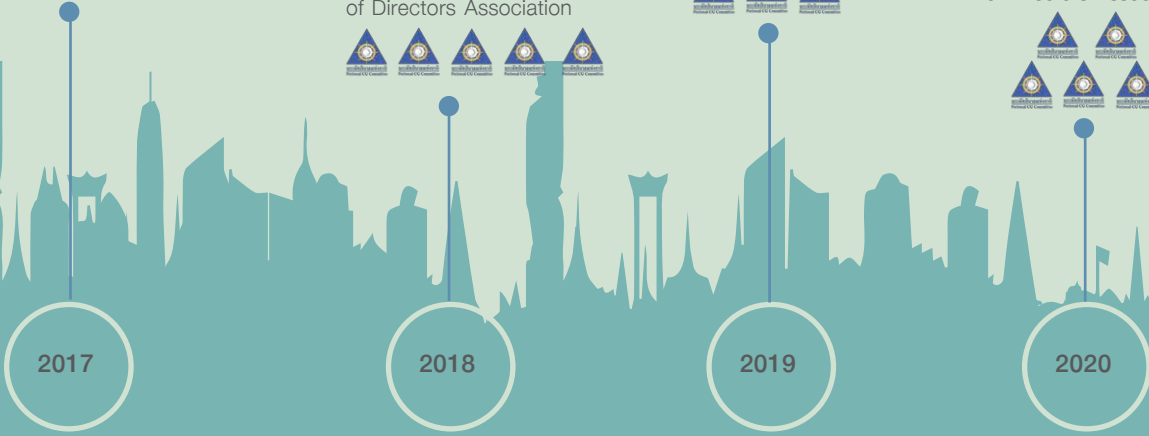
- Authorized to operate personal loan

- Establishing a new subsidiary which provides an electronic installment payment service, namely Ulite Digital Co.,Ltd.

• Awarded **Thailand Sustainability Investment 2020 (THSI)**



• **"Excellent"** Corporate Governance Rating by the Thai Institute of Directors Association



Moving forward



**"THAILAND TOP COMPANY AWARDS 2018 "BEST BUSINESS ALLIANCE OF THE YEAR AWARD"**

By The University of the Thai Chamber of Commerce together with Business+ Magazine.

**"Excellent" Corporate Governance Rating**

Certified by the Thai Institute of Directors Association (IOD)

**Thailand Sustainability Investment 2020**

The award shows that the Company is not focused solely on the net profit but we care all stakeholders, social, community, environmental and corporate governance at the same time.

Success together





การเงินธนาคาร  
MONEY & BANKING MAGAZINE

SET  
AWARDS  
2020



# THSI THAILAND SUSTAINABILITY INVESTMENT 2020



## Thailand Sustainability Investment 2020



The company is one of the list of Thailand Sustainability Investment (THSI) 2020.

# Content

Page

## Part 1 Business Operation and Results

Chapter 1	Structure and operation of business groups	12
Chapter 2	Risk Management	44
Chapter 3	Driving business for sustainability	52
Chapter 4	Analysis and the management's explanations	77
Chapter 5	General Information and other important information	90

## Part 2 Corporate Governance

Chapter 6	Corporate Governance Policy	92
Chapter 7	Corporate governance structure and important information about the board Sub-committees, management, employees and others	106
Chapter 8	Corporate Governance Report	120
Chapter 9	Internal control and related transactions	133

## Part 3 Financial Statement 142

## Annex

Annex 1	Details of Directors, Management, Controlling Person assigned to the highest responsibility in accounting and finance those assigned to take direct responsibility for accounting supervision. Company secretary	229
Annex 2	Details of the subsidiaries' directors	244
Annex 3	Details of the Internal Audit Supervisor	245
Annex 4	Assets of the Company	246
Annex 5	Policy and practice of corporate governance and business ethics	247
Annex 6	Audit Committee Supervision Report Year 2020	267

## 01 Structure and operation of business groups

### Policies and Overall Business Operations

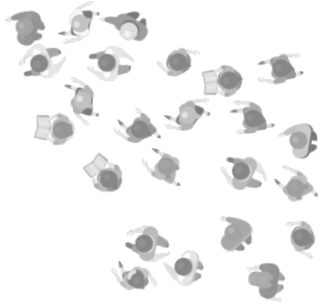
Lease IT Public Company Limited (the “Company”) was incorporated on the 25<sup>th</sup> of August 2006 with a registered capital of 200 million Baht, with a paid up capital of 60 million Baht. The SVOA Public Company Limited is the majority shareholder with 99.99 percent of the stake in the business. Initially, the business objective was to support the trade of the SVOA group. The Company was a financial company (Financial Arm) of SVOA that provided loan, financial leases (Leasing) and loan purchase agreements (Hire Purchase) by targeting at those customers who were previously suppliers to the group of SVOA. The customers who were using the SVOA’s products had the privilege to use accounts receivable (Factoring) financing in case they need working capital prior to the maturity of account receivable.

The significant growth of the information technology in businesses (“Information Technology” or “IT”) made the IT products to be so versatile and diverse in terms of different products in different markets. Meanwhile, due to the fact that SVOA was originally focused on some market products, the Company turned to financing of goods outside the SVOA group as well as expanding credit facility beyond IT products in order to manage and compete with the same type of business competitors more effectively.

After the business model changed, as discussed above, the Company emphasized more on growth and business competitiveness by developing a model of financial products so as to continue doing business in order to satisfy customer needs and to offer credit to serve every industry, not only serve in IT sector. To do so, the Company added more variety of credit facilities such as Bid Bond, Project Backup Financing including Trade Finance.

On the 16<sup>th</sup> of May 2013, the Company has become a public company, therefore changed its name to Lease IT Public Company Limited.

The Company has 2 subsidiaries which are LIT Services Management Co.,Ltd., provide credit data analysis service and Ulite Digital Co.,Ltd., provides an electronic installment payment service.



The Company provides credit services to customers who are entrepreneurs in small and medium enterprises who face limitations in having loans from financial institutions. Such services were divided into 8 main categories:

- 1. Leasing** : credit service in the form of financial lease or contract within a term of more than 3 years, typically dealing with the government agencies, state enterprises, or large private enterprises.
- 2. Hire Purchase** : credit service in the form of an installment contract within a term of less than 3 years, including lease agreements with government agencies, state enterprises, or large private enterprises.
- 3. Factoring** : The transfer of right of claims primarily through a purchase accounts receivable from a group of business operators owed by government agencies, state enterprises, or large private enterprises. The Company purchases the accounts receivable at a discounted price approximately 30-100 percent of the face value.
- 4. Bid Bond** : credit facility in the form of a tender guarantee for individual entrepreneurs who want to bid for government agencies' and state enterprises' projects. Currently the Company also offers Bid Bond product in form of E-Bidding in order to response to government policy which using Electronics Government Procurement.
- 5. Project Backup Financing** : provides funding for the procurement and/or preparing the pre-finance products prior to delivery of products to government agencies, state enterprises, or large private enterprises.
- 6. Trade Finance** : provides products to a group of customer/entrepreneur who lacks of funds in the procurement process of products delivered to government agencies, state enterprises, or large private enterprises.
- 7. Letter of Credit (L/C)** : The Company offers financial credit in form of Letter of Credit to guarantee the payment of buyer. By using Letter of Credit, the seller will receive payment after delivering goods and the buyer will pay after receiving goods.
- 8. Supplier Finance** program allows the suppliers of the Company who joins Supplier Finance program to receive immediate cash payment without waiting for credit term due of the seller. By doing this, supplier can improve their cash flow while the seller company, who joined the program, can improve their supply chain

The Company offers a full range of credit facilities, which allows entrepreneurs to perform operations starting bidding from products procuring, or lending money for procuring products. Customers can handover products to the counterparty. After delivering and being approved, the transaction will be financed in the form of financial leasing, hire purchase or factoring.

## 1. Vision Objective and Goals

### Our Vision

To Create Opportunities for ALL

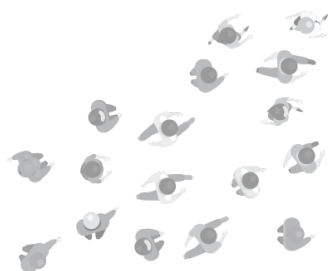
### Our Mission

We strive to offer entrepreneurs, small and medium enterprises (SMEs) access to capital for their businesses by activating alternative funding sources outside the financial sector (Non-Bank), Ultimately leading to higher levels of relationships as partners (True Financial Partner)

### Business Goals

The Company aims to be a non-financial source of alternative fund for Small and Medium Enterprises (SMEs) which cannot access to source of funds, encountering restrictions on collateral or duration of the operating business less than 3 years, not being supported by financial institutions even through executives and staffs have good experience and skill in doing business and have potential to grow. Such businesses normally require funding outside the system (private lender) which is a barrier to expand their business. Thus, the Company considers developing a variety of financial products/services to provide total financial solutions for entrepreneurs. The goals are as follow:

1. Be the principal operator (Non-financial institution) that provides credit support for financial lease and hire purchase contracts in order to provide equipment for education to the government education sectors.
2. Be the principal operator (no financial institutions as shareholders) that support factoring by emphasizing on buying debt reduction of government trade sector.
3. Developing the various types of product (Tailor Made) in order to serve customers for choosing the service's options to increase the competitiveness against their competitors with increasing in the number of sales revenue, for example, Project Backup Financing, Trade Finance and Bid Bond, which the Company developed financial service in form of E-Bidding in order to support Electronics bidding system from Government Procurement and Letter of Credit in order to enhance the efficiency of our customer's supply chain.



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of Thailand's  
**Top Non-Bank**  
Lenders for **SMEs**



## Key Development

### 2007- 2014

- Registered capital has increased from 60 million Baht to 100 million Baht and fully paid up.
- Starting a business service supplier (Trade Finance) for those customers that were using existing financial products, whether loan financial leases, hire purchase loans, or transfer right of claims.
- Starting Bid Bond facility by acting as an intermediary between the bank (guarantees) and those customers who were entrepreneurs.
- Starting a set of business operations to support Project Backup Financing for customers of the Company who have good records in terms of skills and capabilities toward the work on that project but there were some restrictions on working capital. The debtors who facilitate the government projects was emphasized.
- Reducing the share capital from 200,000,000 Baht to 100,000,000 Baht by reducing the par value of shares from 10.00 Baht per share to 5.00 Baht per share, resulting in an authorized capital of 100,000,000 Baht consisting of 20,000,000 shares at 5.00 Baht and paid in full amount.
- Converting to a public company limited since May 16, 2013
- Changing the par value of shares from 5.00 Baht per share to 1.00 Baht per share. (20,000,000 shares capital with a par value of 5.00 Baht to 100,000,000 shares capital with a par value of 1.00 Baht)
- Increasing the registered capital 16,000,000 Baht from the existing registered capital 100,000,000 Baht. The total registered capital is 116,000,000 Baht through issuing 16,000,000 new ordinary shares at par value of Baht 1.00 per share allocated to Dr.Prasit Kanjanasakchai. This was a private placement offered Baht 1.50 per share.
- Increasing the registered capital 84,000,000 Baht from the existing registered capital 116,000,000 Baht. The total registered capital is 200,000,000 Baht through issuing 84,000,000 new ordinary shares at par value of Baht 1.00 per share. The details of the allocation is listed as follows:
  - 1.) Allocation of ordinary shares of 33,600,000 common shares to shareholders of the SVOA. Quantity of the shares depended on the shareholders in SVOA. (i.e., shareholders had the privilege of pre-emptive right)
  - 2.) Allocation of ordinary shares of 46,200,000 common shares to the public.
  - 3.) Allocation of ordinary shares of 4,200,000 shares to directors and employees of the Company.

In case of the remaining share from the reserved shares of SVOA's shareholders according to (1) an offer to sell such shares to the public in (2) would have been taken place.
- During 12-14 March 2014, the Company has offered to sell ordinary shares to the shareholders and holders of preferred shares SVOA in the proportion of shares held by the shareholders in SVOA, the total amount of 33.6 million common shares with a par value of THB 1.00 per share in the offering price per share of 1.80 Baht.
- During 17-19 March 2014, the Company has offered to sell ordinary shares to the public, directors and employees of the total 50.4 million common shares with a par value of THB 1 per share in the offering price per share of 1.80 Baht. The Company registered the issued and paid up capital from 116,000,000 Baht (ordinary shares of 116,000,000 common shares at par value of Baht 1.00 per share) to 200,000,000 Baht (ordinary shares of 200,000,000 common shares at par value of Baht 1.00 per share) with the Ministry of Commerce on March 20, 2014. The Stock Exchange of Thailand approved ordinary shares and began trading on 25 March 2014. The expenses related to the sale of such shares in the amount of 4.5 million Baht (THB 1.1 million net of tax). The Company treated as a deduction from share premium.

## 2015

- 15 January 2015, Board of Directors has approved the issuance and offering of Bill of Exchange, not over 270 days, with the total face value limit of 600 million Baht in form of general offering or limited to institutional investors and/or high net worth investors or limited face value at 10 bills at a time. The filing and prospectus to offer Bill of Exchange has been approved by The Office of the Securities and Exchange Commission on 23 January 2015. This resulted that the Company is able to reduce financial cost significantly.
- 16 February 2015, Board of Directors has approved the issuance and offering of debenture with the limit of 500 million Baht, which proposed to the Annual General Meeting No.2/2015 on 10 April 2015, and the meeting had consensus voted to issue and offer debenture of the Company with the limit of 500 million Baht.
- 29 April 2015, Issuance the Name-Registered Non-Subordinated Unsecured, Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 150,000 units, Face value per unit 1,000 Baht, total issue amount 150,000,000 Baht, the redemption date in year 2018, rate 5.25% "Debenture of Lease IT Public Company Limited No.1/2558 (2015) due B.E. 2561 (2018)", paid in April 29, 2018.
- 9 July 2015, Issuance the Name-Registered Non-Subordinated Unsecured, Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 200,000 units, Face value per Unit 1,000 Baht, total issue amount 200,000,000.00 Baht, the redemption date in year 2017, rate 5.30% "Debenture of Lease IT Public Company Limited No.2/2558 (2015) due B.E. 2560 (2017)", paid in July 11, 2017
- 16 October 2015, the Company launch new financial product, which is Letter of Credit (L/C) with the cooperation with Krungthai Bank PCL.

## 2016

- 1 June 2016, Issuance the Name-Registered Non-Subordinated Unsecured, Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 150,000 units, Face value per Unit 1,000 Baht, total issue amount 150,000,000.00 Baht, the redemption date in year 2019, rate 5.25% "Debenture of Lease IT Public Company Limited No.1/2016 due B.E. 2019", paid in June 4, 2019.
- 15 November 2016, Board of Directors has approved the issuance and offering of Bill of Exchange, not over 270 days, with the total face value limit of 900 million Baht in form of general offering or limited to institutional investors and/or high net worth investors or limited face value at 10 bills at a time. The filing and prospectus to offer Bill of Exchange has been approved by the Office of the Securities and Exchange Commission on 2 December 2016 for working capital.

## 2017

- 14 February 2017, issuance and offering of debenture with the limit of 1,000 million Baht.
- 15 February 2017, issuance of not more than 160,000,000 units of warrants to purchase ordinary shares in the Company (LIT-W1) to the Company's existing shareholders by way of rights issue at the ratio of 5 ordinary shares to 4 unit of Warrants with the offering price at Baht 2.5 .
- 3 April 2017, the Company has amended to the Company's Memorandum of Association so as to increase the Company's registered capital for another Baht 100,000,000, divided into 100,000,000 shares at the par value of Baht 1 each, from the existing registered capital of Baht 200,000,000, to be new registered capital Baht 300,000,000, divided into 300,000,000 shares at the par value of Baht 1 each. The allotment are the follows:
  - 1.) 20,000,000 new shares be allotted to reserve for the distribution of stock dividend; and
  - 2.) 80,000,000 new shares be allotted to reserve for the exercise of the Warrants (LIT-W1), which are issued and offered to the existing shareholders by way of rights issue. Any new shares remaining due to non-exercise of the Warrants will be subject to the consideration of the shareholders' meeting.

- During 17-21 April 2017, the Company has offered to sell the warrant (LIT-W1) to the Company's existing shareholders by way of rights, in total amount of 160 million unit of warrants with the offering price at Baht 2.5. And the Stock Exchange of Thailand approved the warrant (LIT-W1) and began trading on 3 July 2017.
- 19 April 2017, the Company has distributed the dividend to the Company's shareholders in form of cash and stock dividend as follows:
  - a. stock dividend in total amount of 19,999,532 ordinary shares with the par value of Baht 1.
  - b. cash dividend at the rate of 0.0112 Baht per share.
- 2 May 2017, Issuance the Name-Registered Non-Subordinated Unsecured Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 85,000 units. Face value per Unit 1,000 Baht, total issue amount 85,000,000 Baht, the redemption date in year 2020, rate 5.75%, name that "Debentures of Lease IT Public Company Limited No.1/2560 (2017) due B.E. 2563 (2020)".
- 22 August 2017, Issuance the Name-Registered Non-Subordinated Unsecured Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 300,000 units. Face value per Unit 1,000 Baht, total issue amount 300,000,000 Baht, the redemption date in year 2020, rate 6.00%, name that "Debentures of Lease IT Public Company Limited No.2/2560 (2017) due B.E. 2563 (2020)", paid in February 24, 2020.
- The warrants (LIT-W1) were exercised during the year 2017 as detail follows:

(No.) Date	No. of Warrants (Units)	No. of Ordinary Share (Shares)	Paid Up Capital (Shares)
(1) 25/7/2017	150,248	75,124	220,074,656
(2) 25/10/2017	2,800	1,400	220,076,056

## 2018

- 1 February 2018, Issuance the Name-Registered Non-Subordinated Unsecured Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 315,000 units. Face value per Unit 1,000 Baht, total issue amount 315,000,000 Baht, the redemption date in year 2020, rate 6.00%, name that "Debentures of Lease IT Public Company Limited No.1/2561 (2018) due B.E. 2563 (2020)", paid in January 31, 2020.
- 9 February 2018, issuance and offering of debenture with the limit of 2,000 million Baht.
- 8 March 2018, the Employee Joint Investment Program No.2 (EJIP No.2) which Phillip Securities (Thailand) Public Company Limited is the program management agent. The program lasts for 3 years (April 2018 – March 2021).
- 10 May 2018, established a new subsidiary company "LIT Service Management Co., Ltd." with registered share capital of Baht 5 million, holding 100% interest. The principal business operations of the subsidiary are providing the data information and credit analysis include the project management.
- 27 June 2018, Mr. Thienchai Srivichit has resigned from the Director and the Vice President of Board Director and appointment Ms. Parichatara Laotheerasirivong to be the Director in replacement of Mr. Thienchai Srivichit, who resign before the end of term, effective date on June 28, 2018.
- The warrants (LIT-W1) were exercised during the year 2018 as detail follows :

(No.) Date	No. of Warrants (Units)	No. of Ordinary Share (Shares)	Paid Up Capital (Shares)
(1) 25/1/2018	4,000	2,000	220,078,056
(2) 25/4/2018	1,145,000	572,500	220,650,556
(3) 25/7/2018	130,000	65,000	220,715,556
(4) 25/10/2018	6,700	3,350	220,718,906

## 2019

- 20 March 2019, Issuance the Name-Registered Non-Subordinated Unsecured Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 200,000 units. Face value per Unit 1,000 Baht, total issue amount 200,000,000 Baht, the redemption date in year 2021, rate 6.25%, name that "Debentures of Lease IT Public Company Limited No.1/2562 (2019) due B.E. 2564 (2021)".
- 9 April 2019, Relocate the new office to MS Siam Tower, 29<sup>th</sup> floor, Rama 3 Rd., Chongnonsi, Yannawa Bangkok
- 24 September 2019, Announcement of intention to participate in the celebration of the promotion of the capital market, good governance to strengthen the capital market for His Majesty the King Rama X. By operating business responsibly Taking into account the benefits to society. And the environment Which will bring lasting benefits for the business Benefits of related parties And the benefits of society and the general public In line with the Sustainable Development Goals (SDGs) of the world community.
- 29 October 2019, Issuance the Name-Registered Non-Subordinated secured Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 150,000 units. Face value per Unit 1,000 Baht, total issue amount 150,000,000 Baht, the redemption date in year 2019, rate 5.00%, name that "Debentures of Lease IT Public Company Limited No.2/2562 (2019) due B.E. October 29, 2563 (2020)", paid in October 29, 2020.
- 12 November 2019, TRIS Rating assigns the Lease IT 's Company Rating at "BBB-" Investment Grade with a "Stable" outlook.
- 19 December 2019, Issuance the Name-Registered Non-Subordinated secured Non-Convertible Medium-Term Debenture Certificate with no debenture holders' representative divided into 520,600 units. Face value per Unit 1,000 Baht, total issue amount 520,600,000 Baht, the redemption date in year 2021, rate 5.25%, name that "Debentures of Lease IT Public Company Limited No.3/2562 (2019) Set 1 due B.E. 2564 (2021)".
- 19 December 2019, Issuance the Name-Registered Non-Subordinated secured Non-Convertible Medium-Term Debenture Certificate with no debenture holders' representative divided into 393,000 units. Face value per Unit 1,000 Baht, total issue amount 393,000,000 Baht, the redemption date in year 2022, rate 5.50%, name that "Debentures of Lease IT Public Company Limited No.3/2562 (2019) Set 2 due B.E. 2565 (2022)".
- The warrants (LIT-W1) were exercised during the year 2019 as detail follows:

(No.) Date	No. of Warrants (Units)	No. of Ordinary Share (Shares)	Paid Up Capital (Shares)
(1) 25/4/2019	1,458,700	729,350	221,448,256
(2) 25/10/2019	2,400	1,200	221,449,456

## 2020

- 11 June 2020 the Company is authorized to operate personal loan business under Bank of Thailand's Regulation.
- 16 October 2020, established a new subsidiary company "Ulite Digital Co., Ltd." with registered share capital of Baht 10 million, holding 100% interest. The principal business operations of the subsidiary are providing an electronic installment payment service.
- 11 November 2020, the Company has been 1 of 124 listed company in Thailand Sustainability Investment Index 2020 (THAILAND SUSTAINABILITY INVESTMENT (THSI) 2020
- 13 November 2020, Issuanced the Name-Registered Non-Subordinated Unsecured, Non-Convertible Short-Term Debenture Certificate with no debenture holder's representative divided into 150,000 unit. Face value per unit 1,000 Baht, total issue amount 150,000,000 Baht, the redemption date in year 2021, rate 5.75%, name that "Debentures of Unsecured of Lease IT Public Company Limited No.1/2563 (2020) due B.E. 2564 (2021)".
- LIT Service Management Co.,Ltd., the subsidiary company is licensed to operate Pico Finance (Pico Plus) under Ministry of Finance's Regulation.

## 2. Use of funds for raising funds

### 2.1 Debentures

(1) The unsecured debentures of Lease IT Public Company Limited No.1/2020 due B.E. 2021

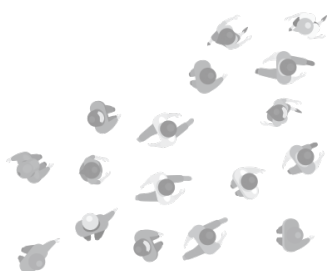
Use of fund	Amount	Period of Using fund	Progress of the Use of fund
For use in business	150 MB.	By December 2020	The Company has used the money to expand credit portfolio according to the stated objectives.

(2) Debentures of Lease IT Public Company Limited No.1/2019 due B.E. 2021

Use of fund	Amount	Period of Using fund	Progress of the Use of fund
For use in business	200 MB.	By May 2020	The Company has used the money to expand credit portfolio according to the stated objectives.

(3) Guaranteed debentures of Lease IT Public Company Limited No.2/2019 due B.E. 2020

Use of fund	Amount	Period of Using fund	Progress of the Use of fund
For use in business	150 MB.	By May 2020	The Company has used the money to expand credit portfolio according to the stated objectives.



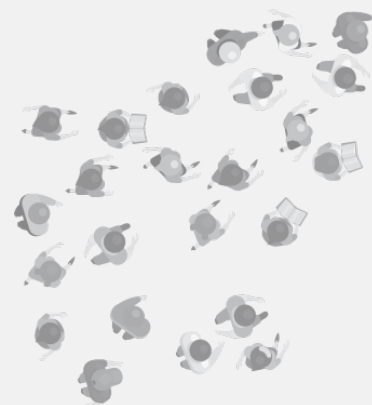
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Secured debentures of Lease IT Public Company Limited No.3/2019 Set 1 due B.E. 2021 and Lease IT secured Debentures No.3/2019, Set 2 Due 2022

Use of fund	Amount	During	Details / Progress of the Use of Money / Reasons and Measures in the Case of Non-Objective Money
To repay LIT201A debentures due on January 31, 2020 for 315 million Baht.	315 MB.	By January 2020	The Company has repaid the debentures on the maturity date in full. The rest have been expanded to the credit portfolio as stated of the objectives.
Debentures LIT202A matured on February 22, 2020, amounting to 300 million Baht.	300 MB.	By February 2020	
And LIT205A debentures matured on May 2, 2020, amounting to 85 million Baht.	85 MB.	By May 2020	
In addition to repay loans from financial institutions and/or bills of exchange Within March 2020, in the amount of 80 million Baht	80 MB.	By March 2020	
The rest are used to expand the Company's credit portfolio.	133.6 MB	By January 2021	

### Applicable Law

The terms of the rights are governed and construed in accordance with Thai law.



### 3. Certain covenants which the Company has to complied with debentures.

Debentures contain certain covenants which the Company has to comply with, such as financial ratios, dividend payment and disposal of assets, etc.

On 19 December 2019, the Company issued secured debentures which contain certain condition that the Company has to comply with, such as values of right transfer in cash receipts from trade receivables, loan receivables, factoring receivables, finance lease receivables and hire-purchase receivables must not less than 1.5 times of the Unredeemed debentures value throughout the period of those secured debentures.

### 4. Company Name, Location, Type of Business, Company Registered Number, Telephone and Fax.

Company Name	Lease IT Public Company Limited
The headquarters	1023 MS Siam Tower, 29 <sup>th</sup> floor, Rama 3 Rd., Chongnonsi, Yannawa, Bangkok 10120 Thailand
Nature of Business	Leasing, Hire Purchase, and Factoring including other financial services such as Bid Bond, Project Backup Financing, Trade Finance and Letter of Credit (L/C)
Company Registration Number	0107556000353
Tel.	0-2163-4260
Fax	0-2163-4291-4
Website	<a href="http://www.leaseit.co.th">www.leaseit.co.th</a>
Authorized Capital	300,000,000 Baht
Paid-up Capital	221,449,456 Baht
Listed share	221,449,456 Share
Par Value per share	1 Baht



# Nature of Business

## 1. Revenue Structure

Type of Income	Consolidated Financial Statement					
	2020		2019		2018	
	MB	%	MB	%	MB	%
<b>Interest Income</b>						
Financial lease contracts	9.08	2.29	13.61	2.98	17.31	3.89
Hire-purchase contracts	9.86	2.49	16.72	3.66	10.25	2.30
Factoring contracts	108.60	27.40	117.30	25.69	95.58	21.47
Loan contracts	121.19	30.57	143.30	31.38	134.09	30.13
<b>Total Interest Income</b>	<b>248.73</b>	<b>62.74</b>	<b>290.93</b>	<b>63.72</b>	<b>257.23</b>	<b>57.79</b>
<b>Fees and service income<sup>1)</sup></b>						
Financial lease contracts	0.38	0.10	0.23	0.05	2.48	0.56
Hire Purchase contracts	0.04	0.01	0.05	0.01	0.08	0.02
Factoring contract	49.57	12.50	41.26	9.04	40.39	9.07
Loan contracts	58.82	14.84	84.95	18.60	91.44	20.54
Bid Bond contracts	9.97	2.51	13.52	2.96	20.70	4.65
Letter of Credit contracts	-	-	1.25	0.27	1.36	0.31
Other	0.02	0.01	0.02	-	0.02	-
<b>Total fee and service income</b>	<b>118.80</b>	<b>29.97</b>	<b>141.28</b>	<b>30.94</b>	<b>156.47</b>	<b>35.15</b>
<b>Other income :</b>						
Trade Finance	1.53	0.39	0.78	0.17	-	-
Interest Income	-	-	-	-	0.71	0.16
Other Income <sup>2)</sup>	27.36	6.90	23.61	5.17	30.69	6.90
<b>Total other income</b>	<b>28.89</b>	<b>7.29</b>	<b>24.39</b>	<b>5.34</b>	<b>31.40</b>	<b>7.06</b>
<b>Total income</b>	<b>396.42</b>	<b>100.00</b>	<b>456.60</b>	<b>100.00</b>	<b>445.10</b>	<b>100.00</b>

Remarks : 1) Description of fee income and service

- Leasing and Hire Purchase refers to a series of fees mentioned in the contract and transfer to right
- Buying claims refer to the amount of contract and transfer to right
- Loan refer to credit analysis fee of LIT Service Management Co.,Ltd.
- Bid Bond refer to service fee

2) Other Income, such as interest income from late payment and scrap value etc.

3) Preparation of consolidated financial statement in 2018 due to the establishment of a subsidiary (LIT Service Management Co.,Ltd.) And then the Company established a subsidiary in 2020 (Ulite Digital Company Limited)



## 2. Our Product and Service

### (1) Characteristics of products / services and business innovation development

The Company is engaged in the business of providing financial service to customers who are small and medium enterprises (SMEs) with limited sources of fund from financial institutions. Our products can be divided into 8 categories:

#### (1.1) Leasing

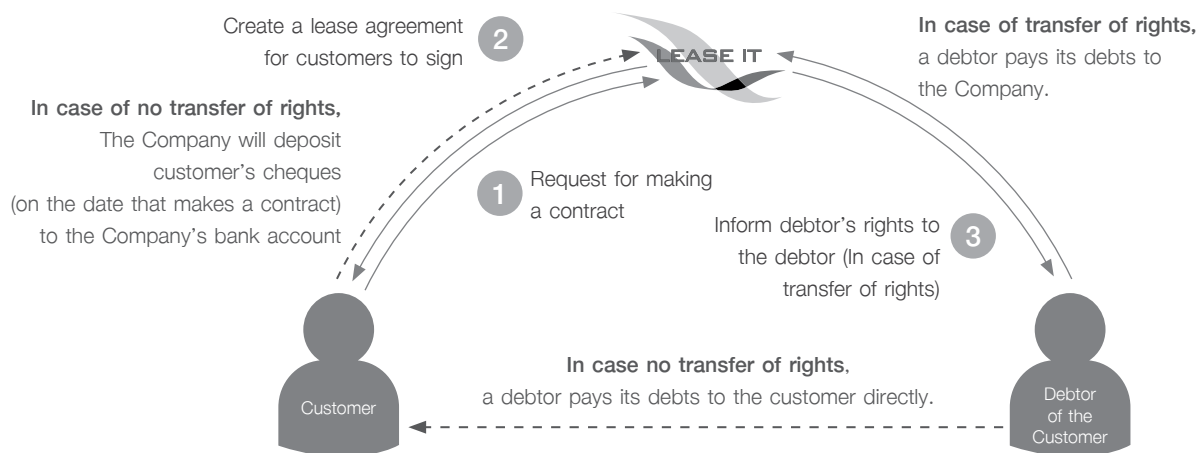
The Company provides leasing to entrepreneurs, who want to buy assets that has an agreement with the state enterprises or large private enterprises. The Company will buy assets from customer or any supplier and arrange leasing with customers. The ownership of the assets belongs to the Company, when installments fully made, the customer can decide to buy its. The Company must provide credit to customers at the rate of 70-100 of the product value with a fixed interest rate loan. Installment contracts provided for 3 years or more.

- **Assignment of Right of Claims** - process the assignment of right of claims to receive installment from the debtors of the customer to the Company. The Company will give notice of the transfer of assignment of right of claims receiving installment to the debtors of the customer (government agencies, state enterprises, or large private enterprises) by transferring the absolute rights. Sales and marketing departments will take transferred right documents to the debtor to sign for acknowledgment even though debtors of customer will make installment to the Company directly. However, the date for making a contract, customers must provide for post dated checks in advance according to installments. If the debtor of the customer does not pay the installment in due time, the Company will give the customer's cheque for payment to the Company instead. Later, if the debtor of the customer has made a payment, the Company will make a full refund of the payment to the customer immediately.
- **Without Assignment of Right of Claims** - process to receive the installment from the customer directly without assignment of right of claims in receiving installment from the debtor of the customer. Customer will give the post dated cheque on the date that makes a contract. Cheque must be post dated.

#### (1.2) Hire Purchase

The Company provides hire purchase to entrepreneurs, who want to buy assets such as computer devices, software, IT devices, appliances, including the equipment for education that has a lease agreement with the state enterprises or large private enterprises. The Company will buy assets from customers and arrange hire purchase with customers. In some cases, the Company may obtain the assets from the vendor (supplier) according to the needs of customers and arrange hire purchase with customers. The ownership of the assets belongs to the Company. When installment is fully made, the customer will acquire ownership of the assets. The Company must provide credit to customers at the rate of 70-100 of the product value with a fixed interest rate loan. Installment contracts provided for 3 years or more.

- **Assignment of Right of Claims** - process the assignment of right of claims to receive installment from the debtors of the customer to the Company. The Company will give notice of the transfer of assignment of right of claims for receiving installment to the debtors of the customer (government sector, state enterprises, or large private enterprises). Customer will give the post dated cheque on the date that makes a contract. Cheque must be post dated.
- **No assignment of claims** - process to receive the rent payment from the customer directly without assignment of claims in receiving installment payment from the debtor of the customer. Customer will give the post dated cheque on the date that makes a contract. Cheque must be dated prior to the due date of the contract.



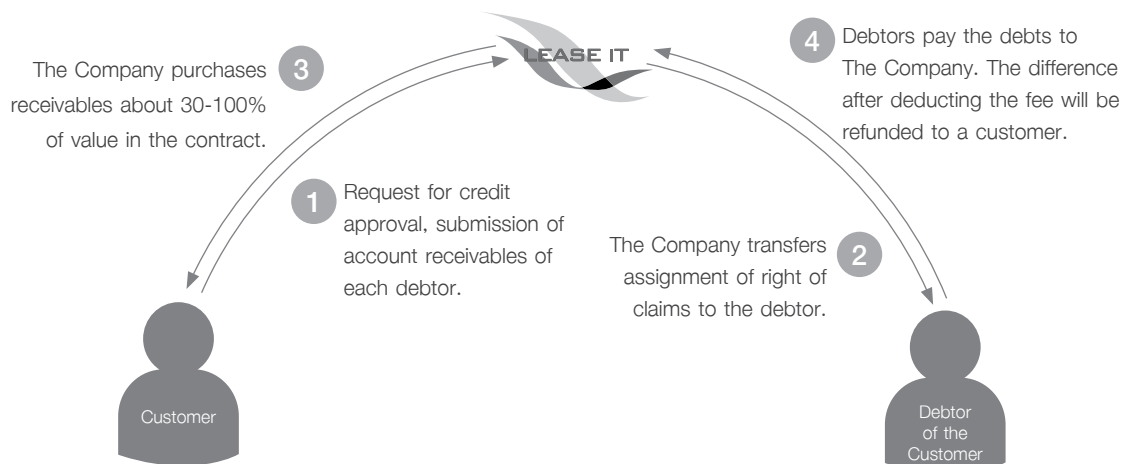
### The differences between “Leasing” and “Hire Purchase” agreement

Feature	Leasing	Hire Purchase
The purpose of lease	Long-term assets, or nearly throughout its lifetime	To asset owners
Proprietary	Belong to the lessor until the end of the lease agreement  At the end of the financial lease agreement, the lessee has the right to purchase the property.	Belong to the Company until he or she has paid installment and vested in full compliance with the terms of the lease. The right will belong to the high purchaser.
Term loans	More than 3 years	Less than 3 years

#### (1.3) Factoring

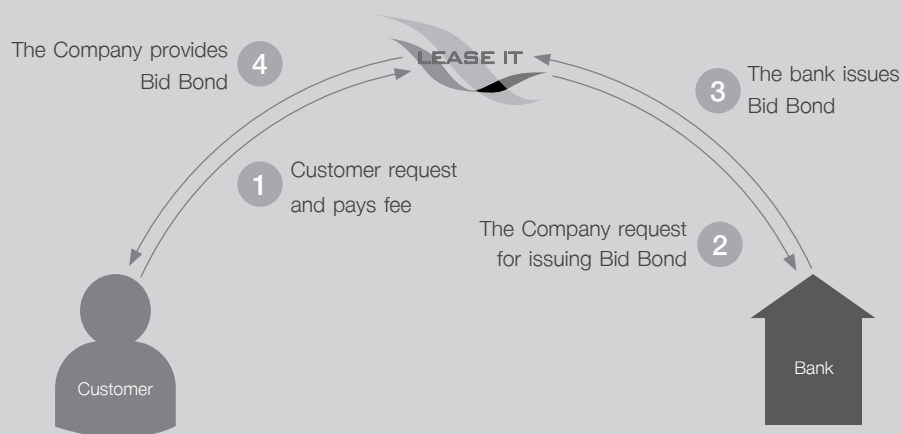
The Company provides factoring (short term credit) for working capital for entrepreneurs. The Company typically purchases receivables without having collateral but there is a transfer of commercial debt claims on customers to the Company. Transfer of rights (with recourse) means that the Company would have right to claim the customer. In case the debtor does not pay on time. The Company will focus on providing service to entrepreneurs, small and medium enterprises who need cash to current operations and business of trading goods and services without complexity in the context of the accounts receivable. For example, purchasing and selling in general, commodities or maintenance services of IT equipment, general office equipment. The Company usually avoids buying commercial debts by way of complex delivery terms because the goods and services might contain complicated disputes in

terms of the integrity of commercial debt (i.e., such as trade debt which results from the development of an IT system, or debt trades in the construction sector). As a result of that, the Company would focus on the purchase of accounts receivable mainly from the government agencies and state enterprises including large private enterprises. In most cases, the Company would purchase receivables less than 90 days all the way through the accounts receivable of approximately 30-100 percent of face value of the document. When payment is due, the Company would bill the amount directly to the debtor. After deducting interest and fees, the Company would refund the difference to customers. Interest rates would depend on the size of the business, financial position of customers, including the quality of the trade receivables.



### (1.4) Bid Bond

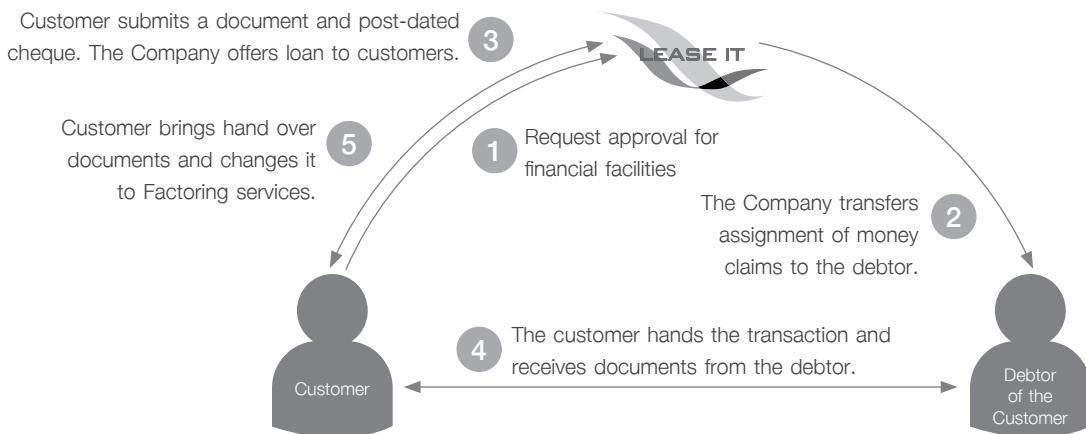
The Company started its business of providing Bid Bond in year 2010. The main goal was to support the issuance of a bank guarantee to those customers and operators who wish to bid in projects of the government agencies and state enterprises. The Company provides loans credit in accordance with the bid bond. Customers must present a bank guarantee or collateral returned to the Company on the agreed date. The Company will receive service payment in terms of fee. The Company will utilize credit facilities provided by the bank for issuing Bid Bond.



**(1.5) Project Backup Financing**

The Company provides credit to customers who need capital for the procurement of goods to be delivered to the government agencies, state enterprises, or large private enterprises. The applicants need a contract to deliver goods and services between the customer and the Company’s trade receivables for consideration. The loans take place in term of supporting projects for clients to supply or deliver goods and services are considered as high risk. Almost all customers have had business dealing records with the Company already and have a good payment record. In order to reduce such risks

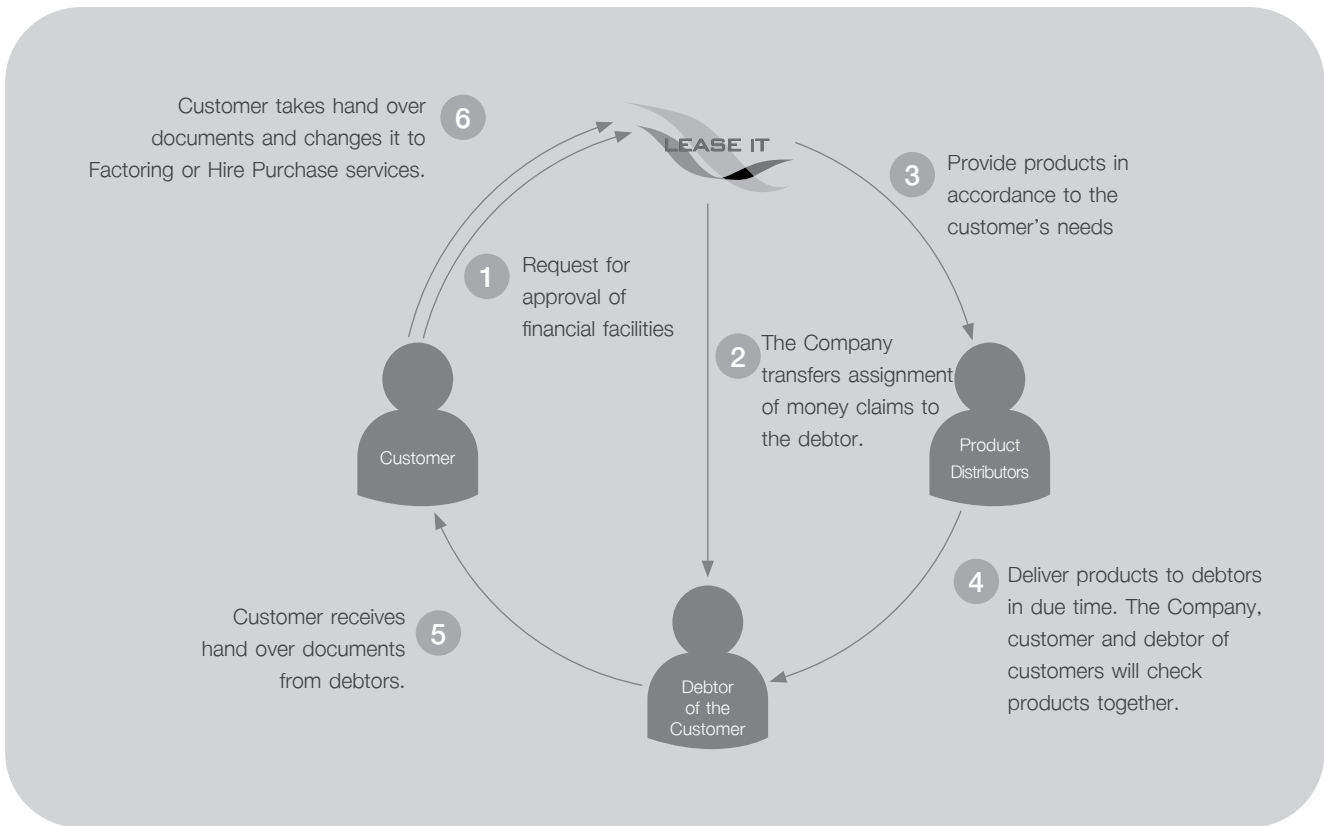
of integrity, it also requires the transfer of right of claims in payment of amounts through the Company. Once the customer has delivered the goods to the debtor and received the approval document. Most customers request for the factoring services with the Company, their intention is primarily to make a loan payment. However, in cases the debtor of the customer has delayed in hand over of transaction, and then the customer cannot hand over documents to the Company to receive factoring services within the due date. They will have to pay for the interest and penalty to the Company.



**(1.6) Trade Finance**

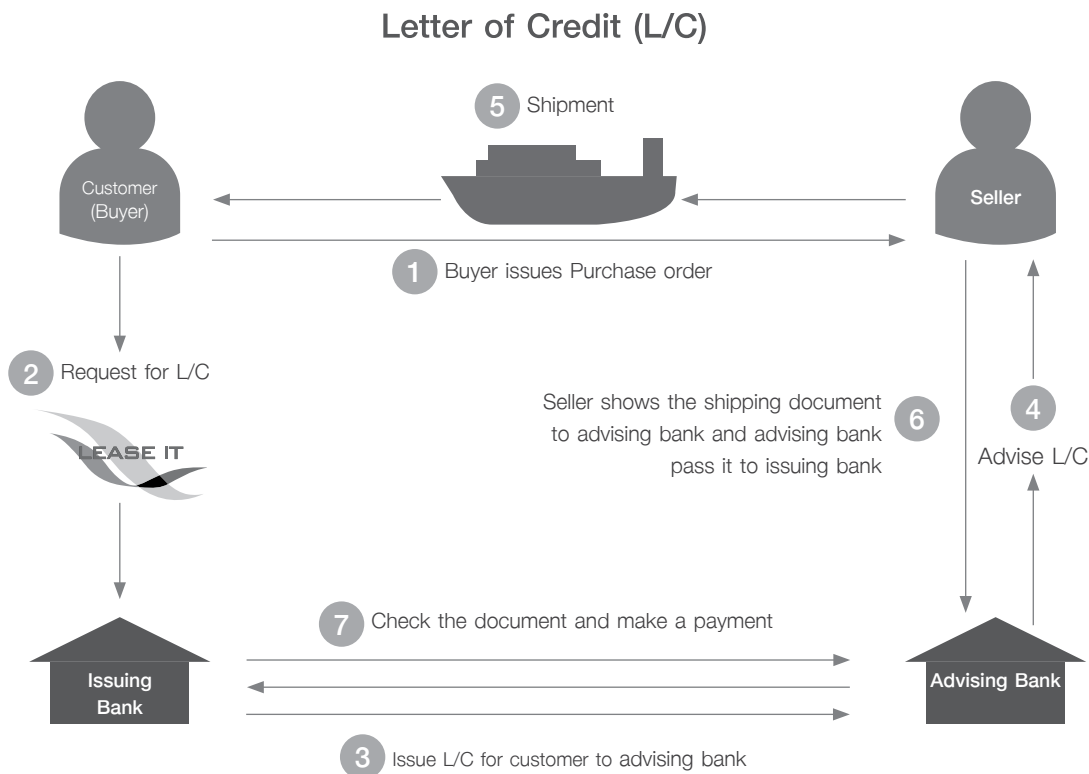
The Company arranges products for those entrepreneurs who lack of funds in order to supply the products to government agencies, state enterprises, or large private enterprises. The Company aims to continue to provide products from suppliers in accordance the customer needs and take the difference between cost price and sale price (sale price minus cost price). The Company will check the products together with the customer and the debtor on site. Trade finance is considered high risk; therefore, almost all customers are those customers who have previously had any business dealing records with the Company already and had a good payment record in the system. To reduce such risk, it also requires the transfer of right of claims in

payment of amounts supported by the Company or having a written authorization from the Company. In most of the case, after the Company has provided products for the customer and the customer has delivered them to the debtor and also received the approval document, the customer may request for factoring services, leasing services, or hire purchases services with the Company in order to assure the repayment of such loans. However, in cases the debtor of the customer has delayed in hand over transaction, that causes the customer cannot take hand over documents to the Company to receive loan within the due date. They will have to pay for the interest and penalty to the Company.



**(1.7) Letter of Credit (L/C)**

The Company offers financial credit in form of Letter of Credit (L/C) to customers. The Letter of credit is the document using to guarantee the payment of buyer. By using Letter of Credit, the seller will receive payment after delivering goods and the buyer will pay after receiving goods.

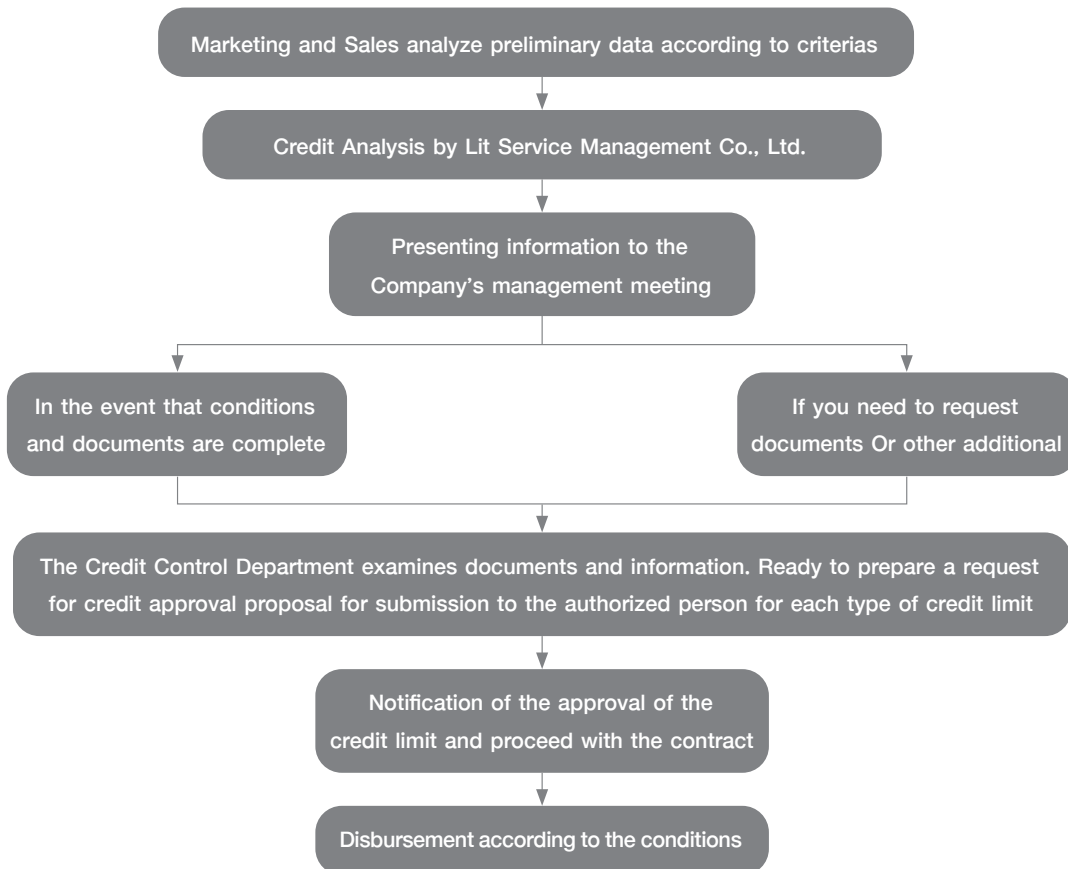


### (1.8) Supplier Finance

Supplier Finance program allows the SMEs suppliers of the Company who joins Supplier Finance program to receive immediate cash payment without waiting for credit term due of the seller. By doing this, supplier can improve their cash flow while the seller company, who joined the program, can improve their supply chain.



### Credit Approve Process



Guidelines for credit approval of the Company are as follows.

- 1) Initial consideration: Marketing and Sales Officer contacts, gathers information, collects customer documents for submission to LIT Service Management Co.,Ltd. (subsidiary).
- 2) LIT Service Management Co.,Ltd. conducts credit analysis by analyzing the leverage of customers and debtors, characteristics of the projects, ability to deliver goods or services of customers and evaluates the process of receiving repayment of debtors. The objective is to prove the debt status as to the extent to which it is reliable and the opportunities to receive money directly from the debtors mainly.
- 3) Verification Data and credit analysis: Credit analysts of LIT Service Management Co.,Ltd. will verify customer information, e.g. business registration, financial information, financial statements, bank statements, etc. from external and internal sources such as the Department of Business Development, Revenue Department, Business Online Plc., commercial banks, etc., including examination of trade receivables information, together with creation of Credit Approval by using the "Credit Policy" as guidelines on approving each type of credit so as to further present to the approval authority for credit approval. the Company will approve credit limit according to the policy of each product.
- 4) LIT Service Management Co., Ltd. and sales staff present information to the Credit Committee meeting in order to jointly find ways or possibility of credit approval. In the meeting will consist of :  
Lease IT PCL., :  
Managing Director, Assistant Managing Director, Operation Manager, Sale and Marketing Officer  
LIT Service Management Co.,Ltd : Managing Director and Credit Officer

In this meeting, credit approval is not yet approved. But the meeting is intended to provide guidelines and various limitations as well as the possibility to approve. At this stage, the Sales and Marketing Account will inform customers about preliminary consideration results so that the customers are informed of guidelines and various limitations as well as the possibility. In case of need to modify the conditions, the customers will be informed before allowing proceeding to the next step by considering 5 key points as follows.

- (1) The debtors must be the government sector or large private sector.
- (2) Ability to transfer the right to receive payment, If not possible, the authority to receive payment or use controlled account can be assigned to the Company to control payment.
- (3) The customers is a business operator in that industry.
- (4) The products that the customer will deliver to debtor are not complicated and without uncontrollable delivery conditions.
- (5) In case of problem that the debtor is unable to pay the debt, the customer has the ability to repay the Company.

After approved at the meeting, then proceed to enter into the process of applying for Credit Approval for approval in the next steps.

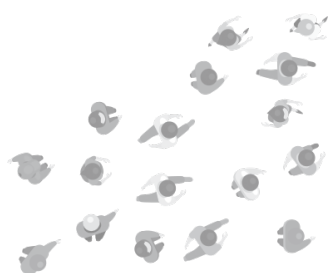
## Credit approval

The Company has set credit approval authority. With all types of loans as follows

(Unit: Million Baht)

No.	Credit Limit	Authorized person			
		Board of Director	Executive Director	Managing Director	Assistant Managing Director
1.	Customer	Not limited	-	100	3
2.	Debtor				
	2.1 Government [Per 1 Customer]/ (Per 1 contract)	Not limited	[50]/(40)	[50]/(20)	[3]/(3)
	2.2 Corporate [Per 1 Debtor]/(Per 1 Contract)	Not limited	[40]/(20)	[20]/(20)	[3]/(3)
3.	Credit limit that exceeds 5% from the approved limit of the Board, but not more than 10 million Baht.	Not limited	-	5% but not more than 10 MB.	-
4.	Changes in interest rates Fee and service income and profit margin from product sourcing	/	-	-	-

At the same time, the Company has set the debtor's credit limit. For the credit limit of government agencies or state enterprises, there will be no limit because the risk of inability to request payment is relatively low. Meanwhile, for the private sector debtors, the determination is based on the financial status and business profits of each debtor.



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## Control and monitoring of debtors

The Company keeps track of unpaid debts from the first day of the customer's outstanding payment. Whether the customer has problems from business operations or other factors that may cause default on payment, which make the Company unable to receive debt repayment, the Company has a unit to closely and regularly follow the customers. The Company adheres to debt collection that must be done as quickly and efficiently as possible. The debt quality of all customer groups will be closely monitored. The monitoring results are also reported to the executives on a weekly basis. Measures for monitoring will be taken as follows.

- 1) Not more than 3 months overdue, the Operation Department and the Sales and Marketing Department track customers to determine the cause of delay in such accounts receivable and negotiate on fixing debts and report the summary to the executive meeting.
- 2) Over 3 months overdue, there is no progress, a claim letter is issued by the Legal Department.
- 3) Over 4 months overdue, the customer cannot comply with the conditions previously negotiated. The Legal Department must send a claim letter.
- 4) For over 6 months overdue, the customer fails to comply with the agreement, the Company will refer the case to the Company's Legal Department (Outsource) to further take action against the customer. The Operation Department closely monitors the work.
- 5) In case of damage that clearly occurs, The Company takes legal proceedings for each measure simultaneously without waiting for the time or steps of each measure. It is necessary to implement all methods quickly and efficiently as possible.

## Business innovation development

The Company continually uses the credit scoring model to support Factoring. And have improved the conditions to be in line with the current.

In 2020, the Company improved the Core Business Application to be more modern and efficient for working. Also, the tool was provided and developed to store documents in the form of electronic file for easy storage and search. The Company has established measures for information security and has clearly specified the rights to access each type of information.

In 2020, the Company has brought Robotic Process Automation Program to help in various operation areas as follows:

1. To detect an unusual transaction by using AR Reconciliation
2. Get target list from website
3. Allocate the prospect customer's information to sale officer.

## (2) Marketing and competition

### (A) Marketing policy of significant products or services in the past year

In recent years, challenges have emerged, such as the trade war between the United States of America and China. The coronavirus disease (COVID-2019) spread situation affecting businesses around the world. Also have New technology developments, the rise of financial service providers, The Financial System has changed and forms and became more complex. The emergence of the COVID-19 epidemic has affected the overall economy of the country and all countries of the world.

Either large corporations, SMEs, or other self-employed people are affected. The Company has changed and reviewed its short-term and long-term operating plans as follows:

- In terms of credit approval, the Company has diversified port without focusing too much and any particular Business.
- Focus on the port of debtor in the government sector rather than the private sector in order to be a more quality debtor group
- More stringent in considering credit process.

- Focus more on online marketing to be prepared in the event of a new epidemic or similar event. Focusing on Digital Marketing to increase the proportion of online customers to account for not less than 50% of new customers.

The established marketing policies had little impact. The Company has set targets for credit customers divided into (1) SMEs whose customers are government agencies and state enterprises, 70% of the proportion (2) SMEs whose customers are large private companies, 30% of the proportion. And the Company has diversified into various types of customer businesses, not focusing on any particular business.

In addition to the aforementioned customer groups the Company also continues to set up policies, marketing guidelines and debtor risk management. With the focus on being a financial advisor to clients Moreover, the Company provides a channel for SMEs who are interested in using the service to access credit more conveniently by having a contact via the Company's website.



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of Thailand's  
Top Non-Bank  
Lenders for SMEs

## **(B) Competitive conditions within the past year industry and industry trends and future competition conditions**

### **Credit business typical of financial lease or leasing and hire purchase contract**

Leasing and hire purchase are different in ownership essentially. Upon expiration under the leasing contract, ownership will vest in the service provider (lender) while hire purchase ownership will vest in the tenant (borrower). Leasing has very high growth later as a result of the government's tax support for the tenants who are legal entities. Most credit providers will focus on providing asset services typical of automobiles or machines while not preferring giving IT credit due to technology limitations with relatively rapid changes. However, with the Company's expertise in the IT industry and such industry remains in demand in the educational sector of government agencies and state enterprises, which are the main debtor groups of the Company's emphasis on providing services, this will enable the Company to grow together with that industry. Furthermore, currently the Company is not limited to providing credit services to just the IT sector, but the Company has also expanded services to other industries.

### **Credit business of receiving the transfer of claims or factoring**

Factoring business has advantages over other types of business credits, which does not require collateral to apply for loans. However, nowadays new types of credit systems of financial institutions have accommodated the borrowers a lot. Moreover, the increase in various funding channels later has forced the factoring business to develop itself due to increasingly competitive conditions.

Financial institutions are still considered as large factoring business operators in Thailand with an advantage over other competitors, especially regarding the lower financial costs. However, because of being large organizations, so there are delays in providing services and quite a lot of limitations. As a small-sized organization, so the Company is able to provide customers with faster and more efficient services of meeting customer needs. Moreover, the Company offers other additional credit services, namely Bid Bond, which tends to grow along with the government investment. Also, the main strength of the Company is the ability to approve credits faster.

The Company's target customers are different from the customers of service providers that are financial institutions. Because most customers of the Company are small and medium-sized entrepreneurs with limitations on nominal capital and collateral, as a result, such entrepreneurs do not receive support from financial institutions. At the same time, delays in the approval process of financial institutions and most financial institutions do not focus on government sector or state enterprise debtors due to the work duration or the payment period unclearly specified like large private companies, so such entrepreneurs have turned to the services of credit providers that are not financial institutions. Additionally, commercial banks have restrictions on lending under supervision of the Bank of Thailand. As a result, most of the Company's competitors are credit operators that are not financial institutions. Each of which has different credit services. The Company will focus on customers with debtors that are government agencies and state enterprises mainly and provide credit services for all industrial groups. Meanwhile, other entrepreneurs will focus on customers with debtors that are private companies and have a customer base operating in the automobile industry principally. As a result, competition in the Company's credit business is not very high.

### **Loan service business**

Loan service is Pre-Finance credit to support SMEs with funding for project implementation. The contractual parties are government agencies or large private companies. The Company will select customers with a good record from factoring credit and consider lending money to carry out the projects, which is upstream credit. The Company will further benefit from providing factoring credit services. Because the customers have already transferred the claims to the Company, the customers will not be able to use such contract to apply to other financial institutions for loans.

## **Competitive strategies**

### **Availability of a complete range of core products and complementary products**

The Company attaches importance to “fair competition”, thereby developing a full range of financial products, doing business that will enable the customers to compete by reducing obstacles in procuring funding sources for business operations. Currently, the Company has core products available to customers, financial lease loan, hire purchase contract loan and loan for the transfer of claims. Apart from these core products, the Company also offers a wide range of complementary services readily available to customers. This supports Pre-Finance such as credit for procurement of envelope guarantee so as to enable the customers to operate their business from the start of auction, including credit to support the projects and product sourcing service to enable the customers to supply goods after auction before continuing to provide credit services that are other main products.

### **Complete, fast and efficient services**

The Company’s executives and employees have direct experience in the service business. Furthermore, the Company arranges the organizational structure and processes for approving loans of various types to be short and concise. As a result, the Company is able to respond to customer needs rapidly and efficiently. This will enable the customers to respond to market needs and compete with rivals in their industry in a timely manner. Moreover, the Company’s marketing staff has a wide range of capabilities, i.e. experience in credit control as well as sales, thereby being able to understand the needs of customers as well as being able to provide preliminary guidelines on the possibility of credit approval of the Company so that the customers can evaluate the situation to compete with rivals.

### **Good relationship with customers**

The Company’s employees regularly visit customers in order to be informed of additional requirements or service problems of customers. Furthermore, the Company’s sales staff can provide advice on the types of services that are appropriate and sufficient information for customers’ decision-making. The Company’s good relationship with customers certainly creates the trust of customers. When the customers need funding source, the customers will

return to use the services of the Company. Besides, getting closer to customers makes the Company understand customer needs and aware of new needs. As a result, the Company can develop new products to satisfy customers more.

### **Clear service rates**

The Company’s service rates are clearly specified. There are no hidden service rates. Thus, the customers can be assured that the Company does not charge for services in a manner that takes advantage of customers. Although the service rates that the Company charges customers are higher when compared to financial institutions, but most of which is still lower than informal financial services or the services of non-financial institution entrepreneurs. Although the target customers of the Company and other entrepreneurs that are not financial institutions will be the same groups, i.e. small and medium-sized entrepreneurs, but the Company will select only the entrepreneurs with large debtors, e.g. government agencies, state enterprises or large private debtors. Therefore, the risks are limited to a certain extent, thus being able to reduce the bad debt burden that may occur and being able to reduce the service fees to suit the acceptable risks. Informal service providers, meanwhile, will not screen customers, thus setting high service rates to cover the overall average risks. Moreover, some of them may charge hidden service fees such as the debt collection fee at percentage of the amount charged while the Company charges fixed rates for services according to the number of times or distance of collection. Because of the Company’s clear service rates, so the customers can correctly estimate their competitive costs, enabling the customers to plan business operations suitably. As a result, the customers are satisfied with the Company’s services.

### **Credit flexibility**

Credit service philosophy in all financial products of the Company is not based on the need for collateral for credit approval because the Company understands the burden of seeking collateral to apply for loans of entrepreneurs. This is a main limitation on access to funding source and a major reason for lacking competitive and growth opportunities. However, all financial products of the Company will focus on the debt repayment persons in the final step and possessors of goods, services or assets. Consequently, even if the Company’s

customers will not have collateral, the Company will approve credit for customers with debtors that are government agencies, state enterprises or large private organizations with high debt repayment capability. This concept causes the Company to be an important choice for small and medium-sized business customers so as to find funds for business operations.

### Expertise in IT industry

IT products are important for the daily life of consumers and have gained more and more popularity during the past period. According to information of the National Electronics and Computer Technology Center, the IT industry tends to grow higher from investment of both government agencies and state enterprises. IT products are rapidly changing and have relatively short life cycle. Also, the Company is in SVOA group as leader in IT products for more than 25 years. Consequently, the Company has expertise in the IT industry, follows news, information and is able to predict the trends of the IT industry accurately, thus understanding the competitive situation in the IT industry and understanding customer needs well. Therefore, the Company is able to adapt quickly to the movement of the IT industry and operate its business efficiently. This will enable the Company to compete with other entrepreneurs effectively.

### Knowledge and experience of the executives and employees

The knowledge and experience of employees derived from people of various industries and the Company's openness to learning and understanding the nature of each type of business enable the Company to expand its loan services to other industries, thus increasing the Company's business opportunities infinitely. Moreover, for managing the risks in every industrial group, if any industry is considered by the Company as inappropriate, the Company will not consider moving forward such as car, motorcycle loan industry, etc.

### Customer characteristics

The Company's customers are small and medium-sized entrepreneurs with growth capabilities, competencies and experience in business operations, ability to repay debt on schedule, who, however, lack funding sources due to limitations on applying for loans from financial institutions, including the matters of registered capital, collateral. Currently, the Company's customers are not limited to the IT industry mainly. From the knowledge and experience of the executives and employees, so the Company has customers in various businesses, e.g. construction and building improvement business, public utilities system, employment service business, logistics transport business, generator installation, hospitals, communication and telecommunication systems, military equipment, advertising, public relations media, etc.

### (3) Source of Fund

The Company's funding sources can be classified into 2 types as follows.

1. Short-term loans from financial institutions
2. Long-term loans from Debt Instruments , Long-term loans from financial institutions (Bank) and Non-Bank.

The Company adheres to the principles of capital management in accordance with the debtor structure of the Company by using short-term loan sources for providing short-term credit, namely Factoring, Bid Bond, Project Backup Financing and Trade Finance.

The Company will be able to adjust the interest rates or fees according to the changing financial costs and use long-term loan sources for financial and hire purchase loans. The Company charges fixed interest rates to customer. However, the difference between the financial costs of the Company and the interest rates of charging the customers will be added to be sufficient for the risk of potential interest rate fluctuations. Also, long-term loan sources are used for short-term loans that the customers use the amount regularly.

#### (4) Assets of the Company

##### a. Trade receivables and credit receivables

Assets for operating mainly is trade receivables and credit receivables which could be classified as follows.

	Consolidated Financial statement			
	2020		2019	
	Receivables (Million Baht)	Percentage	Receivables (Million Baht)	Percentage
Financial lease	100.57	3.74	115.18	4.32
Hire purchase	105.30	3.91	129.67	4.87
Factoring	1,040.82	38.68	1,079.66	40.52
Trade Finance	2.60	0.10	4.65	0.17
Project Backup Financing	1,441.79	53.57	1,335.66	50.12
<b>Total</b>	<b>2,691.08</b>	<b>100.00</b>	<b>2,664.82</b>	<b>100.00</b>

**Note:** Account receivables excluded allowance for expected credit losses (2019 : Allowance for doubtful accounts)

Receivables could be defied by type and aging and allowance for expected credit loss as follows.

##### b. Financial lease receivables

Financial lease receivables	Consolidated Financial statement			
	2020		2019	
	Million Baht	Percentage	Million Baht	Percentage
Not yet due	98.32	97.76	112.78	97.92
- Up to 1 month	0.83	0.83	1.07	0.93
- 1-3 months	0.01	0.01	-	-
- 6-12 months	0.02	0.02	-	-
- Over 12 months	1.39	1.38	1.33	1.15
<b>Total</b>	<b>100.57</b>	<b>100.00</b>	<b>115.18</b>	<b>100.00</b>
Allowance for expected credit losses (2019: Allowance for doubtful accounts)	0.63		1.37	
<b>Net – Financial lease receivables</b>	<b>99.94</b>		<b>113.81</b>	

As of 31 December 2020 and 2019, aging of financial lease receivables were in not yet due 97.76% and 97.92% respectively and there is no significant overdue.

**c. Hire-purchase receivables**

Hire-purchase receivables	Consolidated Financial statement			
	2020		2019	
	Million Baht	Percentage	Million Baht	Percentage
Not yet due	95.71	90.89	112.33	86.63
- Up to 1 month	0.83	0.79	1.99	1.53
- 1-3 months	5.45	5.18	0.01	0.01
- 3-6 months	0.01	0.01	0.32	0.25
- 6-12 months	1.16	1.10	1.79	1.38
- Over 12 months	2.14	2.03	13.23	10.20
<b>Total</b>	<b>105.30</b>	<b>100.00</b>	<b>129.67</b>	<b>100.00</b>
Allowance for expected credit losses (2019: Allowance for doubtful accounts)	1.77		14.21	
<b>Net-Hire-purchase receivables</b>	<b>103.53</b>		<b>115.46</b>	

As of 31 December 2020 and 2019, aging of hire-purchase lease receivables were in not yet due 90.89% and 88.63% respectively and there is no significant overdue.

**d. Factoring receivables**

Factoring receivables	Consolidated Financial statement			
	2020		2019	
	Million Baht	Percentage	Million Baht	Percentage
Not yet due	792.85	76.18	861.67	79.81
- Up to 1 month	102.53	9.85	45.98	4.26
- 1-3 months	37.46	3.60	21.27	1.97
- 3-6 months	12.42	1.19	44.64	4.13
- 6-12 months	26.74	2.57	53.13	4.92
- Over 12 months	68.82	6.61	52.97	4.91
<b>Total</b>	<b>1,040.82</b>	<b>100.00</b>	<b>1,079.66</b>	<b>100.00</b>
Allowance for expected credit losses (2019: Allowance for doubtful accounts)	88.94		98.51	
<b>Net-Factoring receivables</b>	<b>951.88</b>		<b>981.15</b>	

As of 31 December 2020 and 2019, aging of factoring receivables were in not yet due 76.18% and 79.81% respectively. In 2020, aging over 3 months amounting to 107.98 million Baht which are debt restructuring and receivables under litigation about 100.54 million Baht. The Company is closely monitoring.

**e. Loan Receivables**

Loan receivables	Consolidated Financial Statements			
	2020		2019	
	Million Baht	Percentage	Million Baht	Percentage
Not yet due	704.80	48.88	1,003.12	75.10
- Up to 1 month	61.04	4.23	6.49	0.49
- 1-3 months	398.87	27.67	86.29	6.46
- 3-6 months	89.17	6.19	78.98	5.91
- 6-12 months	46.91	3.25	110.70	8.29
- Over 12 months	141.00	9.78	50.08	3.75
<b>Total</b>	<b>1,441.79</b>	<b>100.00</b>	<b>1,335.66</b>	<b>100.00</b>
Allowance for expected credit losses (2019:Allowance for doubtful accounts)	207.73		136.39	
<b>Net-Loan receivables</b>	<b>1,234.06</b>		<b>1,199.27</b>	

As of 31 December 2020 and 2019, aging of loan receivables were in not yet due 48.88% and 75.10% respectively. In 2020, aging due 1-3 months amounting to 398.87 million Baht which are in construction business to government which affected from slowdown economic and covid-19 pandemic. So, there is limited to access some working area. However, there is no significant credit risk on these group about 91.45%. For aging over 12 months. Receivables outstanding amounted 141 million Baht which were debt restructuring and receivables under litigation were about 124.95 million Baht then the Company recorded allowance expected credit losses about 73.83 million Baht.

**f. Trade receivables**

Trade receivables	Consolidated Financial Statements			
	2020		2019	
	Million Baht	Percentage	Million Baht	Percentage
Not yet due	-	-	2.00	42.92
- Up to 1 month	1.75	67.36	-	-
- 1-3 months	0.76	29.19	0.79	17.11
- 3-6 months	-	-	1.86	39.97
- Over 12 months	0.09	3.46	-	-
<b>Total</b>	<b>2.60</b>	<b>100.00</b>	<b>4.65</b>	<b>100.00</b>
Allowance for expected credit losses (2019:Allowance for doubtful accounts)	1.03		0.39	
<b>Net-Trade receivables</b>	<b>1.57</b>		<b>4.26</b>	



### ***Allowance for expected credit losses policy***

The Company recognised expected credit losses on financial assets which are measured at amortised cost using the General Approach. The Company classifies their financial assets into three stages based on the changes in credit risk since initial recognition as follow:

Stage 1: Financial assets where there has not been a significant increase in credit risk (Performing). The Company will use a probability of default that corresponds to remaining maturity for financial assets with a remaining maturity of less than 12 months.

Stage 2: Financial assets where there has been a significant increase in credit risk (Under-Performing). The Company recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

Stage 3: Financial assets that are credit-impaired (Non-Performing). The Company recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

The Company is to evaluate the increase in credit risk of loan receivables, factoring receivables, and financial lease and hire-purchase receivables since initial recognition by comparing the default risk between the reporting date and initial recognition date. For the basis used in the evaluation, the Group applies an internal quantitative and qualitative basis and uses forecast information to assess the deterioration in credit quality of customers such as Days past due, Compliance with conditions under debt restructuring contracts or according to court proceedings, High-risk group and that are closely monitored by management

The Company evaluate provision by each agreement thus in case customer couldn't deliver their work and there is any risk that they couldn't do within timeline. The Company has to record allowance for expected credit losses each agreement offset with any guarantee i.e cash received in advance or deferred cash return.

### ***Write-off***

The Company has write-off of bad debt policy under Ministerial Regulation No.186, (B.E. 2534) Issued by the Revenue Code which has to authority by Management or Boards of Directors.

### **g. Equipment**

The Company has fixed assets as of 31 December 2020 as the list below.

Type of assets	Ownership	Net book values As of 31 December 2020 (Million Baht)	Commitment
Building Improvement	Lessor	8.75	None
Building	Lessor	13.15	Right of Use assets
Vehicles	Lease IT PCL	7.51	Right of Use assets
Office equipment	Lease IT PCL	1.51	None
Furniture	Lease IT PCL	0.04	None
Computers	Lease IT PCL	2.31	None
Software in progress	Lease IT PCL	10.25	None
Construction in progress	Lease IT PCL	18.61	None
<b>Total</b>		<b>63.13</b>	

# Shareholding Structure of the Company Group

## 1. Shareholding Structure of the Company Group

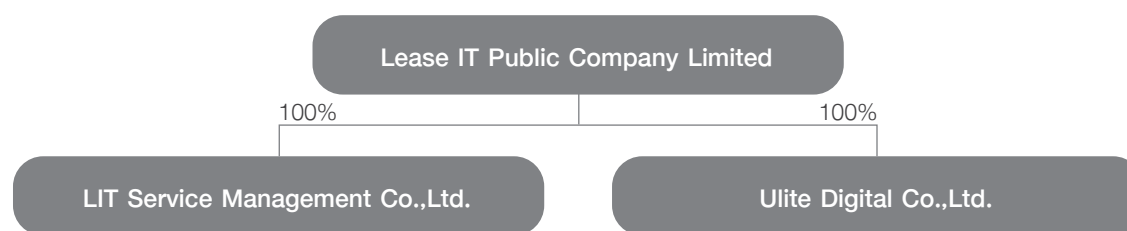
In operating the business of Lease IT Public Company Limited and its 2 subsidiaries, the operations are as follows:

Lease IT Public Company Limited provides credit services to SMEs customers in 8 main loan types. There are Bid bond, Leasing, Hire Purchase, Project Backup Financing, Trade Finance, Letter of Credit (L/C) and Supplier Finance.

LIT Service Management Co.,Ltd. provide credit information and analysis services to customers who apply for credit with Lease IT Public Company Limited as well as the preparation of various contracts.

Ulite Digital Company Limited offers electronic installment payment service.

### Shareholding structure



Subsidiary Company	Business	Capital	Shareholding Proportion (Percent)
LIT Service Management Co.,Ltd. Register Number 0105561087567 MS Siam Tower, 29 <sup>th</sup> floor, Rama 3 Road, Chongnonsi, Yannawa Bangkok 10120 Tel. 02-163-4260 Fax 02-163-4290	provide credit information and analysis	10 MB.	100%
Ulite Digital Co.,Ltd. Register Number 0105563164011 MS Siam Tower, 29 <sup>th</sup> floor, Rama 3 Road, Chongnonsi, Yannawa Bangkok 10120 Tel. 02-163-4260 Fax 02-163-4290	offers electronic installment payment service	10 MB.	100%

## 2. Persons who may have conflicts hold more than 10 percent of the shares in subsidiaries or associated companies

The Company holds 100% of the shares in the subsidiary, therefore no person who may have a conflict of interest holds shares in the subsidiary.

### 3. Relationship with the business group of major shareholders

The Company has a major shareholder, SVOA Public Company Limited, holding 35.80% stake, but the nature of the Company's main business does not depend on or compete with other businesses in the major shareholder's business group.

### 4. List of Major Shareholders

Top 10 Major Shareholders

As at February 10, 2021

No.	Shareholder Names	Share	Percent
1	SVOA Public Company Limited	79,280,601	35.801
2	Mr. Somchai Padphai	8,270,000	2.734
3	Mr. Pairoj Sittimonamnuay	5,708,000	2.578
4	Mr. Min Intanate	4,102,660	1.853
5	Mr. Sompon Aketerajit	3,984,468	1.799
6	Mr. Sahatchai Rakmanut	3,320,000	1.499
7	Mr. Wissanu Sakulpichettharat	3,035,300	1.371
8	Mrs. Sunee Aketerajit	2,772,430	1.252
9	Mr. Suthud Khancharoensuk	2,035,000	0.919
10	Mr. Keerawit Somjaipeng	2,000,000	0.903
	Other Investors	106,940,997	48.290
Total Shares		221,449,456	100.00

Note : The 5<sup>th</sup> and 8<sup>th</sup> of Mr. Sompon Aketerajit and spouse have 6,756,898 total shares, represent 3.05%

SVOA Public Company Limited, which is a major shareholder of Lease IT, has main business in Thailand, selling both imported computer hardware and software, and has a production base of Owned under the trade name SVOA, including exporting products to many countries. It is also a consultant for a large computer network. Providing computer products and accessories to government agencies, business organizations and educational institutions.

### Amount of registered capital and paid-up capital

As of December 31, 2020, the Company's registered and paid-up capital. The Company has only one type of shares, the named common stock and having the same par value for every share, which is 1 baht per share.

Registered Capital: 300,000,000 Baht, consisting of 300,000,000 common shares.

Paid-up capital: 221,449,456 Baht consisting of 221,449,456 ordinary shares.

The Company has listed the Company's ordinary shares on the Market for Alternative Investment on 25 March 2014.

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## Issuance of other securities

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**The Company has 4 debentures that have not been redeemed as of December 31, 2020, valued at 1,263.60 million Baht.**

**1. Debentures of Lease IT Public Company Limited No.1/2019 Due B.E. 2021**

Type of Debenture: Specified Bondholder      Term of Debenture: 2 years  
Total value of the bonds offered for sale: 200,000,000 Baht  
Number of bonds offered for sale: 200,000 units  
Par value per unit: 1,000 Baht      Asking price per unit: 1,000 Baht  
Issue Date: 21/3/2019      Maturity Date: 21/3/2021  
Interest rate: 6.25%      Interest payment date: Every 3 months  
Residual Value: 200,000,000 Baht      Most recently reviewed credit rating: BBB-  
Debenture Registrar: Bank of Ayudhya Public Company Limited  
Representative of Debenture Holders: Asia Plus Securities Company Limited  
Secondary market for bond trading: -

**2. Secured Debentures of Lease IT Public Company Limited No.3/2019 Series 1 Due Year 2021**

Type of Debenture: Specified Bondholder      Term of Debenture: 2 years  
Total value of bonds offered for sale: 520,600,000 Baht  
Number of bonds offered for sale: 520,600 units  
Par value per unit: 1,000 Baht      Asking price per unit: 1,000 Baht  
Issue Date: 19/12/2019      Maturity Date: 19/12/2021  
Interest rate: 5.25%      Interest payment date: Every 3 months  
Residual value: 520,600,000 Baht      Most recently reviewed credit rating: BBB-  
Debenture Registrar: Bank of Ayudhya Public Company Limited  
Bondholder Representative: Globlex Securities Company Limited  
Secondary market for bond trading: -

**3. Secured Debentures of Lease IT Public Company Limited No.3/2019, Series 2 due B.E. 2022**

Type of Debenture: Specified Bondholder      Term of Debenture: 3 years  
Total value of the bonds offered for sale: 393,000,000 Baht  
Number of bonds offered for sale: 393,000 units  
Par value per unit: 1,000 Baht      Asking price per unit: 1,000 Baht  
Issue Date: 19/12/2019      Maturity Date: 19/12/2022  
Interest rate: 5.5%      Interest payment date: Every 3 months  
Residual value: 393,000,000 Baht      Most recently reviewed credit rating: BBB-  
Debenture Registrar: Bank of Ayudhya Public Company Limited  
Bondholder Representative: Globlex Securities Company Limited  
Secondary market for bond trading: -

#### 4. Debentures of Lease IT Public Company Limited No.1/2020 Due Year 2021

Type of Debenture: Specified Bondholder	Term of bond: 1 year
Total value of bonds offered for sale: 150,000,000 Baht	
Number of bonds offered for sale: 150,000 units	
Par value per unit: 1,000 Baht	Asking price per unit: 1,000 Baht
Issue Date: 13/11/2020	Maturity Date: 12/11/2021
Interest rate: 5.75%	Interest payment date: Every 3 months
Residual Value: 150,000,000 Baht	Most recently reviewed credit rating: BBB-
Bond registrar: -	
Bondholder Representative: KTB Securities (Thailand) Company Limited	
Secondary market for bond trading: -	

#### Dividend policy

The Company has a policy to pay a dividend of not less than 50.00 percent of the net profit of the Company after deducting corporate income tax and allotment of reserved fund according to legal each year. However, the Company may pay dividends at different rates compatible with defined policies or approve the omission of the dividend payment of the Company.

For a subsidiary, it is not a listed company. The dividend payment depends on the performance. Liquidity of the Subsidiary.

For the fiscal year 2020, Lease IT has dividend income from the subsidiary are 50 million Baht.

#### Historical dividend payment

Details of Dividend Distribution	2019	2018	2017
Net profit (Baht)	103,097,600	148,846,269	145,488,618
Net Profit (After transfer to statutory reserve)	103,097,600	142,967,408	138,213,618
Number of shares (Shares)	221,449,456	220,718,906	220,078,056
Dividend pay-out rate (Baht per share)	0.24	0.33	0.32
Total dividend paid (Baht)	53,147,869	72,837,238	70,424,978
Percentage of dividend paid compared with net profit as per the financial statements (%)	51.55	50.95	50.95
According to the policy (Yes / No) Reason:	Yes	Yes	Yes

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# 02 Risk Management

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## Risk Management Policy and Plan

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Lease IT Public Company Limited realizes the importance of risk management. Therefore, the Risk Management Policy has been established to be a framework for developing risk management system of quality and standards according to the Company's good governance approach.

- The executives and employees are part of the development of risk management process to support the organization's operations in consistency with the goals set forth in the action plans and strategies by evaluating the risks covering all aspects, i.e. Credit Risk, Risk of Interest Rate Fluctuations, Liquidity Risk, Risk Competitive, The Risk of Reliance on Personnel, Risk of influence in the Management of Major Shareholders, The Risk of Information Technology and Communication, Information Disclosure Risk, Risk on Corruption, Corporate Image and Reputation Risk and Risk from the spread of Coronavirus disease 2019 (covid-19)
- All employees of the Company are Risk Agents with a duty to report the risks to the supervisors. If the employees find that there are the risks from the processes, work procedures, it is necessary to inform the supervisors or chiefs about the risks encountered in daily work so as to determine appropriate measures for risk management. The Company will manage the risks to be in acceptable level (Risk Appetite) or deviate not exceeding Risk Tolerance.
- Risk management approach: the Company's evaluation is based on 2 main factors as follows.  
(1) Assessment of the costs and the returns of implementing the risk management strategies. Because of limited resources, it is necessary to

evaluate the costs and the returns. If the risk management activities are carried out, if it is found that the returns of operation are not worth the added costs, the executives may consider the risk transfer approach (Transfer) so as to share the costs with external agencies responsible.  
(2) Likelihood of success in risk management: If it is found that there is likelihood of unsuccessfulness, alternative risk management will be considered for use as an options or to optimize the existing risk management plan.

- Risk management must be monitored and reviewed regularly by summarizing information on the risk management plan and reporting the progress for presentation to the Audit Committee and the Board of Directors on a quarterly basis.

### Risk management culture

The Company has required the executives to communicate the importance of risk management and be a model for risk management, including creating the method for applying risk management practically. The risk management concept must be transferred from the upper level to employee level. Also, the risk management is set to be a course for the executives at manager level or above. Arrangements are made to exchange experience in risk management through the strategy meetings, general meetings of the executives, working group meetings, the risk management team meeting, etc. All employees are Risk Agents with a duty to report the risks to the supervisors. If employees find that there are the risks from the processes, procedures, it is necessary to inform the supervisors or chiefs about the risks encountered in daily work to be able to manage the risks appropriately.

## Risk management framework

Risk management is a component of good corporate governance. Apart from supporting the Company to be able to achieve the goals set, it can also add value to the Company's stakeholders in another way. Therefore, the Company has applied the Enterprise Risk Management-Integrated Framework according to COSO ERM guidelines as an approach for development of risk management system of the Company. The objective is to allow the executives and employees in the Company to realize the importance of risk management with consistent understanding of the definitions, goals and purposes. This will create responsibility thoroughly in the same direction throughout the organization effectively.

For such operation, there is a risk management team responsible for overseeing the operation according to the official standards and in consistency with the principles of good corporate governance, transparency and fairness to all relevant units in line with the established risk management guidelines. The Company has required collecting and summarizing the risk management report of each department on a quarterly basis. Also, the results must be reported to the Risk Management Subcommittee, Audit Committee, respectively, including reporting the results to the Board of Directors for information.

## Risk factors to the business operation of the Company

### 1. Current risks and potential risks 3-5 years

#### 1.1 Current risk

##### (1) Credit Risk

The Company offers credit without guarantee. Especially, in cases of leasing and hire purchase services, the credit risk depends on the quality of the account receivables, the quality of the customer, including the quality of products and services delivered by the customer to the debtor. For the factoring services, the credit risk mainly depends on the quality of the debtor. For the bid bond, project backup financing, and trade finance services, the credit risk mainly depends on the quality of the customers. The nature of the Company's credit will not emphasize the importance of the collateral due to the transaction is deal with the government (debtor) thus reducing the risk to the initial level.

However, the Company has credit management policies by setting rules and defining procedures to check both customers and debtors carefully before approving any types of loans. According to the policies, the Company relies on the quality of customers, account receivable including products and services to be delivered.

## **(2) Risk of Interest Rate Fluctuations**

Typically, the lending interest rate is a major cost of the Company that varies according to the market interest rate. It affects interest rate valuation for the customer. The change of interest rate valuation may affect the operation performance of the Company.

The Company has policies and risk management guidelines from interest rate fluctuations because they are a major cost of the Company. In most cases, they are short-term loans in factoring, bid bond, project backup financing, and trade finance services. The Company is able to adjust the interest rates or fees based on the fluctuations in its financial costs. For the leasing and hire purchase services, the Company's interest rates are fixed for customers, however, the difference between the cost of funds and interest rates will be added to compensate the risk of interest rate fluctuations in the future.

However, the Company has managed to find a source of funds for a period corresponding to each loan type (Matching Source) to reduce the risk of fluctuations in interest rates by another way.

## **(3) Liquidity Risk**

As of December 31, 2020, the Company has many financial institutions that give financial support, the total amount of 1,275 million Baht. Main financial amount (short-term financial amount) was 1,025 million Baht that consisted of overdraft account (O/D) and promissory note (P/N) which were at the risk of being called for repayment the money before the time due or in case of financial institutions did not renew a promissory note.

However, the Company had managed the liquidity to hedge the risk by trying to allocate funding resources (Used of Fund) to comply with the sources of funds (Source of Fund) including the financing of new financial instruments which is the result of the Company was listed on the Stock Exchange. Such as Bill of Exchange (B.E). This will enable the Company to better manage liquidity including enhanced ability to find a source of funds for lending in the future. As of December 31, 2018, the Company's ratio of debt

to equity was equal to 1.42 times. As at 31 December 2019, the Company's ratio of debt to equity share was 2.13 times. As of December 31, 2020, the Company has debt to equity ratio of 1.46 times.

## **(4) Risk Competitive**

The Company has at risk to compete with financial institutions or lenders who have stakeholders being financial institutions. However, the target customer of the Company is different from the target customer of other financial institution. Most of them are small and medium enterprises with limited authorized capital and collateral which they are not supported by their financial institution. Meanwhile, there might be delays in the process of financial institutions and most financial institutions did not focus on the debtor as government agencies or state enterprises because the timing of payments was not clearly identified as large private enterprises. The specific group of enterprises prefers to use the services of loan from non-financial institutions.

Most competitors of the Company are non-financial institutions of loan servicing. They focus more on different types of loan services while our company provides a complete and integrated credit facilities i.e., pre-finance services such as bid bond (allow customers to conduct business from bidding), project backup financing and trade finance services (allow customers to provide products after finishing the bidding process). After that the Company will provide Post-Finance services such as leasing, hire purchase, or factoring services. The important marketing strategies of the Company include a full service, quick and efficient processes, good relationship with customers, clear cut price, flexibility in lending, as well as expertise in the IT industry. Currently, government agencies, state enterprises, or large private enterprises are investing on the development of IT so that the Company is able to compete with other companies effectively.



#### **(5) The Risk of Reliance on Personnel**

Within the business model of the Company, employees are the key personnel, especially in sales and marketing, because they are the people who reach out and connect with customers. The personnel are considered an important resource in the business of the Company. Therefore, the lack of personnel may affect the Company's business. However, the Company has set up the policy in relation to reduce the risk of loss of such personnel by focusing on the development and promotion of the proper personnel involved in the operation and growth. The Company has paid compensation at market rates in order to attract very experienced and professional personnel who can work with the Company for longer time. In 2015, the Company launched the Employee Joint Investment Program (EJIP) which Phillip Securities (Thailand) Public Company Limited is the program management agent. The program lasts for 3 years (April 2015-March 2018). The objective of the program are to keep company's executives and employees to work for the Company in long run by promoting the employees' sense of ownership, to enhance employees' motivation to compete with competitors and encourage employees to have self-discipline for savings.

And in 2018 the Company launched the Employee Joint Investment Program (EJIP), the second project. The program lasts for 3 years (April 2018-March 2021).

#### **(6) Risk of Influence in the Management of Major Shareholders**

As at 14 June 2013, the SVOA Limited Company (Inc.) ("SVOA") was the shareholder of the 86.21 percent of shares sold by the Company. The SVOA sold 6,000,000 shares to the public. By selling those shares to the public at the same price, the allocation of the SVOA was reduced to 47.00 percent. Year 2017, SVOA has a policy to reduce its shareholding to 35% and 30%, respectively. The major shareholders have stipulated in the loan agreement in terms of legal provision and policies. They must receive the vote not less than 3 out of 4 from the shareholders who come to the meeting and have the right for voting. Due to the fact that 25 percent of the major shareholders able to have the right to oppose to resolutions. It results that the other stakeholders cannot take equilibrium the resolutions of the major stakeholders.

However, the major shareholders are demanding the Company to run the business with freedom. It is different from the SVOA's business. Although the SVOA is still a major shareholder but it is realized that this kind of business requires expertise in the administration. It will be seen that the executives of the Company most have experience in financial business. Meanwhile, the Company has appointed 4 independent committee members to the audit committee (from a total of 8 members). All of them have great experience in financial business or have specialized knowledge that will benefit to the Company. Their duties includes to advise on business operations, examining, considering, and screening in order to avoid items that might cause a conflict of interest in the future. To ensure transparency in the operations of the Company, the structure of executive directors and senior managers are still the same after selling shares to increase capital of the Company.

## **(7) The Risk of Information Technology and Communication**

The Company has the risk of Information Technology and communication due to the Company has outsourced the software development for the Information System Management and provide database administration services, without a knowledgeable IT specialist to be responsible for database maintenance. However, the Company's information system has a quality and adequacy of decision making on financial information and other. The Company has also adopted a generally accounting policy. The Company has an efficiency information system including an access control system, data loss prevention, restore data, the copyright infringement controlling, reproduction, modification and capable of keeping confidential information.

The Company focused to develop the Information Systems to emphasize in the Information System proficiency of SVOA. Year 2019-2020, the Company continues to develop software for its information management system to better serve its customers, the development of management decision information and supporting the growth of business. And the Company has provided IT staffs, who expert in information technology infrastructure and database structure, for providing the reliable data analysis.

## **(8) Information Disclosure risk**

On 16 May 2013, the Company changed its business status to public company limited hence must follow the Public Limited Companies Act, B.E. 2535 (1992) and the Securities and Exchange Act B.E. 2535 in disclosing information as required by such laws including those considered important for the decision making of investors. The Company could be exposed to the risk on information disclosure under the Securities and Exchange Act B.E. 2535 or related laws. Nevertheless, the Company strictly adheres to the guidelines on disclosure and safeguarding of information of the Securities Exchange Commission and Stock Exchange of Thailand which could impact securities prices. The Company has the policy to completely and transparently disclose correct information to stakeholders. Such information must

be factual, timely and be equitable for all investors in compliance with the laws including prohibiting staffs, management or concerned personnel from misusing information to disadvantage investors, an act considered illegal.

## **(9) Risk on corruption**

The Company is engaged in lending business under several product lines catering to different markets. The Company's customers may have some limitations on various issues, for example, on providing collateral, on working capitals etc. In this connection, the Company may face the risk of personnel malfeasance which can be from within or outside the organization.

The Company is conscious of the corruption possibility and has put in place internal control system including the use of IT support to enhance its anti-corruption activities. The Company also gives importance to cultivating the conscience of integrity via the Employee Joint Investment Program (EJIP) to encourage employees to save and enjoy long term investment returns plus becoming joint owners of the Company (to instill the sense of ownership), provide channels to report clues (whistle blowers), complaints and give suggestions via the Company's website. The Company has in place approval process based on the line of duty, credit control system prior to loan disbursement by verifying the existence of debt, preparing documents to transfer the rights to make payments by requiring customers to transfer their rights to receive monies to the Company etc. Note that the Company has in place formal guidelines to manage corruption risk by incorporating anti-corruption policy which specifies the duty, responsibility, procedure and guidelines on various issues concerning corruption.

### **(10) Corporate Image and Reputation Risks.**

Risk to the reputation and image of an organization is important for every company as it is the reflection of the view by stakeholders on a company. Moreover, now a day, social network is an important communication channel to exchange information and news quickly and extensively. Consequently, if there is any negative news or incident appearing in social media which may be just fabricated rumors, inaccurate spreading of information on the Company via public relation activity or via the Company's website or social network including via advertisement in various documents or arising from a mistake in managing the business or simply ignorance which can affect the Company's image and reputation in positive or negative light.

In this connection, the Company has set up the Business Development Department to oversee and be responsible for using information in public relation activities so that it is factual and appropriate. Their responsibility include monitoring any material news on the Company, whether directly and indirectly, including consistently looking after and follow up on news and information appearing on the Company's website and social network in order to prevent or reduce misunderstanding that can affect the Company's image and reputation to the bare minimum.

### **(11) Risk from the spread of coronavirus disease 2019 (COVID-19)**

The coronavirus disease (COVID-19) situation has spread widely and intensified. This may cause complications in business operations. The Company has followed news and announcements from the Ministry of Public Health in order to evaluate the situation with potential impact on the Company's business operations. The Company has created the Business Continuity Plan (BCP) to reduce the impact on business operations throughout the spread of coronavirus disease 2019 (COVID-19) by allocating resources for business continuity management and efficiency, including care for health, safety of employees, maintaining cleanliness of the workplace, preparing antibacterial and cleaning equipment for employees, setting measures for traveling to outbreak- prone areas.

## **1.2 Environment, Social, Governance RISKS (ESG Risk)**

### **(1) Climate change**

Global warming problems result in the changing climate, rapidly changing seasons, melting glacier, higher sea level. These things affect the current life and the business costs as well as delivery of the works. Although, the Company's business operations do not have direct impact on the environment, however, the use of electricity, energy of various kinds in business operations have indirect impact. The Company is aware and has set the target to reduce greenhouse gas emissions through various operations.

### **(2) Human rights in the supply chain**

Respect for fundamental human rights, personal dignity, privacy and the rights of each individual that one contacts while working. The Company respects and abides by the law on human rights, including preventing and avoiding human rights violations of employees, trade partners and communities.

### **(3) Corporate governance**

The Company operates a financial business that must be reliable and work within the legal framework. The Company has the Internal Audit Department responsible for inspecting the performance of various departments according to the regulations laid down. The audit results are reported to the Audit Committee and presented to the Board of Directors on a quarterly basis. Furthermore, the Company also has the channels for receiving complaints and has established guidelines for action if there are complainants. Besides, measures are available to protect the complainants.

### 1.3 Emerging Risk

Emerging risk is the risk of losses which may result from unknown event/occurrence that has never taken place before or lacking of experience in facing such risk up to the present. In the future, there could be changes that take place as a result of various circumstances regardless of whether politically driven, legally driven, socially driven, technology driven or environmentally driven. In certain situation, it may not be possible to assess the impact or be unable to specify the risk. For example, risk arising from nanotechnology, risk from modifying heredity or the risk arising from changes in weather conditions etc.

Emerging risk which may impact the Company could take the form of technological change i.e. Fintech, digital transformation, cyber attack and internet burglary.

#### Approach to risk management

- Collect information from reports or events which may turn out to be emerging risk from various sources, for example, World Economic Forum, state agency etc. in order to understand and find ways to eliminate/reduce the impact on the organization appropriately.
- The Company is in the process of developing IT system to enable quick response to customers' requirements for prompt, correct and accurate information.

#### Business Continuity Management (BCM)

Business continuity planning is the preparation of roadmap for managing business uninterruptedly without pause when the business is in the state of turmoil which could be the result of external or internal threats obstructing business operations.

##### 1. Factor on losing the Company's prominent person

The Company realizes the importance of readying new & upcoming management team to replace the existing one upon the expiry of their tenure by preparing succession planning at the managing director level or the finance & accounting director position. Furthermore, the Company has arranged trainings for management at lower level including team head to witness the decision making process in loan approval via observing risks from all aspects.

##### 2. Factor on losing the Company's critical information

The Company has information backup system both inside and outside the organization including disaster & recovery sites (DR Site) to support BCM's requirements, support storage and operation system backup including software and computer applications and related data so they can be retrieved and be ready for use at all times. As part of the process, the information will also be stored/back up at the disaster recovery sites on ongoing basis.

Upon the occurrence of crisis situation, the managing director has the authority to make decisions and give orders to resolve various emergency incidents together with other senior management members. All the Company's staff and customers shall be informed accordingly via Line, email, the Company's website or other appropriate channels.

##### Building risk culture in the organization

The Company realizes that organizational culture is an important component for the success of risk management. In this connection, the Company mandates that the management communicate the importance of risk management and act as the role model in risk management including applying risk management concept to the Company's operations. There is to be the transfer of risk management mindset from the management down to the staff level and to make risk management training/course be mandatory for manager level and up. Arrange to exchange risk management experience via strategy meetings and each member of the staff to become risk agent with the responsibility to report risk issues to his/her supervisor. If an employee discovers risk in the work process he/she has to report to the supervisor in order to find ways to prevent or minimize such risk.

## 2. Investment risk of Securities holders

### 2.1 Risk of changes in the price of securities

Because the demand and supply of the market are constantly changing. This is often caused by a variety of factors that the price of securities does not depend only on the Company's performance. Therefore, it is a risk for securities holders to invest with the Company. Securities holders therefore often diversify their investments in various industries in order to diversify their risks and minimize the loss of full or partial money.

### 2.2 Risk from the ability to pay dividends

The ability to pay a company's future dividends depends on a number of factors, such as operating cash flow, the need to reserve capital for business expansion, etc. If there are factors affecting the ability to pay dividends, there is a significant change. The Company may be at risk of paying dividends at a lower rate than the predetermined. Or unable to pay dividends. However, the Company has continuously expanded its lending and cash management. This resulted in sufficient operating results and liquidity to pay dividends to securities holders.

## 3. Risks of investing in foreign securities

The Company does not invest in foreign securities.



# 03 Driving business for sustainability



## Sustainable Management Policy and Goals

The Company has set the sustainability direction in 3 main dimensions under the framework of the implementation of good corporate governance as follows:



### 1. Economy



#### Encourage Thailand's Economic by supporting SMEs to access source of fund systematically

The Company aims to be a non-financial source of alternative fund for Small and Medium Enterprises (SMEs) which cannot access to source of funds, not being supported by financial institutions even that those SMEs have potential to grow. Such businesses normally require funding outside the system (loan shark) which is a barrier to succeed the Company's goals in long term.

##### a. Product Innovation for SME

The Company considers developing a variety of financial services to provide total financial solutions especially for SMEs in order that SMEs can grow in accordance with their true capability.

##### b. True Financial Partner

The Company always supports SME side by side and gives them financial advice on funding source in accordance with our core mission to enhance the relationship between the Company and SMEs customers as "True Financial Partner".



## 2. Social

### Develop strong society

The Company gives importance to developing strong society according to good governance guideline so transparent and accountable that the Company sets clear guidelines for executives and employees to conform as followings; Anticorruption, Human Right, Accounting operations, Fair labor practices, Health and safety in the work environment, Fair business operation and responsibility for business partners, Breaches and supply chain management.



## 3. Environment

The current environmental problems which tend to be more serious. As a part of mitigation or impact arising from Human actions, either directly or indirectly. The Company and employees have created a consciousness to protect the world, protect the environment. It is believed that the small dots, when combined together, constitute a group and the power to reduce or mitigate pollution.

### Sustainable development guidelines

The Company is determined to operate under good corporate governance practice by taking into consideration economic, social and environmental impacts. The Company specified an approach to sustainable development with participation of the stakeholders as follows.

1. To monitor developments, events, changes in related industry by considering factors that impact the business, society and the Company's environment such as the changing weather conditions, financial technology, international sustainable standards e.g. Global Reporting Initiative (GRI), Sustainable Development Goal (SDGs).
2. Accord importance to all stakeholders' expectations via participation in various activities, for example, conducting survey of customers' satisfaction, trade partners' satisfaction, employees' satisfaction, including taking into consideration the Board of Director's suggestions in order to improve and meet the expectations of the stakeholders appropriately.

**Disclosing the policy to all groups of employees and stakeholders as follows**

**1. Corporate Governance Policy**

- Rights of shareholders
- Equitable treatment of shareholders
- Roles of stakeholders
- Information disclosure and transparency
- Board responsibilities

**2. Business Ethics**

- Conflict of interest
- Protecting the assets and using the assets of the Company
- Giving or receiving gifts
- Securities Trading and the Use of Inside Information
- Internal control and audit and financial reporting
- Prohibit dishonesty
- Confidentiality and information
- Human rights and political activities
- Anti-corruption and bribery

The Company reviewed and improved the business ethics to avoid conflict of interest, the use of internal information, safeguarding confidential information, the use of information technology and communication.

The Company specified the following procedure upon receiving complaints.

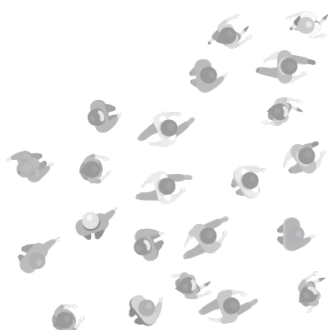
1. Accept complaints.
2. Investigate the truth and prepare summary of the event.
3. Report the matter to the Audit Committee for their consideration and recommendation. Come up with solutions or take legal actions in case an offence is committed.
4. Inform the outcome to the Company's Board of Directors including informing the complainant for acknowledgement.

**Measures to protect complainants, whistle blowers or persons providing cooperation.**

1. Complainants, whistle blowers, affected persons or persons providing cooperation in good faith who are involved in all steps of the investigation shall be protected or are guaranteed non-retaliation.
2. The Company shall not divulge information on complainants, whistle blowers or involved persons. The matter shall be treated confidentially.
3. Complainants or affected persons shall be remedied and redressed in line with the Company's appropriate action steps.

In order to avoid the repeat of ethically-related misconducts, the Company clearly outlined punishment for those who committed such misconducts and required the employee to pass the business ethic test.

During 2020, there was no complaint lodged on any action deemed illegal or ethically wrong, infringement of rights, report of improper financial transaction, corruption or faulty internal control system via this channel.





## How to achieve sustainable development goals

Lease IT Public Company Limited with the United Nation's sustainable development targets. The United Nations has established sustainable development goals. Which consists of 17 sustainable development goals as follows



The Company is aware of the need to participate in order to achieve the UN's development targets sustainably and, accordingly, operates the business in the manner that supports such targets as follows.

Sustainability Frame Work	Materailities	SDGs Goal
Governance	Corporate Governance and Ethics	16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 17 PARTNERSHIPS FOR THE GOALS
	Risk Management	8 DECENT WORK AND ECONOMIC GROWTH
Economy	Brand Awareness	3 GOOD HEALTH AND WELL-BEING, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
	Development of technology and innovation	8 DECENT WORK AND ECONOMIC GROWTH, 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Company performance	12 RESPONSIBLE CONSUMPTION AND PRODUCTION
Social	Being a source of funds that SMEs have access to	1 NO POVERTY, 8 DECENT WORK AND ECONOMIC GROWTH, 11 SUSTAINABLE CITIES AND COMMUNITIES, 17 PARTNERSHIPS FOR THE GOALS
	Information security	16 PEACE, JUSTICE AND STRONG INSTITUTIONS, 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
	Employee development and care	3 GOOD HEALTH AND WELL-BEING, 4 QUALITY EDUCATION, 5 GENDER EQUALITY, 8 DECENT WORK AND ECONOMIC GROWTH, 10 REDUCED INEQUALITIES, 17 PARTNERSHIPS FOR THE GOALS
Environment	Climate change	13 CLIMATE ACTION

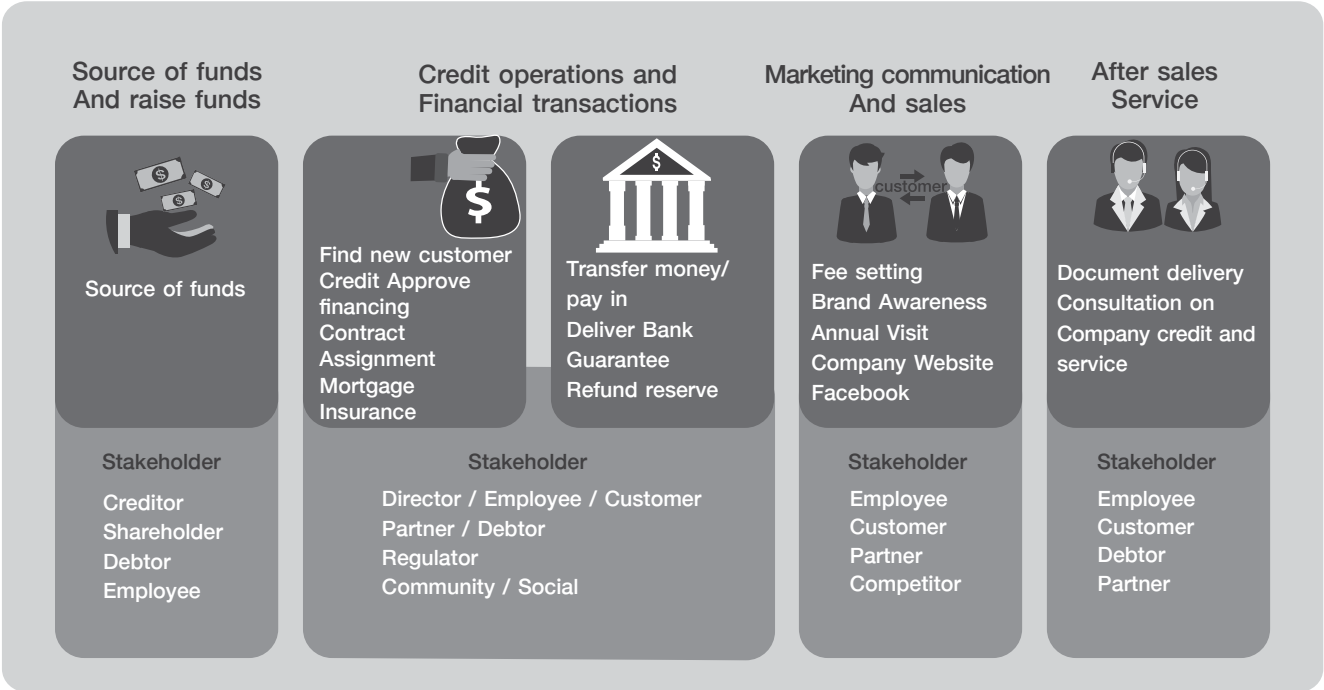
# Managing the impact on stakeholders

## 1. Value chain

In the business of the Company, There are main activities and stakeholders involved in the process as follows:






## Value chain



## 2. Analysis of stakeholders in the value chain

Stakeholders	Communication and channel	Action frequency	Stakeholder's Expectation	Action
<b>1. Directors</b> 	BOD meetings Provide sufficient information completely and timely	Once a month All time	Fair treatment for all stakeholders Manage transparently based on good corporate governance principles. Continuing growth performance	Providing sufficient information Participate in business supervision Specify policy and methodology on labor-related laws
<b>2. Employees</b> 	Arrange orientation session for new employees Survey the need of employees and their supervisors for job specific trainings. Survey loyalty to the organization. Organize outing/team building activities to strengthen employee loyalty to the organization. Disseminate information/news via social media (LINE)	For the first time (new joiners) Once a year Once a year Once a year or as appropriate All times	Career path for the job. Receive fair monetary compensation and welfare. Receive annual bonus. Receive fair treatment. Opportunity to learn for career path growth.	Specify policy on human rights Promote career advancement. Arrange job trainings at various levels and disciplines. Annual performance appraisements. Improve working environment to conform to good hygienic principles and job safety.
<b>3. Shareholders</b> 	Annual General Meeting Disclose information via SET, website. Annual report, Form 56-1. Opportunity Day. MAI forum. Website.	Once a year All times Once a year Twice a year or as appropriate Once a year All times	Continuing growth performance and increasing profitability. Receive dividend. Receive high return on investment and The Company to enjoy stable growth sustainably. Transparent business management/operations. Such can be audited.	Generate good results under strict and robust risk management practices. Disclose information to shareholders and the SET via activities or other communication channels transparently manner that can be inspected. Invite shareholders to annual meetings and to participate by giving feedback.
<b>4. Trade partners</b> 	Accept complaints/various suggestions via website	All times	Operate the business transparently, ethically and morally.	All process must be auditable. Having a system to investigate and solve problem on timely manner.
<b>5. Community and society</b> 	Participate in volunteering activities. Organize/join/participate in seminar/talk, discussion activities.	Twice a year or as appropriate Once a year or as appropriate	Promote and support social activities for various communities as a return of favor to the society. Provide knowledge on financial products.	Support budget for social activities on ongoing basis. Disseminate information via social media.

Stakeholders	Communication and channel	Action frequency	Stakeholder's Expectation	Action
<b>6. Customers</b> 	<p>Direct contact via sales personnel or assigned operational staff.</p> <p>Visit by sales personnel/the management on New Year or important occasions.</p> <p>Customer satisfaction survey .</p> <p>Provide channel for receiving complaints/accept suggestions via website, email, letters etc.</p>	<p>All times.</p> <p>Once a year or as appropriate</p> <p>Once a year or as appropriate</p> <p>All times</p>	<p>Customers receive clear and correct information. Safeguard the confidentiality of customers' data.</p> <p>Customer receives prompt service.</p> <p>Provide solutions without shifting responsibility to other colleagues.</p> <p>Management and staff adhere to good corporate governance practices. Perform their duties transparently, ethically and morally. The process is auditable.</p>	<p>Train employees to provide efficient services in line with the slogan "True Financial Partner".</p> <p>Delivering the product in this scenario means providing loans that meet clients' requirements.</p> <p>Focus on good corporate governance culture and for employees to have business ethic to provide clients with trust worthy services.</p> <p>Increase suitable channels for customers to avail credits and other financial services conveniently.</p>
<b>7. Creditors</b> 	<p>Opportunity Day.</p> <p>Company Website Provide channel to receive complains/suggestions.</p> <p>Prepare Annual Report, Form 56-1.</p>	<p>Twice a year or as appropriate</p> <p>All times</p> <p>All times.</p>	<p>Comply with all terms &amp; conditions.</p> <p>Repay interest and loan installments on time.</p> <p>Communicate and disclose information on ongoing basis.</p>	<p>Pay interest and loan instalments on time.</p> <p>Ongoing communication of correct and complete information.</p>
<b>8. Competitors</b> 	<p>Participate in the Thai Factoring Association meetings.</p>	<p>Monthly</p>	<p>Exchange information which may be beneficial to factoring operations.</p> <p>Jointly cooperate to strengthen the stability of factoring companies.</p> <p>Compete transparently, honestly and fairly.</p>	<p>Compete under the framework of fairness.</p>
<b>9. Debtors</b> 	<p>Annual Report. Form 56-1</p> <p>Company Website, Facebook</p>	<p>All times</p> <p>All times</p>	<p>Provide clear, correct and complete information.</p>	<p>Provide correct and complete information.</p>
<b>10. Regulator</b> 	<p>Annual Report. Form 56-1</p> <p>Company Website, Facebook</p>	<p>All times</p> <p>All times</p>	<p>Strictly abide by the regulations/ guidelines</p>	<p>Strictly abide by the regulations/guidelines</p>

## Materiality Identification

The Company considers the organization strategy and the impact on stakeholders. By connecting with internal and external stakeholders as follow

Materiality	Stakeholder									
	Internal		External							
	Director	Employee	Shareholder	Partner	Community/ Social	Customer	Creditor	Competitor	Debtor	Regulator
Brand Awareness		●		●	●	●		●	●	
Development of technology and innovation	●	●	●	●		●		●		
Company performance	●	●	●			●	●	●		
Risk Management	●	●	●			●	●			●
Being a source of funds that SMEs have access to		●	●		●	●				
Information security	●	●		●		●				●
Corporate Governance and Ethics	●	●	●			●	●			
Employee development and care	●	●			●					
Climate change		●	●		●	●				●

## Prioritization of Material Aspect

The Company prioritized sustainability issues. By considering the issues that are in order of importance to the most

Materiality Matrix			
High    Important/Impact to stakeholder    Low			<ul style="list-style-type: none"> <li>● Corporate Governance and Ethics</li> <li>● Brand Awareness</li> <li>● Development of technology and innovation</li> <li>● Company performance</li> <li>● Risk Management</li> </ul>
	● Climate Change		<ul style="list-style-type: none"> <li>● Employee development and care</li> <li>● Being a source of funds that SMEs have access to</li> <li>● Information security</li> </ul>
	Low	Important/Impact on business (Economic/Social/Environment)	High

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# Sustainability management in the environmental dimension

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## 1. Environmental Policies and Practices

The Company is aware of current environmental problems which tend to be more serious. Currently, there are organizations, government and private sectors, including non-profit organizations which are watchful and care more about environment. Therefore, to be a part of relieving or reducing any impact arose from human direct and indirect actions, the Company aims to implement in regard of environment to produce mutual benefit for the Company's every employee level and to reflect the responsibility for society, community, environment, and stakeholders according to the following approaches:

1. Implementation of activities of the Company and its subsidiaries shall strictly comply with related environmental laws and regulations.
2. Creating conscience for world saving to employee in order for them to be aware of the impact from doing or not doing things with a belief that many small parts can become a group and power that will reduce or relieve pollutions to forward good environment to our next generation by providing training that gives and publicizes knowledge to everyone.
3. Intention for the most efficient and worthy resource use.
4. Every executive level supports various aspects, for example, personnel, tool, time, budget, etc., in order for its implementations to be achieved according to the determined objectives.
5. The Company aims to develop the quality of life of its employee by promoting good atmosphere and environment to work pleasantly together with improving working performance to be efficient and met the Company's goal.
6. The Company will provide an advice channel for environmental problem-solving guideline of the most benefit by informing any responsible departments to lead to sustainability, which will be coordinated with every department for achieving the success in environmental problem-solving.

The Company aims to reduce any impacts arose from any aspects of environment and publicizes to its employee implementation results, including the following annual report :

- Reduction of greenhouse gas emission by reducing paper and electric energy
- Sorting the type of garbage before disposing and also record the amount of waste that has been recycle and income from garbage disposal.

In year 2020 the Company has a project to reduce electricity usage by requiring turning on –the air conditioning system during 7.30 – 18.00 each day. Turn off the light during the lunch break and after work. Reduce the use of water and reduce paper use By using both sides of the paper before disposing.

### Resource and Environmental Management Process

The Company emphasize the important of doing business on basis of good corporate governance, also responsible for society and the environment. By doing this, the Company has determined guideline for executives and employee to comply with good governance, transparency and ethics.

To achieve successfully and sustainable in a socially responsible and environmentally, the Company has established a policy of commitment to social responsibility and environmental activities. CSR policy functions are built to achieve continuity through the following procedures:

- To take continuous action.
- To link the various projects and activities together.
- All employees are required to participate in the activity.
- To build a network, such as CSR partner involvement of partners and so on.

The Company has focused on environmental protection and promote activities to reduce global warming. It focuses on simple activity which can start within our organization. Therefore, the Company have created awareness for employees aware of the importance of natural resources. As well as arrange the training to understand how to protect environment, starting from a small spot within the Company and actively promoting the practice as following:

- 1) Securing Forest: To promote use of recycled paper and paper saving
- 2) Reduction of electricity consumption: To promote the efficient use of electricity and the use of environmentally friendly electrical equipment.
- 3) Water conservation: Promote water saving.
- 4) Reduction of waste: Encourage employees to separate waste before disposing

### Management Approach

The Company has assigned an environmental management policy to conserve environment and energy for reducing greenhouse emission from its operations by having the following process:

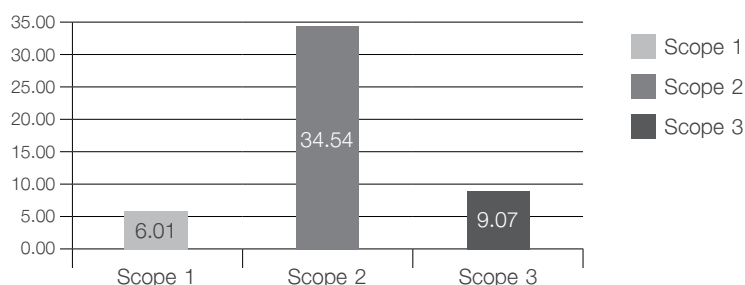
- Reduces corporate energy and resource uses
- Reduces greenhouse emission caused by the Company's energy use
- Determines for the members of its strategy team to be a committee of energy conservation which is responsible for energy management, follow up, inspection and collection of information of energy used inside buildings for constant development and improvement to meet the Company's goal.
- Assigns for energy conservation, water resource management, garbage and waste management to be responsible by its executives and every employee level by collaborating in every aspect.
- Provides knowledge, promote, and support its employee to participate in the measures of energy conservation, water resource management, and garbage and waste management. In the past years, there was a campaign of water and electricity resource reduction once they were not used.
- Assigns for goals of energy conservation and greenhouse emission to be The Company's indicator.

## 2. Environmental performance Operation results are as follows

The Company calculated the volume of carbon footprint using carbon footprint program for office/hotels and others developed by Thailand Greenhouse Gas Management Organization (Public Organization (TGO)). In the future, the Company will provide a person to verify the information. In 2020, the

organization released greenhouse gas at the volume of 49.62 ton carbon dioxide (tCO<sub>2</sub>e). In 2020 the Company's activities to reduce greenhouse gas by separating wastage for recycling and was able to reduce greenhouse gas release of 1.64 tCO<sub>2</sub>e or up to 3.13% of released greenhouse gas.

**Summary of Carbon Footprint (tCO<sub>2</sub>e)**



2020	Greenhouse Gas Quantity	% reduce
Greenhouse gas emission	49.62 tCO <sub>2</sub> e	
Reducing Greenhouse gas emission	1.64 tCO <sub>2</sub> e	3.13 %

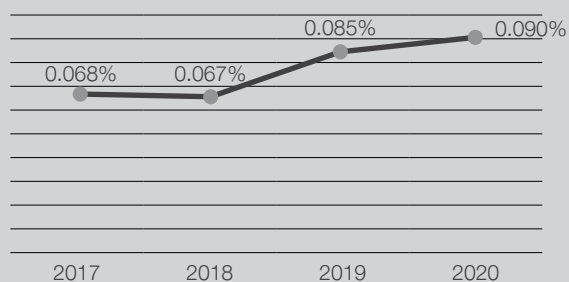
## Reduction of resource usage

### Reduction of paper

1. The Company organized the Printer Management project with the objective to reduce paper wastage. The outcome reduction of wastage by 69.86% compared to the year 2018, and 67% compared to the year 2019.
2. The usage of paper during meeting in 2020 was reduced by 6,465 pages equivalent to the cultivation of eucalyptus for the size 3-5 year totaling 1.07 tree, saving 1,021 Baht worth of paper cost.

## Environmental performance results in 2020

The proportion of electricity fees compared to income



### Electric power consumption

In 2020, the Company uses 723.6 units of electricity per person, compared to average expenses/person/year in 2020, 2019 and 2018 in the amount of 4,341.59 Baht, 4,888 Baht and 4,189 Baht, respectively. In 2020, 2019 and 2018 amount 0.09%, 0.085% and 0.067%

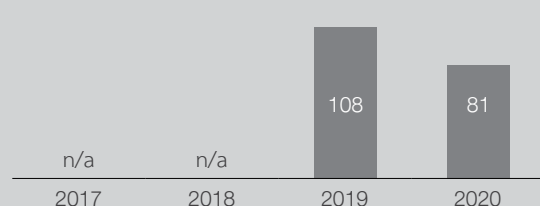
The proportion of paper cost compared to income



### Paper consumption

Paper consumption in 2020, 2019 and 2018 accounted for 0.0398%, 0.0378% and 0.0233% of revenue respectively.

Amount of water used (M<sup>3</sup>)



### Water consumption

Water consumption in 2020 and 2019 averaged 1 m<sup>3</sup>/person and 1.36 m<sup>3</sup>/person.

The Company, with its non-bank status and operates as a lending institution, realizes the issue of environment, pollution caused by human behavior, stands ready to act in its role as a financier to support alternative energy promoters which operate environmental friendly projects to safeguard the environment and reduce greenhouse gas release.



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# Sustainability management in the social dimension

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## 1. Social policy and practice

### Develop strong society

The Company gives importance to developing strong society according to good governance guideline so that the Company sets clear guidelines for executives and employees to conform as followings;

#### 1.1 Anti-corruption and Bribery Policy

The Company is committed to conduct its business with transparency. Anti-bribery and anti-corruption are defined as the main policy, or better said “Code of Conduct” of the Company. A code of conduct is a set of rules outlining the responsibilities of or proper practices for an individual, party or organization. Related concepts include ethical, honor and moral codes. Accordingly, directors, management and employees are required to comply with the Code of Conduct. Every single transaction through the Company is exempted from being involved in paying or offering bribes to other parties (or other agencies in all forms), whether the deviation from the Code of Construct is conducted directly or indirectly. On the contrary, the Company is highly encouraged to join the practices that will benefit all parties, or profit the operations of the Company legally and safely. In the past and up to this point, the Company has never ever faced any reports or complaints concerning bribery and corruption violations. To show commitment, the Company registered to be a member of PACT Network in year 2015.

In 2016, the Company has assigned a unit which is no conflict of interest, to review back to all customers who open new financial amount in order to collect information on corruption and bribery. The results found that no corruption and bribery.

In 2017, the Company declared its intention to join the Thailand’s Private Sector Collective Action against Corruption (CAC) on 9 June 2017.

#### 1.2 Respect for Human Rights Principles

Moreover, the Company aims to expand basic human rights in terms of promoting respect for the rights and freedom of every individual through non-discrimination and anti-racist values. The concept of non-discrimination includes equality with respect to gender, social class, religion, or political beliefs of people. The Company freely accepts and tolerates those who think and believe in different ways. However, the Company does not merely focus on the promotion and protection of human rights. But it also emphasizes on the moral and ethical policies for all the employees involved with the Company. The rights for freedom of speech and expression of ideas also are fully considered under the Company’s policy. As an instance, it is important for the Company to respect the all rights of stakeholders equally. Beyond of that, the Company takes social and ethical responsibility towards all its business operations in addition to different groups of people including customers, employees, investors, shareholders, stakeholders, board of directors, management, corporate governance team, and even the environment.

### 1.3 Tax operations

The Company requires its employee to strictly abide by the followings to prevent tax risk which may lead to any losses of the Company:

- Taxation: the Company avoids any fraudulent or incorrect or complication taxation for initial tax benefit and tax evasion.
- Tax system for corporate sustainability: the Company has its responsibility to the shareholders by being a company with excellent financial status and a tax system that sustainably increases value to the shareholders.
- Tax incentives: the Company aims to legally and sufficiently apply the tax incentives under consideration for sustainable and appropriate business operation in accordance with the efficiency principle of the tax system as defined objectives. The tax incentives include tax exemption measure at certain times, accelerated asset allowances or other incentives, which all of these are under national or local tax policy and used with any business that has its qualification met related criteria. However, such incentives may impact on consideration process for the Company's business operations, but it will only consider economic factors.

### 1.4 Equitable Labor Treatment

All personnel of the Company are the most essential parts in operating its business. The Company shall give priority to them without discrimination. The Company promotes its employee to be harmonious, rely on each other, not distinguish, treat to each other politely, and respect others' human dignity. The Company protects its employee from internal and external safety threats by providing good and safe working environment, appropriate wage and compensation, good welfare for its employee, and allowing its employee to grow under justified consideration process. For structure modification and corporate collocation, it shall responsibly implement them under the policy framework, including be strictly complied with laws and regulations related to labor. It shall provide innovation and technology to support the business operations to reward its employee who performs their job with maximum ability, speed,

discretion, diligence, enthusiasm, consciousness, and rationality based on their knowledge without being taken over by emotions and seeking for knowledge.

### Good Practices

1. The Company equally treats its employee without discrimination for origin, race, gender, color, religion, disability, family lineage, educational institution or other statuses not directly related to working performance.
2. The Company gives opportunity to every employee to fully show their abilities with providing appropriate reward and motivates the working performance with salary, bonus, incentive, and appropriate working performance expense in accordance with the Company's rule.
3. The Company's employee shall perform their duties with maximum ability, good conscience, honesty, equity, virtue and ethics, and being responsible.

### 1.5 Health and Safety for Working Environment

A part which creates happiness to its employee whom is like a family member is providing a good working environment that supports the employee's health and enhancing safety management, occupational health, and working environment by fundamentally adhering to legal operations, furthering development and applying international measures related to safety expectation of its workers, customers, as well as those who are related to the Company's activities and operational areas due to that there is nothing which can be replaced or compensated such unwanted losses.

In 2020, there is no information about any injury or death or event related to safety for working environment. The employee's absence rate (AR) was 0.61. In 2020 the Company has had fire drills and fire evacuation together with the building.

## 1.6 Justified and Responsible Business Operations to Partners

The Company focuses on providing services in such good ways that result in the utmost satisfaction of the clients. To achieve such goal, customers need to receive detailed product risk-return terms correctly and appropriately. Similarly, the Company must be sincere to handle the customer complaints including trying to fix the defects that probably are caused by the service

Partners and competitors are the outsiders whom the Company shall compete with according to the way of *laissez-faire* capitalism in running its business. The competition shall rightly be implemented, not distort information, not be fraudulent or use any other methods which are not incorrect and in line with good competition, maintain any confidentiality under related criteria and laws, as well as not illegitimately and unjustly seek for any information of its partners and competitors.

### Good Practices

- The Company shall operate its business by taking justified competition into consideration, not incriminating and attacking its competitors without any reasonable information.
- The Company's personnel shall be careful in contacting any competitors and its personnel in any event, do not expose or neglect that the Company's confidentiality is its competitors' hands.

## 1.7 Breaches

The Company has assigned ethics as a guideline to be followed by every executive and employee. Breach of the Company's ethics and legal policies in any event shall be recorded and notified to the audit and corporate governance committees whom examine breach of ethics reports that are submitted through the complaint channel. The Company shall expose any information of number and cases of breach of ethics, morality, anti-corruption, and public bribery. In addition, the Company shall expose any information to the Stock Exchange of Thailand in case of any breaches which significantly impact on the Company.

In 2020, there was no case of breach.

## 1.8 Supply Chain Management

Apart from focusing on its operations, the Company also aims to supply chain management with good governance, considering impact on environment and society to prevent any risks which may effect on the Company's image and operations both in direct and indirect ways. The Company follows up some of its partners' operations from news. If any breach matter is found, the Company shall review such partners.

Year 2020, the Company focuses on partners who provide property insurance services by assessing the importance of reducing impacts of social, service quality, duration, conditions, having a convenient means of contact. The Company targets at 80 percent and the assessment results is 90 percent which is higher than the target.

The Company has its procurement policy which is transparent, justified, and verifiable, as well as strictly complying with related laws, treating every partner with impartiality, non-exploitation, equally providing full, correct, clear, and adequate information, non-discrimination, available anti-corruption policy followed strictly, and being against every kind of anti-corruption both in direct and indirect ways. However, infraction and non-compliance to the anti-corruption policy may lead its partners and contractors to be prosecuted.



## 2. Social performance

### 2.1 Information Securities



The Company has an action plan to improve the efficiency of protection against cyber threats. (Cybersecurity) and will educate employees in the organization on how to avoid falling victim to such threats. On the security of information the Company has performed as follows There is a backup every day after 10:00 pm to prevent data loss., Firewall to prevent outsiders from unauthorized access to the system or data., Antivirus is installed on all computers to protect against viruses or unwanted programs. And arrange for an automatic scan every day at 12.00 noon, The right to access the system or information is set and has a policy on the security of information and information systems.

In preparation for the enforcement of the Personal Data Protection Act (PDPA) has performed as follows ; the Company has a meeting to understand the law on personal information protection and planning actions to prepare to comply with the privacy law, There is a survey of the use of personal information in every department. Adjust the procedure to comply with the Personal Information Protection Act. (PDPA)

### 2.2 Being a source of funds that SMEs have access to



The Company has been in business for more than 14 years, providing funding for more than 2,500 SMEs customers, funding support at least 50,000 million Baht, with the Company providing an online channel for SMEs to contact to inquire and apply for loans from the Company. In 2020, the proportion of new customers via online channels increased 58% from 2019.

### 2.3 Employee development and care



#### Respect of human rights and fair treatment of labor

The Company gives its supports for respecting human rights both inside and outside the organization by incorporating in the operating guidelines business ethics on human rights and fair treatment of labor. The Company provides its support and abides by the labor laws including the concepts of basic human rights according to international standards without discrimination as to race, gender, skin color, religion, language, political belief or any other beliefs, physical deformation or other situations that is not related to the ability to perform work. Note that there has been no incident pertaining to infringement of human rights at the Company.

#### Compensation and welfare policy that is fair and appropriate

The Company specified the compensation structure and welfare policy for employees fairly and appropriately by considering other similar business along with the changing economic conditions covering both monetary and non-monetary aspects. The compensation system is based on job responsibility, knowledge and ability, skill set and experience including performance assessment of each employee via key performance index system (KPIs system) which conforms to annual performance target. Meanwhile, the performance bonus is paid in line with each individual employee performance as well as that of the Company.

The Company also provides other benefits such as Provident Fund, health insurance, annual health check-up, emergency loans, vaccination to prevent contracting influenza, (EJIP), arranging monthly snack/drinks etc.

### Communication of the Company's policy to employees

The Company scheduled announcement of its policy, targets and direction once a year with the objective to have employee participation on performing their duties in line with the objectives. The Company gives opportunity to employees to voice their opinions or make suggestions as part of the driving force to achieve organizational goals. Each employee must realize, abide by and comply with, in every aspects of the entire organization, the following matters i.e. business supervision policy, business ethics, the use of internal information/observe the trading time of securities, procedure on prevention of corruption, channels to report complaints etc.

### Employee development

Employees are important human resource and play significant role in the sustainable success of the organization. In driving the organization towards the vision and attain the business objective, it is

necessary to have resource that is worthy in terms of knowledge, skillset including the ability to efficiently and effectively perform. The Company develops its human resource under 2 formats i.e. coaching & knowledge sharing and project assignment to enable employees to use the knowledge and adapt/apply to their job which shall strengthen the organization and support its sustainable growth.

In 2020, the Company arranged 16 training courses (internal and external) to develop employees or averaging about 4.66 hours/person/year. And from the questioning of the satisfaction of the training is "Excellent Level", employees can be adapted to their work.

The Company has the goal for an employee who passed the probationary period to receive training of at least 1 course. Outcome: there were 46 employees who passed their probation period all of whom had received the training or 61.33% of target achievement.

### Training Summary for the year 2020

External Training course 6 courses		Internal Training course 10 courses	
Average hour/ person/year	Director : -	Average hour/ person/year	Director : 1.13 hours
	Executive : 3.81 hours		Executive : 3.00 hours
	Manager : 1.20 hours		Manager: 4.40 hours
	Employee : 0.79 hours		Employee : 4.20 hours

### Courses in human resource development in 2020 are:

#### ● Internal Training course

Director and Executive Level	Supervisor Level	Employee Level
<ul style="list-style-type: none"> <li>● Self Coaching for Success</li> <li>● Personal Data Protection Act (PDPA)</li> </ul>	<ul style="list-style-type: none"> <li>● Self Coaching for Success</li> <li>● Effective Communication</li> <li>● Executive EQ for Management Team</li> <li>● Effective Negotiation Skills</li> <li>● Personal Data Protection Act (PDPA)</li> </ul>	<ul style="list-style-type: none"> <li>● Self Coaching for Success</li> <li>● Proactive Sales</li> <li>● Innovation Strategy &amp; Process</li> <li>● Effective Communication</li> <li>● Proactive Service for Excellence</li> <li>● Effective EQ for Management Team</li> <li>● Personal Data Protection Act (PDPA)</li> </ul>

- **External Training Course**

Executive Level	Supervisor and Employee Level
<ul style="list-style-type: none"> <li>● Sustainability Information Management and Evaluation Course</li> <li>● Sustainable waste management</li> <li>● Storytelling for Sustainability of the sustainability of companies and brands</li> <li>● Sustainability reports are not as difficult as you think.</li> <li>● Sustainability Reporting Quality Promotion Program for Listed Companies 2020</li> <li>● Training on the direction of Thai Financial Reporting Standards (TFRSs / TFRS for NPAEs)</li> <li>● Keep pace with accounting For bookkeepers According to the accounting rules</li> </ul>	<ul style="list-style-type: none"> <li>● Smart Disclosure Program</li> <li>● Sustainability Reporting Quality Promotion Program for Listed Companies 2020</li> </ul>

### Employee engagement

The Company gives freedom to employees in providing suggestions to improve working conditions via their supervisors. The Company also provides channels for the employee to propose, lodge complaint via suggestion box, email or the Company’s website. In 2020, the Company had enquired about the employee loyalty towards the Company measured by employee’s satisfaction. The Company shall use the result of the survey and suggestions received from employees to analyze for use as guidance to improve & develop the management of human resource going forward.

### Employee engagement survey results

Year	% actual	Target
2018	69%	80% up
2019	72%	
2020	73%	

### Create safe working conditions for employee



The Company specified safety policy and disseminate at its website i.e. [www.leaseit.co.th](http://www.leaseit.co.th)

In 2019 and 2020, there was no work-related severe accident or serious disease/illness.

Serious illness and accident at work 2019	Serious illness and accident at work 2020
0%	0%

In 2020, the Company implemented additional safety measures and enhanced healthy working conditions as follows.

1. Inspect various equipment to ensure safe conditions for use.
2. Communicate knowledge on fire evacuation in the building.
3. Provide annual health check-up.
4. Arrange for vaccination against contracting influenza.
5. Provide PM2.5 masks
6. Due to the presence of COVID-19 disease, the Company has organized a screening of people who come in contact with the Company. By measuring the temperature and providing alcohol gel

## 2.4 Knowledge Sharing



- In 2020, the Stock Exchange of Thailand Organized SE102 training courses for 23 teams of social enterprises and 13 enterprises that passed into Gym 2020 Mr. Sompon Aketerajit, Managing Director of Lease IT Public Company Limited has been a volunteer coach for “Ameen Tanot Social Enterprise” to provide social enterprises, understand the direction and be able to apply their knowledge to conduct business



- The Company communicates via Facebook Channel provide information to SMEs on various topics example : Survival of SMEs through every crisis, Survival of SMEs through every crisis, 5 financial KPIs that SMEs must check every day, 6 important points in TOR to pay attention to, 4 ways to reduce financial risks etc.



## 2.5 Community and social operations

- “This card for youngsters” the Company played a role in bringing smile and happiness to youngsters by organizing drawing competition under the project “This card for youngsters” 18<sup>th</sup> edition under the title “New Way of Thailand, New Way of Life” organized by the Strengthen Thai Foundation involving 54 volunteer hours.



- The Company provided lunch and scholarships for 60 students at Ban Pong Keng School, Saraburi Province





## Personnel Information

Employee	2020 (Number of employee)	%	Number of employee by ages			
			20-30 yrs	30-40 yrs	40-50 yrs	50 yrs up
All employees (include management)	82	100.00	21	34	18	9
Male	32	39.24	10	14	3	5
Female	50	60.76	11	20	15	4
Executive	13	100.00	0	3	3	7
Male	5	33.33	0	1	0	4
Female	8	66.67	0	2	3	3
Assist.Manager - Senior Manager	15	100.00	0	6	7	2
Male	6	38.89	0	3	5	1
Female	9	61.11	0	3	2	1
Staff - Senior Supervisor	54	100.00	21	25	8	0
Male	21	40.38	10	10	1	0
Female	33	59.62	11	15	7	0
Contract	0	0.00	0	0	0	0
Male	0	0.00	0	0	0	0
Female	0	0.00	0	0	0	0

Staff in - out	2020	2019	2018
New employee	16 persons	26 persons	27 persons
Resignation staff	15 persons	16 persons	23 persons
Number of employee at the of the year	82 persons	81 persons	71 persons
Resignation rate	18.29%	19.75%	32.39%
Absent Rate	0.61%	0.65%	

Maternity leave	2020	2019
Number of employees on maternity leave	-	3 persons
Number of employees returning to work after maternity leave	-	3 persons

Ordination leave	2020	2019
Number of employees on ordination leave	1 persons	-

## Corporate governance operations

### Corporate Governance and Ethics



#### Regulatory Structure

The Company's board of director consists of 8 directors of which 5 directors have no management role (including 5 independent directors), 3 directors with management role and the chairman of the board is an independent director who is not involved in the Company management nor has any authority to encumber the Company. There is a clear cut division of job responsibility. The Board of Directors has an important role in supervising the organization so that it operates transparently and fairly under good corporate governance principles, pay attention to social responsibility and the environment. There are sub-committees as follows: Audit sub-committee; Nomination and Compensation sub-committee; Corporate Governance sub-committee; Risk management sub-committee. All sub-committees are responsible for supervising various aspects stated in each sub-committee's code of conducts. The managing director is responsible for managing the business in line with the policy and guidelines specified by the Company's board of directors which maximize the benefits of the institution and stakeholders.

The assessment of the board performance is specified under the Company's Corporate Governance policy that consists of self-assessment of the entire Board of Directors, self-assessment of sub-committees (entire committee). The Nomination and Compensation sub-committee shall consider compensation to propose to the Company's board for consideration before submitting to the annual shareholder meeting for final approval.

The Company's board ensured that all stakeholders equally receive the correct and complete information. The Company provided opportunity to minor shareholders to nominate director(s) and to propose meeting agenda in advance the first time during 19 November-31 December 2019 and the second time during 21 May 2020-20 June 2020 to promote the exercising of minor shareholders' rights. The chairman of the board, chairman of Audit sub-committee and chairman of all sub-committees and all the Company's directors participated in the 2020 Annual General Meeting of Shareholder, on August 7, 2020. In this connection, the Company was awarded 99 points in the 2020 shareholder meeting quality assessment (AGM Checklist) by the Thai Investor Association (TIA). This reflected the Company's transparency in adopting good corporate governance practice and building trust for the shareholders and investors alike.

On the corporate governance survey, the Company received "Excellent" rating with respect to its sustainable short and long term targets.

From the survey on business governance of listed company for the year 2020 organized by Thailand Institute of Directors (IOD) with the support of the SET, the Company received the rating "Excellent" on the corporate governance assessment. (Excellent CG scoring)

In 2020, the Company is one of 124 listed companies on the list of Thailand Sustainability Investment (THSI) 2020.

## Risk Management



The Company is aware of the importance of business risk management by considering internal and external factors such as changing economic, social and environmental conditions. The Company has in place acceptable risk management system including protecting or alleviating potential impact. The Company adopted the international standards of risk management principles (Committee of Sponsoring Organizations of the Treadway Commission: COSO) under the supervision of the Risk Management Committee which consist of independent directors who ensure efficient risk management process to minimize adverse impact to the business and still be able to compete whilst fulfilling the stakeholders' expectation. The Company analyzes the risks in all aspects that could prevent achieving the organizational targets including specifying approach to risk management as outlined in the annual report under the heading "Risk Factors".

The organization structure of Risk Management Committee consists of 5 independent directors tasked with the duty to specify risk management policy and propose to the Company's Board of Directors for their endorsement. Their other duties include outlining strategy and risk management plan that conforms to the Company's business strategy, risk supervision and risk monitoring.

The risk management working team consists of a management representative from each department with the managing director acting as the leader to guide the teams to operate in line with the risk management policy to ensure efficiency and acceptable risk as stated in the risk management guidelines and to instill risk management as corporate culture, to come under the supervision of the Company's board of directors after being vetted by the Risk Management Committee.

## Economic operation

### Brand Awareness



Due to the Company's brand is not widespread and well-cognized by the target customer groups as well as it should be, the Company has long term plan to conduct public relation activities to promote its brand of financial products via the following channels.

- Conduct public relation activities via traditional media i.e. printed media, magazines and leaflet.
- Conduct public relation activities via event marketing e.g. Money Expo, MAI Forum
- Conduct public relation activities via social media e.g. Facebook, Fanpage or Line@.

Long term goals for year 2019-2022: Achieve the number of 'Like' page of up to 10,000.

In 2020, the Company had achieved 4,314 'Liked'. This represents 43.14% of the goal.

### Company Performance



Performance of the Company and its subsidiaries

Net income : 396,423,745 Baht

Profit before Interest, Tax and Depreciation :  
215,722,697 Baht

Net Profit : 71,241,213 Baht

Profit per share : 0.32 Baht

Return on Equity : 6.45%

In 2020, the Company granted loans to a customer which operates solar energy business totaling 70.14 million Baht.

Given that the Company is involved in the financing business, it was able to assist promoters to alternatively have access to funds other than via commercial bank loans in order to tackle the issue of informal debt faced by SMEs. The total loans granted in 2020 were 8,353 million Baht. In the context of informal loans in the system, the Company assisted SMEs to shave off borrowing cost of between 1.5%-3.0% by extending loans in the total amount of between 125-250 million Baht.

### Development of Technology and Innovation



Financial technology keeps changing forcing the Company to make adjustments to the organization for smooth operations. The Company has made improvements to the information technology system to be modern with greater working efficiency.

In 2020, the Company has continued to improve its core business application from the previous year. To be more modern and efficient in work. And has provided and developed a tool to store documents in the form of an electronic file for easy storage and search. The Company has set measures for information security and has clearly defined the right to access each type of information. And has brought a Robot to help in the following areas AR-reconcile, Get Customer from website, Use Line Notification to send information to sales department.

### Innovation

The Company has brought the Robotic Process Automation to help in doing various operations as follows: AR-reconcile reduces the reconcile time of employees 90-92%, Get Customer from website in this section, the use of time per 1 item Still under development to further enhance efficiency, using Line Notification to send information to the sales department, helping the sales department know immediately. And can proceed very quickly

## Environment

### Climate Change



The Company realizes the importance of natural resources which is being depleted with time. The global weather condition is in the state of crisis. Every party concerned must jointly cooperate to alleviate the potential negative impact through various activities. The Company announced its intention to join the project "Talad Toon Thammapi Barn" on the occasion of the King's royal coronation rite to practice 'Sufficiency Economy' philosophy by managing the business with responsibility, always conscious of social and the environment benefit that will lead to sustainable benefit to the Company, concerned parties, the society and population at large. This is also in line with the global community's Sustainable Development Goal. The Company's stated mission is the reduction of greenhouse gas by separating wastage exclusively for recycling under the following goals.

In 2019, the goal is to reduce greenhouse gas by 1-5% and within 2022 the goal is reduction by 5-20%.

The result is able to reduce greenhouse gas release of 1.64 tCo2e or up to 3.13% of released greenhouse gas.



## GRI STANDARDS

GRI STANDARD	DISCLOSURE	PAGE NUMBER (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGs
		Annual Report	SD Report			
GRI 101 : Foundation 2016	Reporting principles					
	Making claims related to the use of the GRI Standards					
<b>General Disclosures</b> GRI 102 : General disclosures 2016	<b>Organizational profile</b>					
	102-1 Name of the organization	21				
	102-2 Activities, brands, products, and services	12, 13, 23-30				
	102-3 Location of headquarters	21				
	102-4 Location of operations	21				
	102-7 Scale of the organization	8				
	102-8 Information on employees and other workers	73				
	102-9 Supply chain	58				
	102-10 Significant changes to the organization and its supply chain	15-18				
	102-11 Precautionary principle or approach	94-107				
	<b>Strategy</b>					
	102-14 Statement from senior decision-maker	7				
	<b>Ethics and integrity</b>					
	102-16 Values, principles, standards, and norm of behavior	94-107				
	102-18 Governance Structure	110-116				
	102-19 Delegating authority	110				
	102-20 Executive-level responsibility for economic, environmental and social topics	96				
102-32 Highest governance body's role in sustainability reporting	108					
<b>Stakeholder engagement</b>						
102-40 List of stakeholder groups	59-60					
102-42 Identifying and selecting stakeholders	59-60					
102-43 Approach to stakeholder engagement	59-60					
102-44 Key topics and concerns raised	61					
102-47 List of material topics	61					
102-55 GRI content index	77-78					
<b>Anti-corruption</b> GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its boundaries	61				
	103-2 The management approach and its components	65				
	103-3 Evaluation of the management approach	65				

GRI STANDARD	DISCLOSURE	PAGE NUMBER (s)		OMISSION	EXTERNAL VERIFICATION	RELATION TO SDGs
		Annual Report	SD Report			
<b>Energy</b> GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its boundaries	61				
	103-2 The management approach and its components	62-63				
	103-3 Evaluation of the management approach	61				
<b>Water</b> GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its boundaries	61				
	103-2 The management approach and its components	62-63				
	103-3 Evaluation of the management approach	61				
<b>Emissions</b> GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its boundaries	61				
	103-2 The management approach and its components	63				
	103-3 Evaluation of the management approach	63				
GRI 305 Emissions 2016	305-1 Direct (Scope 1) GHG emissions	63				
	305-2 Energy indirect (Scope 2) GHG emissions	63				
	305-3 Other indirect (Scope 3) GHG emissions	63				
	305-4 GHG emission intensity	63				
<b>Employment</b> GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its boundaries	61				
	103-2 The management approach and its components	68-71				
	103-3 Evaluation of the management approach	68-71				
GRI 401 : Employment 2016	401-1 New Employee hires and employee turnover	73				
<b>Training and Education</b> GRI 103 : Management Approach 2016	103-1 Explanation of the material topic and its boundaries	61				
	103-2 The management approach and its components	68-71				
	103-3 Evaluation of the management approach	68-71				
GRI 404 : Training and education 2016	404-1 Average hours of training per year per employee	68-71				

# 04 Analysis and the management's explanations

## Overall performance picture

Even though the Company has many financial products covering the entire business cycles, nevertheless, in 2020, the total revenues amounted to 396.42 million Baht and when compared to that in 2019 of 456.60 million Baht, there was a decline of 60.18 million Baht or 13.18%.

### (A) Revenues

The revenues of the Company and subsidiary in 2020 consist of interest income, fee and service and other income at the proportion of 62.74%, 29.97% and 7.29% respectively. It can be seen that interest income is the Company's main revenues with the highest proportion which is in line with the 2020's strategic plans, when the economic situation was not favorable to SMEs. As such, the Company focused on the project backup financing and bid bond by screening customers with good credit records in the factoring product and again introduce such product due to its high return vis-à-vis relative risk.

Interest revenues consist of income from finance lease, hire-purchase contract, factoring and project finance backup. The breakdown of interest income classified by products for the year ending 31 December 2020 and 2019 are as follows:

(Unit: Thousand Baht)

Interest income	Consolidated Financial Statements				Change	
	2020		2019			
	Thousand Baht	percent	Thousand Baht	percent	Thousand Baht	percent
● Financial Lease	9,075	3.65	13,606	4.68	(4,531)	(33.30)
● Hire purchase	9,860	3.97	16,715	5.74	(6,855)	(41.01)
● Factoring	108,605	43.66	117,305	40.32	(8,700)	(7.42)
● Project Backup Financing	121,192	48.72	143,304	49.26	(22,112)	(15.43)
<b>Total interest income</b>	<b>248,732</b>	<b>100.00</b>	<b>290,930</b>	<b>100.00</b>	<b>(42,198)</b>	<b>(14.50)</b>

From the table as of 31 December 2020, it can be seen that the proportion of long term credits i.e. financial lease stood at 3.65% while hire purchase was 3.97% thus the proportion of interest from long term lending totaled 7.62%. Meanwhile, the interest income from short term credits i.e. factoring stood at 43.68% and short term loans stood at 48.72% giving the proportion of short term credit at 92.38%. Compared to 2019, the proportion of interest from long term credits totaled 10.42% while short term credits totaled 89.58%. It can be seen that the Company could generate income from financial lease and hire purchase, both long term credits which on 31 December 2020 totaled 18.94 million Baht, down from the same period in 2019 of 11.39 million Baht or 37.55%. Revenues from factoring in 2020 had declined by 7.42% and the interest income from loan declined by 15.43% from the prior year.

Note that the actual performance is not in line with the revenue targets forecast by the group for the following reasons

1. The Covid-19 situation which exert pressure on the economy to slow down.
2. The change of policy in managing the lending portfolio i.e. reduce lending to the construction industry especially for new customers to control credit risk even though there was high demand for this type of credit.
3. The policy in considering credit request amidst difficult economic conditions that could raise non-performing loans.
4. The overall economic conditions were in the state of a decline causing reduced business activities, higher trade debts and the Company could purchase fewer loans.

**Income from fee and service** consist of revenues from finance lease, hire-purchase contract, factoring, project finance backup and bid bonds. The change in the composition of revenues from fee and service classified by type of products as of 31 December 2020 and 2019 are outlined as follows:

(Unit: Thousand baht)

Fees and service income	Consolidated Financial Statements				Change	
	2020		2019		Thousand Baht	percent
	Thousand Baht	percent	Thousand Baht	percent		
● Financial Lease	381	0.32	233	0.16	148	63.52
● Hire purchase	44	0.04	56	0.04	(12)	(21.43)
● Factoring	49,569	41.72	41,255	29.20	8,314	20.15
● Project Backup Financing	58,815	49.51	84,950	60.13	(26,135)	(30.77)
● Bid Bond	9,965	8.39	13,517	9.57	(3,552)	(26.28)
● Letter of Credit	-	-	1,251	0.88	(1,251)	(100)
● Others	22	0.02	22	0.02	0	0
<b>Total fees and service income</b>	<b>118,796</b>	<b>100.00</b>	<b>141,284</b>	<b>100.00</b>	<b>(22,488)</b>	<b>(15.92)</b>



From the table as of 31 December 2020, it can be seen that the major proportion of fee income is derived from the fee and service of short term credits of up to 99.64%. Income from fee and service from short term credit consist of factoring, up 20.15% from the prior year. However, the credit analysis fee on loan agreement contracted by 30.77% from the prior year attributable to the Company having slow down loan underwriting in some industries while at the same time income from factoring increased due to its lower risk. The Company considered that taking into account the economic factors and the Covid-19 situation, loan customers may not be able to deliver products and services and any drawdowns were done on the basis of the agreed delivery schedule.

**The majority of other income** is derived from delayed interest payment at the ratio of 81.79% and 73.37% as of 31 December 2020 and 31 December 2019 respectively, as follows.

(Unit: Thousand Baht)

Other incomes	Consolidated Financial Statements				Change	
	2020		2019		Thousand Baht	percent
	Thousand Baht	percent	Thousand Baht	percent		
● Interest income from late payment	23,635	81.79	17,896	73.37	5,739	32.07
● Others	5,261	18.21	6,494	26.63	(1,233)	(18.99)
<b>Total other incomes</b>	<b>28,896</b>	<b>100.00</b>	<b>24,390</b>	<b>100.00</b>	<b>4,506</b>	<b>18.47</b>

## (B) Expense

Expense consists of expenses relating to services, administration, bad debts and doubtful debts, and finance expenses as of 31 December 2020 and 2019, as follows.

(Unit: Thousand Baht)

Expenses	Consolidated Financial Statements				Change	
	2020		2019		Thousand Baht	percent
	Thousand Baht	percent	Thousand Baht	percent		
● Selling expenses	35,928	12.91	40,282	12.39	(4,354)	(10.81)
● Administrative expenses	89,626	32.21	90,442	27.81	(816)	(0.90)
● Financial cost	86,658	31.14	83,978	25.82	2,680	3.19
● Expected Credit losses (Bad debts and doubtful accounts)	66,063	23.74	110,522	33.98	(44,459)	(40.23)
<b>Total costs and expenses</b>	<b>278,275</b>	<b>100.00</b>	<b>325,224</b>	<b>100.00</b>	<b>(46,949)</b>	<b>(14.44)</b>

## Expenses related to services and administration

As of 31 December 2020 the Company incurred service and administrative expenses of 125.55 million Baht and 130.72 million Baht in 2019 respectively, a decline of 3.96% owing to the reduction in sales commission in line with lower commission income.

## Finance expenses

As of 31 December 2020, finance expense increased by 3.19% from the prior year due to higher expenses relating to debenture issuance (excluding interest expense at the agreed rate) and interest expense from share issuance in December 2019 whose proceed was earmarked for repayment of debenture that fell due in the first quarter of 2020.

## Expected credit losses

Revealed expected provision for bad debt by comparing the periods as of 31 December 2020 and 2019 as follows.

(Unit: Thousand Baht)

Classified by business type	Consolidated Financial Statements	
	2020	2019
Balance of allowance for doubtful accounts at beginning of the year	251,636	158,914
Add: Adjustment of cumulative effect from financial reporting standards related to financial Instruments (Note 4.1)	94,626	-
Beginning at beginning of the year – after adjusted	346,262	158,914
Add: Allowance for expected credit losses	66,063	-
Add: Bad debts and doubtful accounts	-	110,522
Add: Bad debt recovery	-	5,500
Less: Write-off	(112,065)	(23,300)
<b>Balance at end of the year</b>	<b>300,260</b>	<b>251,636</b>

As of 31 December 2020, expected credit loss increased of 66.06 million Baht and revised the impact after adopting TFRS9 totaling 94.63 million Baht including writing off bad debts during the year of 112.07 million Baht. All in all, the provision of expected credit loss as at end of 2020 amounted to 300.26 million Baht. The said change in accounting standards affected the Company immediately if there is an indication of loan default or if there is material change to the debt servicing ability of debtors. Before the change, the Company raised provision for bad debt only when customers actually defaulted on debt repayment.

Nevertheless, the Company had a policy to cap the lending to customers in each industry group to not more than 25% but this could not be done in practice because on loans to construction contractors the Company has a policy to allow drawdown in tranches hence this is a continuing process for unfinished projects. In addition, the Company had adopted stricter loan approval criteria preventing the immediate diversification to other customer segments. However, as can be seen from the table, the ratio of credits granted to other customer segments had mostly increased reflecting the Company's intention to diversify its credit portfolio.

As of 31 December 2020 and 2019, the detailed proportion of customer groups is as follows.

Industry	2020 (%)	2019 (%)
Construction	35.3	29.2
Installment of Utilities	11.7	6.0
Retail of IT	7.9	4.7
Service of trade unions	6.4	6.5
Trading	6.3	5.3
Other (25 Industry)	32.4	48.3
<b>Total</b>	<b>100</b>	<b>100</b>

As of 31 December 2020, the Company had non-performing loans of 413.05 million Baht. The Company deemed that the provision for bad debt is appropriate as the debtors do business with government agencies and major private companies therefore having low risk.

#### Performance classified by type of credits.

The Company and subsidiaries' organization structure are designed based on the type of services provided to customers. Note that at the time of this financial statement, the Company and subsidiaries had not changed the organization structure.

Revenue and profit for the year ended 31 December 2020 and 2019 as the following.

(Unit: Thousand Baht)

	As of 31 December 2020			
	Financial services in various forms	Credit information services and analysis	Elimination of transaction	Consolidated financial statements
<b>Revenue</b>				
Revenues from customers				
● Interest incomes	248,732	-	-	248,732
● Fee and service incomes	61,276	57,520	-	118,796
Other incomes	28,836	831	(771)	28,896
<b>Total revenues</b>	<b>338,844</b>	<b>58,351</b>	<b>(771)</b>	<b>396,424</b>
Finance cost	(87,297)	(132)	771	(86,658)
Service expenses	(24,080)	(11,848)	-	(35,928)
Administrative expenses	(87,432)	(2,194)	-	(89,626)
Expected credit losses	(66,062)	(1)	-	(66,063)
Income tax expenses	(38,096)	(8,812)	-	(46,908)
<b>Profit for the year</b>	<b>35,877</b>	<b>35,364</b>	<b>-</b>	<b>71,241</b>

(Unit: Thousand Baht)

	As of 31 December 2019			
	Financial services in various forms	Credit information services and analysis	Elimination of transaction	Consolidated financial statements
<b>Revenue</b>				
Revenues from customers				
● Interest incomes	290,930	-	-	290,930
● Fee and service incomes	55,284	86,000	-	141,284
Other incomes	24,169	640	(419)	24,390
<b>Total revenues</b>	<b>370,383</b>	<b>86,640</b>	<b>(419)</b>	<b>456,604</b>
Finance cost	(84,397)	-	419	(83,878)
Service expenses	(23,037)	(17,245)	-	(40,282)
Administrative expenses	(88,211)	(2,231)	-	(90,442)
Bad debts and doubtful accounts	(110,522)	-	-	(110,522)
Income tax expenses	(14,622)	(13,660)	-	(28,282)
<b>Profit for the year</b>	<b>49,594</b>	<b>53,504</b>	<b>-</b>	<b>103,098</b>

### (C) Net profits

As of 31 December 2020 and 2019, the Company earned net profits of 71.24 million Baht and 103.10 million Baht respectively, a decline of 30.90% from the prior period due to lower revenues of 60.18 million Baht and higher tax expense of 18.63 million Baht. Note that the Company had bad debt expense in 2020 of 112.06 million Baht that caused the deferred income tax to increase by 22.41 million Baht. Nevertheless, the Company's doubtful debts declined by 44.46 million Baht in 2020 as in 2019 the Company raised provision for doubtful debts to comply with the change in TFRS9

### (D) Financial reporting standards that effective in the current year

During the year, the Group 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.

### Financial reporting standards related to financial instruments

The impact of the adoption of these standards on the Group's financial statements is recognition of credit losses. The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the general approach to consider impairment of loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables, and applies the simplified approach to consider impairment of trade receivables.

### TFRS 16 Leases

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

The Company adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

## Performance and the ability to generate profits

### Key financial ratios

Financial Ratio	Consolidated financial statement		
	2020	2019	2018
Current Ratio (x)	1.66	2.33	2.83
Net Profit Margin (%)	17.97	22.58	33.44
Return on Equity (ROE) (%)	6.45	9.24	14.05
Yield on Earning Assets (%)	9.23	11.09	10.74
Financial Cost Rate (%)	4.66	4.59	4.99
Net Interest Rate (%)	4.57	6.50	5.75
Interest Income on assets (%)	8.03	9.36	10.27
Non-Interest Income on assets (%)	4.77	5.33	7.50
Return on Asset (%)	2.30	3.32	5.94
Asset Turnover Ratio (%)	12.80	14.70	17.77
Debt to Equity Ratio <sup>1/</sup> (x)	1.46	2.14	1.42
Interest-Bearing D/E Ratio <sup>2/</sup> (x)	1.33	2.01	1.25
Net debt to EBITDA Ratio <sup>3/</sup> (x)	6.43	9.17	4.79
Interest Bearing Debt to EBITDA Ratio <sup>4/</sup> (x)	6.65	10.23	5.19
Interest Coverage Ratio : ICR <sup>5/</sup> (x)	2.08	1.81	0.43
Debt Service Coverage Ratio : DSCR <sup>6/</sup> (x)	-0.27	-0.01	-0.03
Dividend Ratio (%)	55.95	51.55	50.95
Reserve to NPLs Ratio (%)	73.03	61.52	60.04
Reserve Ratio (%)	11.14	9.33	6.23
Bad-debt Ratio (%)	4.16	0.86	0.86
Non-Performing Loan (NPLs) ratio <sup>7/</sup> (%)	15.26	15.17*	10.38
B/E,P/N size to interest bearing debt ratio (x)	-	0.04	0.12
Interest Bearing Debt matured in 1 year to total interest bearing Debt (x)	0.72	0.51	0.47
Loan from Financial Institution to total Debt Ratio (x)	0.10	0.10	0.28
Loan from Financial Institution to interest-bearing debt ratio (x)	0.11	0.11	0.31
Debentures to interest bearing debt ratio (x)	0.87	0.85	0.61
B/E,P/N size to interest bearing debt ratio (x)	0.02	0.04	0.07

#### Remark:

\* In case of including effect from adoption TFRS 9 on 1 January 2020, NPLs ratio will be 19.86%

<sup>1/</sup> Debt to Equity Ratio calculated by Total liabilities / Total shareholder's equity

<sup>2/</sup> Interest bearing debt to equity ratio calculated by (bank overdrafts and short-term loans from financial institutions + loan-term loans + debentures + liabilities under financial lease and hire-purchase agreements) / shareholders' equity

<sup>3/</sup> Net debt to EBITDA ratio calculated by (interest-bearing liabilities – cash and cash equivalents) / Earning Before Interest Income Tax Depreciation and Amortization (EBITDA)

<sup>4/</sup> Interest bearing debt to EBITDA ratio calculated by interest-bearing liabilities / Earnings Before Interest Income Tax Depreciation and Amortization (EBITDA)

<sup>5/</sup> Interest Coverage Ratio calculated by Cash flows from (used in) operating activities / Cash paid for interest expenses in the cash flows statement.

<sup>6/</sup> Debt Service Coverage ratio (Cash Basis) calculated by Net cash flows from operating activities / (Cash paid from investing activities + Repayment from financing activities + Dividend paid)

<sup>7/</sup> Non-Performing Loans (NPLs) ratio calculated by Non-Performing Loans \* 100 / Total Account Receivable

## Analysis of key financial ratios

The Current ratio as of end of 2020 and 2019 stood at 1.66 and 2.33 times respectively. The decline from the prior period was due to the investment in trading securities which were sold during the year causing the decline in current assets. Nevertheless, the Company continues to have sufficient liquidity to operate the business.

Profitability ratios e.g. net profit ratio, return on capital, return on assets had tendency to decline due to the lower net profits from the prior year attributable to the sluggish economies causing a reduction in loan underwriting coupled with stricter credit approval criteria. Nevertheless, the Company continued to maintain the difference between interest rate on loans and cost of borrowing amidst the weak economies in 2020.

On operating efficiency ratio e.g. interest income to assets, return on assets or asset turnover etc. which use average assets for the calculation, it can be seen that the ratios in 2020 and 2019 have the tendency to decline albeit minimally from lower profitability. Nevertheless, the average total assets were maintained at around 3,100 million Baht.

The Company had short term loans from financial institutions and issuance of debenture with the stipulation that the Company must maintain the Debt to Equity (D/E) ratio of within 4 times. It can be seen that in 2020, 2019 and 2018, the Company were able to maintain the ratio at 1.46 times, 2.14 times and 1.42 times as stipulated which remain within the covenant. At present, such ratio is affected by the issuance of new debenture and the repayment of existing debenture during the year. The Company adhered to the concept of synchronizing the source of capital to loan underwriting and the debtor structure in order to achieve effective returns from using the capital while increasing liquidity by way of maintaining sufficient cash for operations. This allowed the Company to service interest at the ratio of about 2 times meaning the Company can generate sufficient revenues to pay interest.

With regards to the asset quality ratio e.g. expected credit loss allowance ratio to non-performing loans, allowance for doubtful accounts to total loans ratio and NPL ratio have a tendency to rise marginally when compared to 2019 due to the change in accounting standards TFRS9 since 1 January 2020 which counted debtors which undergo debt restructuring as part of non-performing loans. As such, the Company focused on reducing non-performing loans e.g. by adopting stricter loan approval criteria and reduce credit exposure to high risk industry including writing off bad debt at higher rate in order to better manage non-performing debtors. As of 31 December 2020 and 2019, the NPL ratio increased minimally at 15.26% and 15.17% respectively. But by accounting for the impact of implementing TFRS9 the ratio as at end of 2019 stood at 19.86%. It can thus be seen that the NPL ratio did not increase solely from the management of NPL ratio as mentioned above.

## Ability to manage assets

### Total assets

As of 31 December 2020 and 2019, the Company had total assets of 2,644.78 million Baht and 3,550.75 million Baht respectively of which the majority were loans to customers or 90.34% and 67.86% of total assets respectively.

Current asset as of 31 December 2020 and 2019 totaled 1,908.84 million Baht and 2,993.60 million Baht respectively. The major current assets were financial lease and hire purchase debtors, factoring debtors and term loans. The current portion of the loans payable within 1 year of those lending stood at 7.19%, 47.12% and 42.77% of total assets respectively.

Total non-current assets as of 31 December 2020 and 2019 stood at 735.95 million Baht and 557.15 million Baht respectively. Key non-current assets consist of financial lease and hire purchase customers, factoring customers and term loans customers. Excluding the current portion, the ratio for each type of loans stood at 8.99%, 7.11% and 56.75% respectively in 2020.

### Asset quality

The Company has criteria to control debtor asset quality as it represents the Company's major assets covering both customers' credit limit and their debtors' credit limit including specifying a policy to underwrite different type of loans to ensure good asset quality. In addition, the Company's loan portfolio is not concentrated due to the diverse customer base and the large quantity which were well spread out in different industries.

Debtor	Consolidated Financial statements		Change	
	2020 Thousand Baht	2019 Thousand Baht	increase/ (Decrease)	% change
Financial lease	100,565	115,177	(14,612)	(12.69)
Hire purchase	105,304	129,671	(24,367)	(18.79)
Factoring	1,040,819	1,079,657	(38,838)	(3.60)
Loan	1,441,789	1,335,660	106,129	7.95
Account receivable	2,604	4,646	(2,042)	(43.95)
Other	3,742	31,547	(27,805)	(88.14)
<b>Total</b>	<b>2,694,823</b>	<b>2,696,358</b>	<b>(1,535)</b>	<b>(0.06)</b>

**Note:** From above table, account receivable outstanding excluded provision expected credit loss

Receivable purchase customers as of 31 December 2020 and 2019 stood at 1,040.82 million Baht and 1,079.66 million Baht respectively, down 3.6% due to the Company having diversified credit portfolio to different industries and rearrange the proportion of each credit products in order to manage credit risk efficiently including increasing the proportion of credit to government agency customers. Such implementation in the early stage affected the volume of credit loans but enable the Company to achieve its strategic plan as laid down.

The Company had extended term loans as of 31 December 2020 and 2019 of 1,441.79 million Baht and 1,335.66 million Baht respectively. The expansion came about from the increase in loan to customers which previously used low-risk credit products to higher risk products thereby increasing the Company's revenues.

With regards to the financial lease and hire purchase receivables, as of 31 December 2020 and 2019, the amount stood at 205.57 million Baht and 244.85 million Baht respectively, a decline of 15.92%. This resulted from intentionally reining in credit growth due to the weak economies coupled with the focus on short term loans at the expense of long term exposure to better manage the liquidity position.

## Liquidity and capital sufficiency

### (A) Source of capital and liquidity

	Consolidated Financial statements		
	2020 Million Baht	2019 Million Baht	increase/ (Decrease)
Cash flows from (used in) operating activities	54.25	17.31	36.94
Cash flows from (used in) investing activities	681.51	(717.27)	1,398.78
Cash flows from (used in) financing activities	(924.79)	830.02	(1,754.81)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(189.03)</b>	<b>130.06</b>	<b>(319.09)</b>

As of 31 December 2020, there was cash inflow from operations of 54.25 million Baht resulted from profits from operations before the change in assets and liabilities that had risen. There is cash inflow from investment of 681.51 million Baht from the selling of trading assets and cash outflow of 924.79 million Baht from the repayment of debenture and short term loans to financial institutions.

As of 31 December 2020 and 2019, the Company showed details of liabilities, owner's equity and the D/E ratio (only with respect to financial institutions) as follows.

Item	Consolidated Financial statements		Change	
	2020	2019	Increase/ (Decrease)	% Change
<b>Financial liabilities</b>				
Bank overdrafts and short-term loans from financial institutions	157.92	249.76	(91.84)	(36.77)
Debentures	1,255.32	1,948.88	(693.56)	(35.59)
Liabilities under hire-purchase and financial lease agreements	5.31	82.99	(77.68)	(93.60)
<b>Total liabilities</b>	<b>1,418.55</b>	<b>2,281.62</b>	<b>(863.07)</b>	<b>(37.83)</b>
<b>Total shareholders' equity</b>	<b>1,074.95</b>	<b>1,132.56</b>	<b>(57.61)</b>	<b>(5.09)</b>
<b>Net cash flows</b>	<b>2,493.50</b>	<b>3,414.18</b>	<b>(920.68)</b>	<b>(26.97)</b>
<b>Debt to Equity Ratio (times)</b>	<b>1.32</b>	<b>2.01</b>	<b>(0.69)</b>	<b>(34.35)</b>



The Company's source of capital can be classified under 2 types i.e.

### **1. Overdraft limit and short term loan from financial institutions**

Under the short term loan agreement, there are certain financial covenants which the Company must adhere to e.g. maintaining D/E ratio and the stipulation of minimum shareholding by major shareholders about which the Company has complied.

As of 31 December 2020, the Company has total limits from financial institutions of 1,275 million Baht consisting of short term credit facility of 1,025 million Baht i.e. Overdraft limit and short term loan limit (against P/N) which at end of the year the undrawn limit stood at 1,117 million Baht.

### **2. Long term borrowing via debentures and non-bank borrowing**

For debentures, there were financial covenants imposed e.g. maintaining the minimum value of the rights to claims on trade receivables of term loan customers, factoring customers, financial lease customers and hire purchase customers which must not be less than 1.5 times of the outstanding debenture amount during its lifetime and maintain the D/E ratio of not exceeding 4 times. The Company was able to comply with such covenants.

As of 31 December 2020, the Company has debenture limits of 2,000 million Baht which was approved at the common shareholding meeting in 2018 on 29 March 2018. At end of 2020, the outstanding balance amount was 1,263.6 million Baht and the amount maturing in 2021 of 870.6 million Baht and 393 million Baht in 2022. The Company continues to have unutilized debenture limit of 736.4 million Baht at end of 2020.

The Company adheres to the concept of managing the source of capital to synchronize with the debtor structure by using banks' short term loans to finance short term lending i.e. receivable financing, bid bond, project-related and working capital loans. The Company can adjust interest rate or fee in line with the capital cost which may change from time to time. The Company's long term borrowings are used to finance long term loans to customers or hire

purchase loans where it charges fixed interest rate. Nevertheless, the difference in interest rate between the cost of fund and the rate charged to customers will have built-in cushion (interest spread) that covers the risk of interest rate fluctuations which could happen. The Company funds short term lending for customers who regularly utilize short term limits by long term loans thus the liquidity ratio remains high. As of 31 December 2020 and 2019, the liquidity ratio stood at 1.66% and 2.33% respectively whilst at the same time reducing the chance of breaching the financial covenants imposed on the Company's borrowings.

### **Liabilities**

As of 31 December 2020 and 2019, the Company had total liabilities of 1,569.83 million Baht and 2,418.19 million Baht respectively, the majority of which were overdraft and short term borrowings from financial institutions and issued debenture. The reduction of total liabilities stems from the repayment of debenture during the year amounting 850 million Baht whilst new debenture totaled only 150 million Baht to manage cash position and the capital structure appropriately and use the funds for expanding lending portfolio.

As of 31 December 2020 and 2019, the Company maintains the lending ratio of 1.9 and 1.18 times respectively. This indicates that all of the Company's borrowings were used to fund lending and any repayment by customers is used to fund new loans.

### **Shareholders' equity**

In view that the Company offers diverse lending products covering all of the customers' business requirements, the Company was able to generate income and earn profits every year. Its accumulated net profits have been increasing i.e. the shareholders' equity as of 31 December 2020 and 2019 stood at 1,074.95 million Baht and 1,132.56 million Baht respectively. In terms of shareholders' return, as of 31 December 2020 and 2019, the Company recorded shareholders' returns of 6.45% and 9.24% respectively. The reduction in 2020 stems from the reduced profitability in 2020.

### **Appropriateness of capital structure**

As of 31 December 2020 and 2019, the Company's D/E ratio stood at 1.46 times and 2.14 times which indicates that the Company has a lower ratio compared to 2019 due to the repayment of debenture during the year in order to manage cash position and the capital structure to be appropriate with the use of funds for expanding the lending portfolio.

### **(B) Capital Expenditures**

During the year, the Company invested in several technological-oriented systems e.g. electronic document filing to enhance the security in document archiving and reduce storage space. In addition, there is credit processing and operation system which is still not complete costing about 18 million Baht where the payment is staggered according to the project progress. The system is expected to come on stream in 2021 after which the Company hopes shall speed up the operations with enhanced accuracy that should benefit the service and provide timely information for the management's decision making.

The Company also invests in IT system to provide instalment payments services via electronic network by ULITE DIGITAL CO.,LTD. (a subsidiary) at the investment cost of about 4.9 million Baht that will become operational in March 2021. The Company already paid up to 70% of the cost in 2020 with the balance to be made according to the completion progress.

The investment in each project is funded by the cash inflow from customer payments and proceeds from sales of tradeable securities during the year.

### **(C) Factors affecting credit rating**

On 23 November 2020, the Company obtained credit rating of BBB- which is an investment grade rating from Tris Rating Co.,Ltd. with 'negative' outlook from 'stable' owing to the higher NPL ratio of 22.7% as of end of June 2020 from 15.2% at end of 2019. The increase in the NPL ratio stems from adopting the accounting standards TFRS 9 which requires inclusion of debtors that had undergone debt restructuring with other non-performing loans. If excluding the effect of this change, the NPL ratio would be 19.5%.

The conclusion of the credit rating was that non-performing loan customers were the main factor that affected the Company's credit rating. As a result, the Company focused on reducing non-performing loan by applying stricter credit approval process/criteria and reduce exposures to industries with high risk including deconcentrating debtors to mitigate credit risk. As of 31 December 2020 and 2019, the top 20 debtors stood at 41% and 45% respectively. In addition, the Company wrote off 112.1 million Baht of bad debts in 2020 or 4.3% of total credit extensions compared to the write-off of 1% in the past in order to better manage the non-performing debtors.

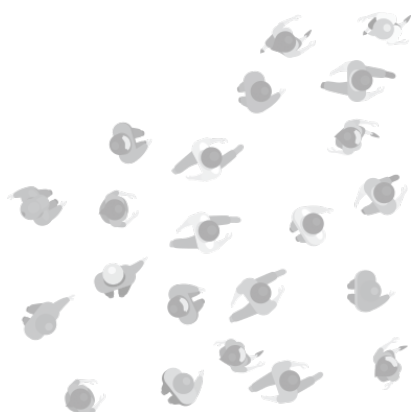
As of 31 December 2020 and 2019, the NPL ratio slightly increased to 15.26% from 15.17% respectively. But attributable to the implementation of the new accounting standards TFRS9 starting from 1 January 2020 on which date the NPL ratio rose to 19.86%. It can be seen that the ratio has declined from 22.7% since end of June 2020 owing to the better management of non-performing loans as mentioned above.

## Main influential factors that could affect future performance

Sufficient and diverse source of capital is an important factor in driving the business. The Company has raised capital via several channels e.g. capital increase, borrowings from various financial institutions including issuing various debt instruments e.g. Bills of Exchange (B/E), debenture issuance etc. The Company focusses on effective management of its finance both qualitatively and quantitatively in well diversified manner to reduce external risk factors that could impact capital sourcing in addition to reducing the risk of interest rate fluctuations and to effectively manage capital cost.

The Company received credit rating of BBB- which is an investment grade rating from Tris Rating Co., Ltd. on 23 November 2020 with 'negative' outlook from 'stable' owing to the rising NPL ratio in June 2020 which may affect the confidence of investors and the issuance of debenture including borrowings from financial institutions not to mention potentially higher cost of funding if the credit rating suffers further downgrade.

Nevertheless, thanks to effective risk management and control of non-performing loans throughout the year e.g. stricter lending approval process, reduction of exposure to high risk industries, debtors deconcentrating, diversification of lending portfolio by expanding to several industries, higher rate of debt write-off including more concise and expeditious debt collection system, the NPL ratio as of 31 December 2020 declined to 15.3% from 22.7% on 30 June 2020. Note that the Company shall strive to reduce the NPL ratio continuously in future.



**ONE**  
of Thailand's  
Top Non-Bank  
Lenders for SMEs

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# 05 General Information and other important information

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## General Information

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### The Company Information

Company Name	: Lease IT Public Company Limited
Nature of Business	: Leasing, Hire Purchase and Factoring including other financial services such as Bid Bond, Project Backup Financing, Trade Finance, Letter of Credit and Personal Loan
The Headquarters	: 1023 MS Siam Tower 29 <sup>th</sup> floor, Rama 3 Rd., Chongnonsi, Yannawa, Bangkok 10120
Company Registration Number	: 0107556000353
Telephone	: 02-163-4260
Fax	: 02-163-4291-4
Website	: www.leaseit.co.th

### Company information in Lease IT Public Company Limited holds shares of 10 percent or more

Details are shown in the shareholding structure of the Lease IT Group in Part 1, item 1.3.

### Information of other references

#### 1. Ordinary share registrar

Thailand Securities Depository Co.,Ltd.  
93 The Stock Exchange of Thailand Building  
Rachadapisek Road, Dindang, Dindang, Bangkok 10400  
Telephone 0-2009-9726  
Fax 0-2009-9807-8  
or TSD Call Center 0-2009-9999

#### 2. Debenture Registrar And bondholders' representatives

Debenture Registrar Registrar services section, Bank of Ayudhya Public Company Limited  
1222 AA floor, Rama 3 Road, Bangpongpan, Yannawa, Bangkok 10120  
Tel. 0-2296-5690

Representative of Debenture Holders

Asia Plus Securities Company Limited.  
3/1 floor, Sathorncity Tower No.175 South Sathorn Road,  
Thungmahamek, Sathorn, Bangkok 10120 Tel. 0-2680-1471

Globlex Securities Co.,Ltd.  
87/2 CRC Tower 12<sup>th</sup> floor, All Season Place, Wireless Road, Lumpini,  
Pathomwan, Bangkok 10330 Tel. 0-2687-7159 Fax 0-2687-7006

KTBST SECURITIES PUBLIC COMPANY LIMITED  
 87/2 CRC Tower 9<sup>th</sup>, 18<sup>th</sup>, 39<sup>th</sup>, 52<sup>nd</sup> floor, All Season Place  
 Wireless Road, Lumpini, Pathomwan, Bangkok 10330

### 3. Auditor

Ms. Somjai Khunapasut Certified Public Account (Thailand) No. 4499  
 Ms. Siriwan Suratepin Certified Public Account (Thailand) No. 4604  
 Ms. Rachada Yongsawadvanich Certified Public Account (Thailand) No. 4951

#### **EY Office Ltd.**

33<sup>rd</sup> floor, Lake Rajada Office Complex, No. 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110  
 Tel. 0-2264-0777 Fax 0-2264-0789-90

### 4. Contacted financial institutions

Krungthai Bank Public Company Limited  
 999 Pattanakarn Road, Suan Luang, Bangkok 10250  
 Tel. 0-2319-3910

Bangkok Bank Public Company Limited  
 333, 10<sup>th</sup> Floor, Silom Road, Kwaeng Silom, Khet Bangrak, Bangkok 10500  
 Tel. 0-2626-3007

Krungsri Public Company Limited  
 1222 Rama 3 Road, Bang Phongphang, Yan Nawa, Bangkok 10120  
 Tel. 0-2296-2000

RHB Bank  
 87/2 All Seasons Place, 18<sup>th</sup> Floors, Wireless Road, Lumpini, Pathumwan, Bangkok 10330  
 Tel. 0-2126-8695

Bank of China  
 179/4 Bangkok City Tower, South Sathorn Rd., Tungmahamek, Sathorn, Bangkok 10120  
 Tel. 0-2286-1010

### 5. Legal dispute

As of December 31, 2020, the Company is not a party or a party. In the following cases

1. Cases that may have a negative impact on the Company's assets. Or subsidiaries with more than 5% of shareholders' equity as of December 31, 2020
2. Cases affecting business operations of the Company Significantly But can not estimate the impact in numbers
3. Cases that do not arise from normal business operations of the Company

## 06 Corporate Governance Policy

### Overview of policies and practices in corporate governance

#### 1. Policies and guidelines on board

The Company considers governance as an important mechanism leading to the efficient management transparency and accountability. Therefore, the main focus of the Company is Good Corporate Governance. This will help the Company to build trust and confidence among its stakeholders, investors, shareholders and all the concerned parties. Moreover, having Good Corporate Governance can be assumed as a tool to add value, create competitiveness, and promote sustainable growth of the Company in the long term. Nevertheless, the Company requires a policy of Good Corporate Governance. As defined by the SET, the Board of Directors had a meeting on 15<sup>th</sup> of July 2013 (3/2013) to discuss and cover 5 main categories

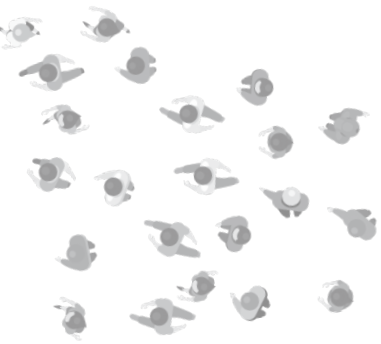
For establishing the corporate governance framework, the Company has studied the rules issued by the regulators, i.e. The Securities and Exchange Act, B.E. 2535, Public Limited Companies Act, B.E. 2535, Announcements and Rules of The Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand, which are applied to the Company as appropriate. The Company has complied with all principles of good corporate governance of The Securities and Exchange Commission.

The Company's good corporate governance policy covers five principles, namely shareholder rights, equitable treatment of shareholders, roles toward stakeholders, disclosure of information and transparency as well as responsibilities of the Board. The Company has complied with all principles of good corporate governance of the Securities and Exchange Commission

For financial reports, the Company has prepared financial statements according to accounting standards and financial reporting standards promulgated by the Federation of Accounting Professions as well as generally accepted accounting principles of Thailand by selecting appropriate accounting policies and adhering to them regularly. The Board of Director is responsible for the specific financial statements of the Company. And the consolidated financial statements of the Company and its subsidiaries. Also, careful judgement and the best possible estimate are used in the making the disclosure of sufficient important information in the notes to the financial statements in order that the financial statements are reliable and beneficial to shareholders and general investors.

The Board of Directors representing the shareholders is responsible for supervising the business according to the laws, objectives, rules and resolutions of the shareholders' meeting. It also oversees the management to work for achieving the goal of performance in accordance with the strategies and annual plans approved by the Board of Directors.

The Board of Directors is also responsible for monitoring the performance according to specified work plans, including the implementation of risk management, internal control, compliance with relevant regulations and operational checks. This is to make the performance of duties of the Board more efficient, therefore the Board of Directors has appointed specific subcommittees consisting of members with knowledge, expertise and experience in such fields, namely the Audit Committee, Executive Committee. Also, it has appointed the Audit Committee to perform the duties on its behalf, the Nomination and Remuneration Committee, the Risk Management Committee and the Corporate Governance Committee.



## Conclusion

Total number of directors :	8 persons
Independent Directors :	5 persons
The Chairman and The Managing Director are different persons:	✓

Detail	Proportion
Independent Directors : All Directors	5:8
Non-Executive Directors : All Directors	5:8
Male Directors : Female Directors	4:4
Female Directors : All Directors	4:8
Independent Directors : Sub-Committee	4:4

The Company has separated the roles, duties and responsibilities between the Board of Directors and the management. The Board of Directors has performed its duties honestly and carefully to protect the interests of the Company. The Company has clearly specified the Board of Directors' approval power in important matters such as setting the goals, guidelines, policies, business plans and budget of the Company, reviewing, auditing and approving business expansion plans, large investment projects as well as investing with other entrepreneurs proposed by the management, etc. This is detailed in Form 56-1 One Report under the topic of the scope of power and duties of the Chairman and the Board of Directors. Besides, so as to allow the directors to have time to perform their duties, therefore the number of no more than 5 listed companies has been fixed in which each director can hold a position without exception.

At present, the structure of the Board of Directors is comprised of independent directors, more than one in three of the committee. The Company currently has a total of 8 persons consisting of 3 executive directors and 5 non-executive directors which are also audit committees. Four directors are female. The Board of Directors appoints the audit committee in order to assist in the governance of the Company. The Audit committee has rights and duties to acknowledge and investigate the authority of other sections. At least one of the audit committee members must have knowledge and experience in accounting sufficient to verify the reliability of the financial statements of the Company. The term of the independent director should not exceed 6 years from the date of the Company's registration of becoming Public Company Limited on 16 May 2013. In addition, the Company has no independent director who has held the position of Independent Director for more than 9 years from the date of the Company's registration of becoming Public Company Limited. There are no directorships in more than 5 listed companies without exception. (excluding advisory positions in listed companies).

The Company has no policy for the Managing Director of the Company be appointed as a director in another Company and more than 2 other listed companies (excluding affiliated companies), and may not be directors of the same type of business or business that may cause conflict of interest. Unless approved by the Board of Directors. And the Company has no executive director holding more than 2 other listed companies.

The Company has an independency policy that a chairman and the president will not be the same person in order to prevent any arbitrary of one subject in voting process. Therefore, the scope of authority of each position is clearly defined in the operation model of the Company. Board of Directors is supposed to be determined based on the elements of authority, and all the other directors also are appointed in the same way. The Chairman has been elected by the directors of the Company and acts as the chairman of the meeting. The chairman has the responsibility to ensure that the meetings of the Board of Directors of the Company proceed in accordance with the agenda, encourage all directors to participate in the meeting (such as asking questions or making observation notes), give advice and recommendation to the management and support the business operation of the Company. However, the Chairman will not interfere with the work of the management of the Company.

The Board of Directors of the Company is composed of directors who possess of directors who possess qualifications, knowledge, expertise and experiences in various areas, including finance and accounting, business administration, law and telecommunications business. The independent directors possess higher qualifications than those required by the Securities and Exchange Commission and The Stock Exchange of Thailand, details of which can be found under section "Corporate Governance-Independent Directors".

The Board of Directors has a policy to promote and facilitate training and educating people involved in the corporate governance system of the Company, including the directors, audit committee members, executives and company secretary so as to continuously improve the work performance, namely the courses of the Thai Institute of Directors as well as the courses important for company development organized by the Stock Exchange of Thailand, the Securities and Exchange Commission and the Federation of Accounting Professions.

The Board of Directors has a policy on orientation for new directors and enhancing knowledge for directors. The Company assigns the Company secretary to prepare information for new directors in order to allow new directors to acknowledge the roles, duties and responsibilities of directors, policies, business information and corporate governance practices of the Company before performing the duties of directors, including promoting the creation of business knowledge and understanding for all directors to help support the directors' performance of duties more efficiently. Furthermore, the Company has a policy to regularly enhance knowledge of executive directors. In 2020, there were 2 new directors.

The managing director or chief executive of the Company, not as an employee or partner of the external auditors since the Company was established.

Similarly, the Board of Directors is supposed to appoint the duties and responsibilities of the Company's secretary under the Act of Securities and Exchange.



## 2. Policies and practices related to shareholders and stakeholders

### A. Shareholder Care Equitable treatment of shareholders Promoting the exercise of shareholders' rights

#### 1. The Rights of Shareholders and Promoting the exercise of Shareholder's Right

The Company recognizes the importance of fundamental rights of shareholders as the following: (a) the right to sell or transfer shares. (b) the right to receive a share of Company profits. (c) the right to receive adequate information of the Company. (d) the right to attend and vote at a meeting by the shareholders to appoint or remove directors. (e) the right to appoint an auditor and make a decision about the matters affecting the Company such as dividend payments. (f) the right to determine or modify regulations and the memorandum and articles of association as well. (g) the right to reduce or increase the Company's capital and so on.

Apart from the above-mentioned rights and empowerments, the Company has worked on various matters in order to promote and facilitate the exercise of shareholders as the following:

- (1) Informing the shareholders to attend a meeting at least 21 days in advance, specifying the date, time, place and agenda while handling the documents related to the matter entirety.
- (2) If the shareholder is unable to attend the meeting, the Company allows shareholders to delegate an independent director or any other person instead. Those attending the meeting as a proxy will be informed via invitation letter as well.
- (3) The Company also provides registration channels at the meeting venue specifically for individual shareholders and institutional investors and also arranges the computer system for registration and vote counting to expedite the registration and vote computation process.
- (4) Providing opportunity for shareholders to ask questions fully and freely.
- (5) Eventually at the end of the meeting, the Company will prepare a report with details correctly. Subsequently, that report can be verified by shareholders.

The Company held the 2020 Annual General Meeting of Shareholders on 7 August 2020 at The ASIC meeting room, MS Siam Tower 31<sup>st</sup> floor, Bangkok, Thailand. There were 11 directors and management attending the 2020 Annual General Meeting of shareholders.

The Company engaged the Thailand Securities Depository Co.,Ltd., its registrar, to send the invitation notice to the meeting, together with the supporting documents on its website at [www.leaseit.co.th](http://www.leaseit.co.th) at least 21 days prior to the meeting in order to facilitate the shareholders with an easy and prompt access to the information relating to the meeting

The Company provided opportunities for the shareholders to submit questions relevant to the meeting agenda in advance of the 2020 Annual General Meeting of shareholders during 19 November - 31 December 2019 and the second time during 21 May 2020 - 20 June 2020. However, no question was submitted.

The Company must state the opinion of the Board of Directors in the notice of AGM. Within period required by the SEC or Securities Exchange so that shareholder can study the information before meeting. Typically, the shareholders will receive information through the electronic email, Company's official website, and newspapers according to public companies limited act. The public Company limited has a policy to invite the shareholders and Board of Directors simultaneously including the president of committees (i.e. Chairman of the Audit Committee etc). Doing this jointly clarify and respond to inquiries by the shareholders attending the meeting.

Before the meeting began, the Company explained to all shareholders the criteria and the procedures for vote casting. There was also an external legal advisor who supervised the meeting and the voting process to ensure that they were conducted in accordance with applicable laws and the Articles of Association of the Company. At the meeting, the chairman of the meeting provided opportunities for the shareholders to express their opinions and to make inquiries relevant to the Company and the meeting agenda.

On the next day after the conclusion of the meeting, the Company informed the resolution of each agenda of the 2020 Annual General Meeting of shareholders by indicating the votes as “approved”, “disapproved” or “abstained from voting” to the Stock Exchange of Thailand including the Company’s website.

The Board of Directors places importance on fair and equitable treatment to all shareholders; including both shareholder executive and non-executive shareholders. No matter shareholders are Thai or foreigner. Similarly, doesn’t matter shareholders are in majority or minority. The following actions have been implemented:

- The Company has a policy to protect the rights of all shareholders. At the Annual General Meeting of shareholders, the chairman of the meeting conducted the meeting in accordance with the agenda as set forth in the invitation notice to the meeting. No agenda was added without prior notification to the shareholders. All shareholders were entitled to vote based on the amount of shares held by each shareholder whereby one share was equal to one vote.

- During 19 November-31 December 2019 and 21 May-20 June 2020, the Company provided opportunities for the shareholders to propose matters that they considered necessary for inclusion in the agenda of the 2020 Annual General Meeting of Shareholders and to nominate candidates for election as directors. The Company also posted the criteria and procedures in relation thereto in the form of a newsletter to the Stock Exchange of Thailand and on its website at [www.leaseit.co.th](http://www.leaseit.co.th). However, no shareholders proposed matters for inclusion in the agenda of the meeting nor nominated any candidates for election as directors.
- The Company gave authority to Thailand Securities Depository Co.,Ltd. (TSD) as the registrar of the Company to send invitation letter and attached document for Annual General Meeting 21 days in advance of the meeting. The Company also posted invitation letter and attached document for Annual General Meeting on Company’s website at [www.leaseit.co.th](http://www.leaseit.co.th) 30 days in advance of the meeting so that the shareholders can reach the information regarding the meeting conveniently.
- The shareholders who could not attend the meeting in person were entitled to appoint an independent director of the Company or any other person to attend the meeting and vote on their behalf. The Company prepared proxy forms as prescribed by the Ministry of Commerce, whereby the shareholders may give their proxies voting instruction. The proxy forms were delivered to the shareholders together with the invitation notice to the meeting. Additionally, the shareholders could download the proxy forms from the Company’s website at [www.leaseit.co.th](http://www.leaseit.co.th)
- The meeting will be in accordance with the regulations of the Company. The details of the agenda will be informed via the invitation letter entirely. Nevertheless, some unnecessary details about the agenda not added in notification letter of shareholders. The agenda itself is important due to the fact that shareholders have to take time to study it before making any decision whether attend or not.

- The Board of Directors have approved a policy on reporting the purchase / sale of securities of the Company to the Board of Directors which covered the use of inside information illegally (Insider Trading) with respect to those individuals involved, including directors, executives and employees as well as spouses and minor children of all persons involved. For instance, the provided information includes the penalties imposed on the Company, or any disclosure of the information which show adopting policies in order to prevent exploitation of inside information by the Company for their own benefit. Obviously, accomplishing such a great task need to educate directors and management level of the Company regarding the obligation to report full details about their spouses and underage children as well as the change of holding the Securities and Exchange Commission under Section 59 and penalty provisions under the Securities and Exchange Act of Year 1992. However, The Board of Directors and executives have to report the purchase / sale of securities of the Company to the Board meeting by quarter.

The Company prepared the minutes of the Annual General Meeting of shareholders, and posted the minutes of the meeting on the Company's website at [www.leaseit.co.th](http://www.leaseit.co.th)

The Company has a policy in the involved transaction is deemed to be approved by shareholders in accordance with the requirements of the Stock Exchange of Thailand prior to the transaction. The Company will disclose the name and the relationship of the related parties, pricing, the value, including the comment of the Board of Directors on the transaction for shareholders to be clear in the Annual General Meeting.

The Company prohibits the transaction in a manner that provides financial assistance such as lending and credit guarantees.

The Company has transactions with affiliated Company which was done at a fair and at arm's length.

## 2. The Equitable Treatment of Shareholders

All shareholders of the Company must be treated equally and fairly according to existing fundamental rights. Therefore, the Company has a policy and guidelines on supervision of using internal information of the Company for the wrongful benefit of one's own or others. This may cause damage to the shareholders as a whole, including encouraging equal treatment of all shareholders so as to ensure that all shareholders will enjoy equal protection of their basic rights.

## B. Prevention of internal information usage

In order for all shareholders to be treated equally, so the Board of Directors has established a policy and practices to protect the use of internal information by establishing the rules on securities trading, which require the directors and executives to prepare and submit the report on securities holding and trading of the Company within the time limit. Also, the Company secretary must report the change in securities holding of directors and executives to the Board of Directors meeting on a quarterly basis by specifying the time for prohibiting securities trading as follows.

- (1) During 30 days before disclosure of the quarterly and annual financial statements and other periods that the Company will set from time to time

- (2) In special circumstances, the person designated by the Company may sell the Company's securities during the prohibition period of securities trading if being in the situations such as having seriously financial difficulties or need to comply with any legal requirements or being subject to court order by preparing a memorandum stating the reason to seek approval for submission to

- (2.1) Chairman of the Board (If the seller is a director or company secretary)
- (2.2) Chairman of the Audit Committee (If the seller is Chairman of the Board)
- (2.3) Chief Executive Officer / Managing Director (If the seller is the person designated by the Company who is not a director and company secretary). A copy of such memo must also be sent to the Company secretary.

### C. Prevention of conflict of interests

The Company requires the directors and executives to report to the Company interests of one's own or related persons in business management of the Company or subsidiaries under Section 89/14 of the Securities and Exchange Act 1992 as amended by the Securities and Exchange Act (No.4) 2008. The objective is to allow the Company to have information for implementation of the regulations on connected transactions, which may cause a conflict of interests and may lead to transfer of interests of the Company and subsidiaries. Moreover, the directors and executives must perform their duties with caution and integrity. The decisions must be made without direct or indirect interests in the matters of decision-making. Information of such report is therefore beneficial for monitoring the performance of duties of directors and executives according to the aforementioned principles.

### D. Responsibility to stakeholders

The Company has many stakeholders, including shareholders, employees, customers, trade partners, creditors, competitors, including the community and society. All stakeholders must be treated by the Company according to existing rights under the laws and agreements with the Company fairly. Besides, in case of any damage, the Company will provide appropriate remedies to all parties with the following practices.

- Allowing reporting wrongful or illegal acts or complaints about breaking the law or code of conduct through the Audit Committee and providing measures to protect employees or whistleblowers
- Providing the channels for stakeholders to report or complain about rights violations and providing information to contact the assigned person clearly
- Providing an operational process after being informed of wrong or illegal acts by checking information and reporting to the Board of Directors on matters with significant impact
- Establishing the policies related to business ethics, viz. conflict of interest policy, anti-corruption policy, sustainability policy, policy on

human rights and labor practices, whistleblowing policy, personal information protection policy, safety and occupational health policy

The Company realizes the rights of all groups of stakeholders, whether inside or outside the Company, and has undertaken to ensure that such rights are well protected and treated, in order to create good understanding and co-operation between the Company and its stakeholders, which will be advantageous to the operation of the Company, create confidence and stability for the Company and its stakeholder and increase the ability of the Company to complete in the long term as the following:

#### 1. Role to employees

According to the Company's belief, a strong organizational foundation arises from the fact that employees are knowledgeable, competent, expert, recognize the importance of their roles and duties. If employees successfully perform their duties and achieve the goals, certainly the Company's business will become successful and achieve the targets likewise. Therefore, the Company has set practices toward employees.

1. The main focus of the Company is on the personnel selection. The Company seeks to hire those kinds of employees who are appropriate to the position having the relevant experience compatible with the nature of the Company. The Company has always regarded its employees as valuable resources, whose roles are fundamental to the success of the Company. Accordingly, the Company aspires to increase the potential of its employees throughout their career path by improving skills, knowledge and aptitude of its employees, as well as providing every employee with an opportunity to improve its career path on an equitable basis and offering incentives in remuneration so as to be reasonable compared with other leading companies in market as well as the quality of life for all employees equally. The Company has a policy to pay compensation in accordance with the results of operations of the Company in the short term, including the ability to make a profit each year in the form of incentives

and bonus. The Company used the form of performance measures based on the Balanced Scorecard by using Key Performance Indicators (KPIs) as a tool to assist in the management strategy into action. By measurement or evaluation that helps organizations achieve consistency in unison. And focus on the things that are important to the success of the organization.

2. The Company places importance on the welfare and safety of its employees. The Company provides fundamental welfare and benefits as required by law, such as working hours, holidays, annual leaves, and any other types of leave, as well as social security, compensation fund and provident fund, and constantly communicates all benefits to its employees. In addition to those as prescribed by law, the Company also provides other welfare to its employees, such as health insurance, which covers outpatient and inpatient treatment, life insurance, personal accident insurance, annual health check-up, as well as providing healthcare measure, such as communication of preventive measures for epidemics and provision of protective masks and alcohol-based hand gel for its employees and visitors. In addition, the Company also provides financial aid to its employees in various cases, such as wedding, childbirth, ordination, death of close relatives and natural disasters, etc.

According to the record of accident and leaving of employees, zero of accident and leaving occurred from working in the year 2020.

3. Human Resources Management Policy

The Company has realized that employee are the highest value asset for operating the business, so that developing personnel's guideline should be long-term investment by developing work skill and knowledge. There are 2 methods for developing personnel, for example coaching & knowledge sharing and project assignment to make employee can apply to their job which can enhance the Company's strength and support sustainable growth. Thus, the Company has initiated developing personnel's project covering in each position,

## 2. Customers

The Company sets policies and guidelines for customers. All the conditions are clearly stated and fair. In addition, the Company is committed to providing customer service, as well as assisting and advising clients with courtesy while listening to their problems (and finally providing solutions to customers) without revealing on the clients' personal information. The Company has clearly defined customer selection criteria. It is based on the following criteria. (1) The presence of the customer. (2) The ability to repay customers and debtors. (3) Ability to complete work projects. The Credit Committee is responsible for considering the above criteria.

## 3. Partners

The Company has set policy on fair practice and responsible for all business partners based on trade agreements which specify conditions and guidelines to practice everything clearly and fairly. Moreover, the agreement cooperate the involved partners in such a way that brings benefit for two parties.

## 4. Creditors

The Company aspires to maintain sustainable relationship with its creditors. The Company has a policy to treat its creditors equitably and fairly by providing correct, transparent and verifiable information to its creditors, and to strictly honour the terms and conditions of the contracts it has with its creditors whether in relation to the repayment of principal, interest and fees, maintenance of financial ratio or other conditions, etc. The Company will immediately inform its creditors in case the Company fails to comply with any condition in order to jointly find solutions. In the past year, the Company had no event of default obligation.

## 5. Competitors

Though there are many competitors in the market, the Company is committed to operate in such a way compatible with morality, ethics and high standard of service. Similarly, the rivals of the Company are considered and treated based on the moral and ethical issues. The first priority of the Company is to treat competitors with tightening a mutual understanding and cooperation between providing financial and quality standards to customers as well.

## 6. Society, Communities and the Environment

The Board of Director has a policy to focuses on the practical conduct with regard to their responsibilities to society and the nation. The Company offered various types of activities with co-operation from several public and private organizations to support community, society and environment

The Board of Directors has adopted a policy on the environment and promote the efficient use of resources. The Company has set guidelines that can be implemented within the Company such as energy saving, water saving, Recycle paper, a campaign of the waste, including waste water treatment prior to discharge into the sewer.

In additional, the Board of Directors of the Company encourages employee education and training with regard to environment matters. The Company has a policy to protect the environment which will be implemented to promote responsibility towards the environment, and develop and use more environmental friendly technologies. The Company has continuously taken actions to reduce environmental impact and control activities that may have environmental impact, including management of waste from the Company's operation.

### E. Compensation for rights violations

In case of rights violations, the Company will follow the established best practices and protect the whistleblowers. Later, if compensation is required, the Company will provide reasonable and fair compensation.

### F. Anti-corruption and Bribery Policy

The Board of Directors is determined to reject all kinds of corruptions and briberies in every level, whether in the transactions with government sector or private sectors. The Company has developed the anti-corruption policy in year 2015, and make a procedure document to prevent and monitor the risk of fraud. The code of conduct imposes restriction on directors, executives, employees and other persons acting on behalf of the Company in engaging in giving or receiving illegal or inappropriate gifts, whether in cash or in kind, in order to achieve business advantages or relationship with business

partners, and requires for a risk assessment in relation to such anti-corruption regularly.

In 2016, the Company has assigned a unit which is no conflict of interest, to review back to all customers who open new financial amount in order to collect information on corruption and bribery. The results found that no corruption and bribery.

In 2017, the Company announced its intention to cooperate with the Thai private sector in the fight against corruption (Collective Action Coalition) on June 9, 2017. The Company will provide as following

- Assessing the risks associated with corporate fraud including the adoption of anti-corruption policy, compliance management plans and provide guidelines for conducting business for management and staff.
- Disclosing and sharing internal policies, experiences, good practices and promoting a key succession of business transactions guideline for accurate and transparent in Thailand.
- Collaborate with companies in the same industry, partners, and other stakeholders by creating an operational alignment and participating in anti-corruption activities.

In 2020, the Company invited new customers to join in announcing its intention to combat all forms of corruption.

### G. The evaluation and follow up of Anti-corruption and Bribery policy and process of risk assessment from Corruption and Bribery

The Company executives organized the internal control for effective operation and risk reduction from nature of business. The internal control mentioned consists of Preventive control and Detective control which helps lower the chance and motivation in bribery and corruption by using duty allocation to allocate role and duty among employees and arrange the evaluation process of anti-corruption policy. The executives can receive report of defect and doubted behavior of employees in time, so that they can improve the internal control and the audit can be a part of follow up and assessment process

of anti-corruption policy annually and reports the result to Board of Directors of the Company. The directors, executives and all employees are obliged to report the breach of such anti-corruption policy. In this regard, the Company has arranged appropriate protection measures for the reporters. Each year, the Company has arranged trainings for employees who are interested in, or working in relevant departments, to acknowledge the importance of, and have understanding on, the anti-corruption policy and procedures, as well as the risk assessment on corruption actions.

#### H. Policy and Guidelines on Non-Infringement of Intellectual Property or Copyright

The Company set the policy and guideline of The Infringement of intellectual property and license as followings;

- The Company's employees must give respect and not to infringe the intellectual property and license of others. If the employees see the behavior of Infringement of intellectual property and license, they must report to their supervisors.
- Check the intellectual property or license of things before receiving or using internally in order to reduce Infringement of intellectual property.
- The employees have to report to supervisors when facing the breach of such infringement of intellectual property.
- In working process, the employees must protect the intellectual property of the Company, such as data, program and process and not to reveal to others outside the Company without the Company's permission.

#### Caution

- 1) To copy adapt or apply any electronically equipment, data, or Information Technology without reasonable cause.
- 2) To use confidential data without owner's permission.
- 3) To make a decision on receiving, using and right protecting of intellectual property without the clear and accurate understanding.

#### I. International Human Rights Principles

The Company supports internationally declared human rights which include declarations and treaties of the United Nations on human rights. Directors, executives and employees of the Company and other persons acting on behalf of the Company shall respect personal dignity, privacy and individual rights of each person they are in contact with in the course of their duties, and shall not take any action which results in or supports the violation of any human rights as prescribed in the code of conduct "Corporate Ethics-Good Governance of the Company".

The Company respects and is in line with the law on human rights, including preventing and avoiding human rights violation of its stuff, partners, and communities under the legal provisions defined by the Thai law with the following practices:

- Child Labor: The Company shall be in line with the law on minimum age for employment and shall not allow child labor to perform any task which is harmful to health and growth process, including not to effect on compulsory education.
- Forced Labor: The Company shall not conduct or support any kinds of forced labor and shall not charge or forfeit any identity documents of its stuff unless such implementation is not against any laws.
- Non-discrimination: The Company shall respect difference and treat its stuff equally without facilitate or derogate its stuff's rights unfairly caused from origin, nationality, race, color, ancestor, religion, social status, gender, age, disability or infirmity, political idea, as well as marital status. Moreover, it shall assign protection problem-solving measures in regard to sexual abuse.
- Compensation: The Company shall settle wage, compensation, and any forms of profit in accordance with the labor law and on due and shall not deduct its stuff's wage unless such deduction is not against any laws.
- Working hours: The Company shall set its normal working hours not exceeded the one defined by the law and maintain its stuff's working hours and overtime to be in line with what defined by the law.

- Freedom of association and collective bargaining: The Company shall respect its staff's rights in association or any kinds of grouping which is not against any laws, including participating collective bargaining according to the law process.
- Occupational health, safety, environment and facilities: The Company shall constantly promote, support, and improve safe working environment, preventing impact on health of its staff or related individuals from happening, as well as focusing on maintaining, preventing, and reducing environmental impact caused by the Company and related individuals' activities by being in line with the law. Furthermore, the Company shall provide hygienic and clean lavatories and drinking water, appropriate first aid requisites, clean dining area and food storage in accordance with the sanitation sufficiently and conveniently.

The Company is open for the opportunity to inform any clue of action which is a human rights violation via the complaint channel.

## **J. Actions in case of whistleblower and protection of whistleblower**

**Whistle Blowing policy :** Board of Directors give the opportunity to stakeholders both internal and external to give information, clues, opinion and recommendations (Whistle Blower) in unlawful, unethical issues, incorrect financial report or fault internal control through Audit Committee in order to examine and arrange the protection of whistle blowers policy.

The Company has set up a communication channel through its website at [www.leaseit.co.th](http://www.leaseit.co.th) to provide opportunities for shareholders and interested persons to opinion or complain directly to the Board of Directors of the Company in case there is an unfair treatment or a trouble arising from the action of the Company or shareholders can contact Board of Directors directly via;

1. Email to Investor Relation Team :  
IR@leaseit.co.th
2. Post : To The Audit Committee  
Lease IT Public Company Limited  
1023 MS Siam Tower 29<sup>th</sup> floor, Rama 3 Rd.,  
Chongnonsi, Yannawa Bangkok 10120

Furthermore, all employees must report an event or a behavior which is unlawful or suspected to be unlawful or violates the good governance of the Company or any rules or laws to their supervisors. The Company has also provided a channel for employees to consult or report directly to the assistant managing director upon becoming aware of or suspecting any conduct which is unlawful or violates the policy and has or may have impact on employees, other stakeholders and the Company.

### **Process after receiving Whistle Blowing:**

The Internal Audit team is assigned to examine facts, summarize details of such event to report to the Audit Committee for consideration and recommendation to take remedial or legal action towards such offence. The information of the whistle blower and other details received by the Internal Audit team will be kept confidential for the confidence of the whistle blower or employees.

The Company specified the following procedure upon receiving complaints.

1. Accept complaints.
2. Investigate the truth and prepare summary of the event.
3. Report the matter to the Audit Committee for their consideration and recommendation. Come up with solutions or take legal actions in case an offence is committed.
4. Inform the outcome to the Company's Board of Directors including informing the complainant for acknowledgement.

### **Measures to protect complainants, whistle blowers or persons providing cooperation.**

1. Complainants, whistle blowers, affected persons or persons providing cooperation in good faith who are involved in all steps of the investigation shall be protected or are guaranteed non-retaliation.
2. The Company shall not divulge information on complainants, whistle blowers or involved persons. The matter shall be treated confidentially.
3. Complainants or affected persons shall be remedied and redressed in line with the Company's appropriate action steps.



In order to avoid the repeat of ethically-related misconducts, the Company clearly outlined punishment for those who committed such misconducts and required the employee to pass the business ethic test.

During 2020, there was no complaint lodged on any action deemed illegal or ethically wrong, infringement of rights, report of improper financial transaction, corruption or faulty internal control system via this channel.

## **K. Disclosure of Information and Transparency**

One of the major concerns of the Board of Directors is to establish a very complete and accurate disclosure in transparency of the financial reporting, as well as providing general compliance with the rules of the Securities and Exchange Commission. Financial reports include important information that may affect the price and securities of the Company, which eventually affects the decision making process of the related investors. The Company decided to distribute the Company's information (equally and transparently) to shareholders and public via the media disclosure and the Company's website at [www.leaseit.co.th](http://www.leaseit.co.th). The Company also holds an analyst briefing in each quarter to announce its quarterly operating results to shareholders, investor, analysts, fund managers, and other interested persons. The analyst briefing

The Board of Directors have approve a policy on reporting the purchase/sale of securities of the Company to the Board of Directors which covered the use of inside information illegally (Insider Trading) with respect to those individuals involved, including directors, executives and employees as well as spouses and minor children of all persons involved. For instance, the provided information includes the penalties imposed on the Company, or any disclosure of the information which show adopting policies in order to prevent exploitation of inside information by the Company for their own benefit. Obviously, accomplishing such a great task need to educate directors and management level of the Company regarding the obligation to report full details about their spouses and underage children as well as the

change of holding the Securities and Exchange Commission under Section 59 and penalty provisions under the Securities and Exchange Act of Year 1992. However, the Board of Directors and executives have to report the purchase/sale of securities of the Company to the Board meeting by quarter.

Board of Directors was well aware of the crucial responsibility towards the financial statements, therefore their main emphasis was to provide accurate and complete information which are true and reasonable. Accordingly, the financial statements of the Company were prepared in accordance with generally accepted accounting standards. By choosing the appropriate accounting policies and practices regularly (and implementing cautious discretions including adequate disclosure in the financial statements notes), the Board has managed to establish and maintain an effective internal control system in the financial office. All these transitions, let the Company to ensure reasonably that the accounting records are maintained property (with accurate, complete, and sufficient information) leading to identify weaknesses and flaws in order to prevent fraud or abnormal operation significantly. The appointed audit committee consisted of non-executive directors to serve on the audit of financial reports. Finally, the audit committee will report transactions and internal audits to the Board of Directors in terms of reports and surveys.

## **L. Measures to take action against people failing to comply with such policies and practice guidelines**

The Company has established appropriate penalties for the offenses without the need for punishment arranged in order, including verbal warning, written warning, suspension from job, non-consideration for salary adjustment, suspended bonus, laying off without compensation and according to legal penalties as well.

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## Business Code of Conduct

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The Company has established the business code of conduct for directors, executives and employees as practice guidelines according to the organization's vision, goals, strategies so as to create value in the organization, which can be summarized as follows.

1. Code of conduct toward all groups of stakeholders, i.e. shareholders, customers, business partners, creditors, competitors, community and society

1.1 The shareholders work to provide good performance and receive suitable returns, along with the availability of efficient systems for internal control and audit, risk management.

1.2 Customers: The customers must receive appropriate benefits and satisfaction by offering good products and services of quality, providing services with fairness, including keeping all customer information confidential.

1.3 Business partners and competitors: Fair treatment of business partners and competitors and maintaining confidentiality under the relevant rules and laws, including not seeking information of business partners and competitors dishonestly and unfairly

1.4 Creditors and business partners: Adherence to honesty in compliance with the conditions that are provided to all types of creditors and business partners, including the matters of guarantee conditions, capital management as well as liquidity management to provide the Company with strength and readiness to repay debt under the conditions as well as the rules and laws stipulated

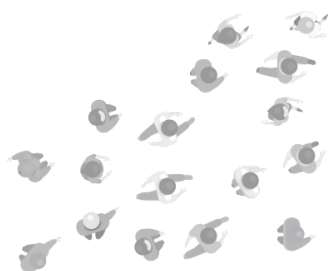
1.5 Society and environment: Adherence to business operations with social responsibility and carefulness in considering any action that affects Public Interest. Furthermore, the Company will strive to take action and support activities that benefit the community and society as a whole, aim to comply with environmental laws and regulations, take care of the safety and environment of the Company effectively so as not to have any impact on nearby community and encourage employees' environmental awareness and responsibility.

2. Adherence to the principles of good corporate governance, business operations with integrity

3. Adherence to transparency, fairness and auditability

4. Strict compliance with the laws, rules

The Company believes that compliance with the business code of conduct will help the Company to be an alternative funding source outside the financial institution sector, which can create the opportunities for small and medium-sized entrepreneurs to access funding source. This is consistent with the Company's mission and results in the Company being an organization of creating growth for everyone.



**ONE**  
of Thailand's  
**Top Non-Bank  
Lenders for SMEs**

## Major changes and developments of policies, practices and corporate governance system in the past year

In 2020, the Company reviewed the charter of the Audit Committee and the Internal Audit Department so as to be more comprehensive and improved work regulations of the Company to be consistent with the Company's business.

The Company participated in evaluation of listed companies corporate governance survey project of the year 2020 (CGR 2020). This is a survey and monitoring of development of corporate governance of listed companies in Thailand by using assessment criteria from the good corporate governance principles of the Organization for Economic Cooperation and Development (OECD). As to evaluation result, the Company has received Excellent rating of 5 stars.

Shareholder Meeting Quality Assessment Project of the year 2020 (AGM Checklist): The Company has been rated in 4TIA of 99 points.

The Company participated in Thailand Sustainability Investment (THSI) evaluation. The Company has been one of 124 listed companies in the list of Thailand Sustainability Investment (THSI) 2020.

In 2019, the Company has assigned a third party to conduct customer satisfaction surveys. With the objective to understand customer satisfaction To determine the needs and expectations of customers, And to identify strengths and weaknesses for improvement. Number of respondents 136 case. Are current customers using the amount of 122 customers. Not used in the past 6 months, 13 cases and opening the credit limit but never using 1 service

The Company's satisfaction target must not be less than 80% or at a very satisfied level

The results of the overall service satisfaction survey of the Company Very satisfied (82%)

The Company places importance on the disclosure of important information such as business strategy, performance indicators of the Company both financial information and non-financial, such as market share, customer satisfaction which was disclosed to investors and those interested in company information.

For the year 2019, the Factoring Chain International (FCI) has revealed the information about the purchase of accounts receivable in Thailand as following

**Number of Company:** 6 Companies

**Total Financing Amount:**  
5,877 million of EUR or 216,722.60 Baht  
(Exchange rate 36.8764 Baht per EUR)

**Average Growth Rate:** 5%

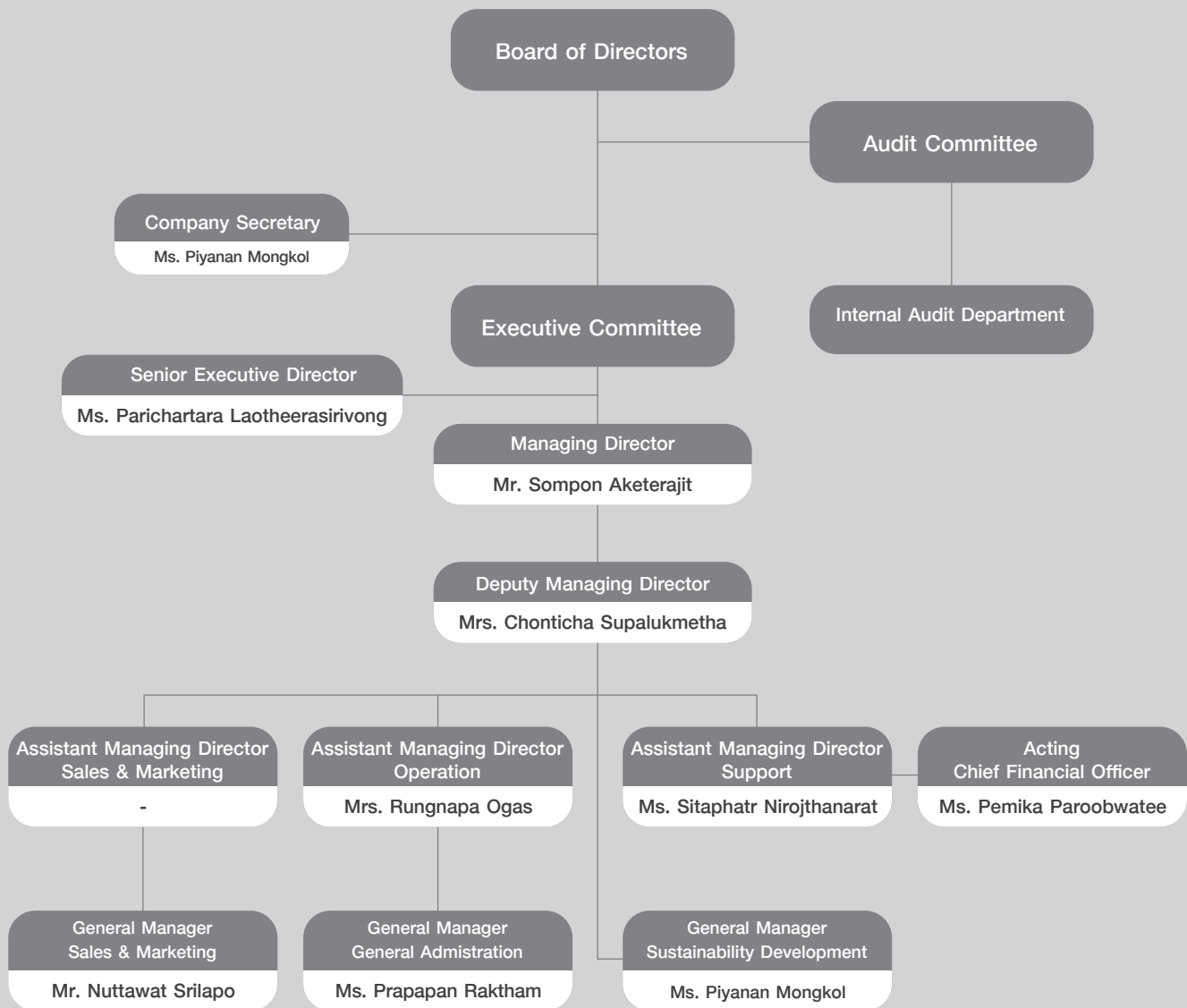
The Company has total 7,199.22 million Baht of total loans, calculating 3.32% of the market share.

# 07 Corporate governance structure and important information about the board Sub-committees, management, employees and others

## Corporate Governance Structure

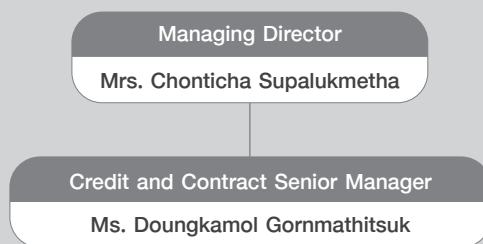
As of 4 January 2021

### (1) Lease IT Public Company Limited

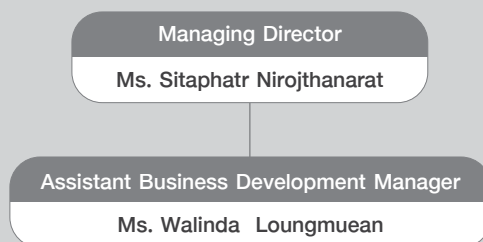




## (2) LIT Service Management Company Limited



## (3) Ulite Digital Company Limited



## Board of Directors

### Directors

The Company has separated the roles, duties and responsibilities between the Board of Directors and the management. The Board of Directors has performed its duties with integrity and carefulness to protect the interests of the Company. The Company has clearly specified the Board of Directors' approval power in major matters such as setting the goals, guidelines, policies, business plans and budget of the Company, reviewing, auditing and approving business expansion plans, large investment projects as well as joint investment with other entrepreneurs proposed by the management, etc.

The Company's management structure consists of The Board of Directors and Sub-Committees are as follows: Is the Audit Committee The Audit Committee also performs duties in place of the Nomination and Remuneration Committee. Supervisory board And the Risk Management Committee as well. And the management of the Company is fully qualified according to Section 68 of the Public Company Act B.E. 2535 and the relevant Notification of the Capital Market Supervisory Board.

As of 31 December 2020, The Board of Directors consists of 8 persons as follow;

Name	Position
1. Police General Jate Mongkolhutthi	Chairman of the Board and Independent Director
2. Mr. Pongsak Chewcharat	Chairman of the Audit Committee and Independent Director
3. Mr. Suthud Khancharoensuk	Independent Director and Audit Committee
4. Associate Professor Dr.Suda Suwannapirom	Independent Director and Audit Committee
5. Mrs. Wasara Chotithammarat	Independent Director and Audit Committee
6. Ms. Parichatara Laotheerasirivong	Senior Executive Director <sup>(1)</sup>
7. Mr. Sompon Aketerajit	Director <sup>(1)</sup> and Managing Director
8. Ms. Sitaphatr Nirojthanarat	Director <sup>(1)</sup> and Assistant Managing Director

- Remark :**
- Mrs. Duangphorn Sucharittanuwat Chairman of the Board, Independent Director and Audit Committee passed away on 8 June 2020
  - Mr. Prakob Visitkitjakarn Independent Director and Chairman of The Audit Committee passed away on 14 October 2020
  - Police General Jate Mongkolhutthi has appointed as the Chairman of the board since 22 June 2020 and resigned from Audit Committee since 1 July 2020
  - Mrs. Wasara Chotithammarat has appointed as Independent Director and Audit Committee since 1 July 2020
  - Mr. Pongsak Chewcharat has appointed as Independent Director and Chairman of Audit Committee since 2 December 2020
- <sup>(1)</sup> Committee members with signing authority of the Company, two thirds of the directors sign together and Company Seal
- Where by Ms. Piyanan Mongkol as the Company Secretary.

## Composition of the Board of Directors

The Board of Directors must consist of at least 5 directors. Besides, no less than half of the total number of directors must have residence in the Kingdom. As of 31 December 2020, the Board of Directors is composed of 5 independent directors (more than one third of the total directors, 62.5%) 3 executive directors. (The proportion of non-executive directors to all directors is 62.5%). The Board of Directors appoints the Chairman and Vice Chairman. At the Board meeting, the Chairman of the Board will act as the chairman of the meeting. However, in case that the Chairman of the Board lacks independence or has a conflict of interests in the agenda considered, another independent director shall chair the meeting for such consideration.

### Detailed scope of authority, duties of the Chairman of the Board of Directors and the Board of Directors

- **Roles and duties of the Chairman of the Board of Directors**

**The Company's Articles of Association Clause 27 stipulates that,** for convening the Board meeting, the Chairman of the Board or the assigned person must deliver the scheduled meeting letter to directors at least 7 days before the meeting date. However, in case of necessity, urgency, to protect the rights or benefits of the Company, the scheduled meeting can be notified by other methods and the meeting date can be scheduled earlier than that. If two or more directors request a meeting of the Board of Directors, the Chairman of the Board shall set the meeting date within fourteen (14) days from the date of receiving such request.

Besides, to allow division of the authority, duties in determining the Company's policies and management of the Company to be clearly separated from each other, so the Company requires the Chairman of the Board and the managing director to be different persons.

### Roles and duties of the Chairman of the Board are as follows.

1. Convening the meeting of the Board of Directors, chairing the meeting of the Board of Directors and the shareholders' meeting and playing a role in setting the agenda together with the managing director
2. Playing a role in controlling the meeting effectively, complying with the Company regulations, encouraging and allowing the directors to express their opinions independently
3. Encouraging the Board of Directors to perform the duties at full capacity according to the scope of authority, responsibilities and good corporate governance principles
4. Supervising and monitoring work management of the Board of Directors and other subcommittees to achieve the objectives set
5. Casting a vote if the Board of Directors meeting votes and the votes of both sides are equal

### Roles and duties of the Board of Directors

1. The Board of Directors has the authority, duties and responsibilities for managing the Company in accordance with the laws, objectives and Articles of Association of the Company as well as the rightful resolutions of the shareholders' meeting with integrity and carefulness to protect the interests of the Company.
2. Providing the balance sheet as well as profit and loss statement of the Company at the end of the Company's accounting period, which have been already verified by the auditor and presenting to the shareholders' meeting for consideration and approval.
3. Setting the goals, guidelines, policies, business plans and budget of the Company. Monitoring and Supervision of the administration of the management according to established policies, work plans and budget with efficiency and effectiveness.
4. Reviewing, checking and approving business expansion plans, large investment projects as well as investing with other entrepreneurs proposed by the management.

5. Formulating the Risk Management policy to cover the entire organization and supervising to have a risk management system or process with appropriate support measures and control methods to reduce the impact on the Company's business.
6. Determining the management structure, having the power to appoint the Executive Committee, managing director and other subcommittees as appropriate, e.g. the Audit Committee, Nomination Committee, Remuneration Committee, etc., including setting the scope of power, duties of the Executive Committee, managing director and appointed subcommittees.
7. The Board may authorize one or more directors or any other person to perform any act on behalf of the Board under control of the Board or may authorize such persons to have the power as the Board deems appropriate and within a period of time deemed by the Board as suitable. The Board may cancel, revoke, change or modify such authorization when considered appropriate.

The authorization under the specified scope of power, duties must not have the characteristic of enabling such Executive Committee, managing director and various subcommittees to consider and approve transactions that may have conflicts, interests or other conflicts of interest with the Company or subsidiaries (if any), except approval for transactions in accordance with the policies and criteria already approved by the Board of Directors.

That authorization must not have the characteristic of enabling such persons to consider and approve any transaction in which one or the person may have a conflict, interests or a conflict of interests in any other manner to be done with the Company or subsidiaries (if any) as defined in the notifications of the Capital Market Supervisory Board and/or the Stock Exchange of Thailand and/or any other announcements of relevant agencies except approval for transactions in accordance with the policies and criteria already approved by the Board of Directors.





## Sub-Committee

### Audit Committee

The Audit Committee of the Company is appointed by the Board of Directors. The Audit Committee of the Company is comprised of 4 person. The current audit committee has a term of 3 years, consisting of 4 independent directors.

Name	Position	Appointment Date	Duration of Appointment (Year)
1. Mr. Pongsak Chewcharat	Chairman of Audit Committee	2 December 2020	1 month
2. Mr. Suthud Khancharoensuk	Audit Committee Member	29 April 2013	7 years 8 months
3. Associate Professor Dr.Suda Suwannapirom	Audit Committee Member	14 October 2016	4 years 3 months
4. Mrs. Wasara Chotithammarat	Audit Committee Member	1 July 2020	6 months

- Remark :**
- Mrs. Duangphorn Sucharitanuwat Chairman of the Board, Independent Director and Audit Committee passed away on 8 June 2020
  - Mr. Prakob Visitkitjakarn Independent Director and Chairman of The Audit Committee passed away on 14 October 2020
  - Police General Jate Mongkolhutthi has appointed as the Chairman of the board since 22 June 2020 and resigned form Audit Committee since 1 July 2020
  - Mrs. Wasara Chotithammarat has appointed as Independent Director and Audit Committee since 1 July 2020
  - Mr. Pongsak Chewcharat has appointed as Independent Director and Chairman of Audit Committee since 2 December 2020

Whereby Ms. Wichuda Kaewsaitien, Assistant Internal Audit as the secretary of Audit committee

The audit committee is a director who has sufficient knowledge and experience to review the reliability of the financial statements. Mr. Pongsak Chewcharat, Chairman of the Audit Committee has experience from many financial institutions. Mrs. Wasara Chotithammarat, Audit Committee, graduated with a bachelor's degree in accounting and a master's degree in business administration. And she has an accountant experience.

The Audit Committee has to meet together at least 4 times a year. In each meeting, the Audit Committee can invite the management to attend meetings to clarify related issues. In 2020, there are 7 meetings.

The Audit Committee has been assigned to look after the nomination and remuneration committee and Corporate Governance Committee and Risk Management Committee.

#### The duties and responsibilities of the audit committee are as follows:

1. To review the sufficiency, credibility and objectivity of the listed company's financial reports according to the standard.
2. To review the adequacy and effectiveness of internal control systems and internal audit functions; And consider and advise on the appointment of external auditors
3. To review compliance with relevant laws;
4. To consider and nominate a person who is independent to act as auditor of the Company and propose the remuneration of such persons. As well as attending meetings with the external auditors without management participants with at least 1 time per year;
5. To consider compliance in regard to disclosures concerning all connected transactions or conflicts of interest;

6. To report the committee's activities in the Company's annual report;
  - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - (b) an opinion on the adequacy of the Company's internal control system,
  - (c) an opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business,
  - (d) an opinion on the suitability of an auditor,
  - (e) an opinion on the transactions that may lead to conflicts of interests,
  - (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter,
  - (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors
7. To handle any other matters assigned by the Board of Directors.

## The Executive Committee

The Executive Committee of the Company is comprised of 4 persons

Name	Position
1. Ms. Parichatara Laotheerasirivong	Senior Executive Director
2. Mr. Sompon Aketerajit	Executive Committee
3. Ms. Sitaphatr Nirojthanarat	Executive Committee
4. Mrs. Rungnapa Ogas	Executive Committee

Whereby Ms. Piyanan Mongkol Company Secretary as the secretary of the Executive Committee.

### The duties and responsibilities of the Executive Committee are as follows:

1. Consider making decisions on important management tasks as presented by the Managing Director.
2. Approve all types of loans in the amount not exceeding 40,000,000 Baht and report to the Board of Directors.

## The Nomination Committee, the Remuneration Committee the Corporate Governance Committee and the Risk Management Committee

The Board of Directors has assigned the Audit Committee to perform the duties of the Nomination and Remuneration Committee. Supervisory board and the Risk Management Committee with the scope of duties as follows:

### The duties and responsibilities of the Nomination Committee are as follows:

1. Making recommendations on qualified candidates for election as directors of the Company and its key subsidiaries;
2. Making recommendations on qualified candidates for election as Chief Executive Officer and its key subsidiaries;
3. Reviewing the structure, size and composition of the Board taking into account the current requirements and future development of the Company, and make recommendation to the Board with regard to any adjustments as deemed necessary;
4. Paying attention to the Board self-assessment evaluation and recommends any improvement as it deems necessary;
5. Monitoring that steps be taken to ensure that shareholders have the opportunity to propose candidates for the Board;
6. In evaluating qualified candidates for every committee position. Must be considered qualified, experience And what talent is required?
7. Considering if a rotation of the members of the Board is necessary;
8. Justifying its recommendations and thus any dissenting votes must be stated in the recommendation;
9. Ensuring the Company's compliance with relevant laws and regulations regarding nomination and qualifications of directors;
10. Satisfying itself with regard to succession planning for the Board and key management appointments;

11. Ensuring appropriate disclosure of information on its activities; and
12. Carrying out and evaluation once a year of its work, functions, performance.

### The duties and responsibilities of the Remuneration Committee are as follows:

1. To review and recommend the remuneration of the Chief Executive Officer and the executive management.;
2. To review the on-going appropriateness and relevance of the remuneration policy;
3. To ensure that all relevant legal requirements regarding disclosure of remuneration, in all forms, are complied with;
4. To report to the Board of Directors regarding the remuneration of the Chief Executive Officer (including base pay, incentive payments, equity awards and retirement or severance rights), having regard to the remuneration policy and whether in respect of any elements of remuneration, any shareholder approvals are required;
5. To review the contractual rights of the Chief Executive Officer on termination, and any payments made or proposed, to determine whether they are reasonable in the circumstances;
6. To provide the Board of Directors with minutes of Remuneration Committee meetings and to report the Remuneration Committee's actions to the Board of Directors with appropriate recommendations;
7. To provide a statement for inclusion in the annual report that describes the Remuneration Committee's composition and how its responsibilities were discharged;
8. To perform such other functions as may be assigned to it by the Board of Directors.

**The duties and responsibilities of the Corporate Governance Committee are as follows:**

1. Overseeing that the Company adheres to generally accepted principles for governance and effective control of the Company's activities and maintain a corporate culture that encourages good corporate governance practices;
2. Establishing and maintaining an appropriate corporate governance policy and procedures;
3. Ensuring the implementation of the governing documents as adopted by the Board and the policy and procedures to secure adequate corporate governance in the Company;
4. Ensuring that the Chief Executive Officer at least annually perform an assessment of the implementation of the governing documents and the level of compliance, and report to the Board;
5. Reviewing and reporting to the Board on material matters, findings and recommendations pertaining to corporate governance;
6. Justifying its recommendations and thus any dissenting votes must be stated in the recommendation;
7. Ensuring the Company's compliance with relevant laws and regulations regarding good corporate governance;
8. Ensuring appropriate disclosure of information on its activities and the Company's corporate governance practices; and
9. Carrying out an evaluation once a year of its work, functions, performance.

**The duties and responsibilities of the Risk Management Committee is as follows.**

1. Setting and reviewing the policy, framework for corporate risk management
2. Supervising and encouraging the implementation of corporate risk management consistent with business strategies and goals as well as the changing circumstances
3. Providing recommendations, guidance, monitoring and evaluation of risk management to the Risk Management and Internal Control Committee (RMCC)
4. Considering the corporate risk management report and commenting on the potential risks, including guidelines for determining Mitigation Plan and development of corporate risk management system for RMCC so as to be continuously effective
5. Reporting the results of corporate risk management to the Board of Directors for acknowledgment. In case there are factors or important events with potentially significant impact on the Company, it is necessary to report to the Board of Directors for acknowledgment and consideration as soon as possible.
6. Arranging evaluation of its performance, duties and ability to perform the duties once a year

## Executives

2020, the Company's executive management consists of 9 persons

Name	Position
1. Mr. Sompon Aketerajit	Managing Director
2. Ms. Parichatara Laotheerasirivong	Senior Executive Director
3. Ms. Sitaphatr Nirojthanasarat	Assistant Managing Director-Support Functions and Managing Director of Ulite Digital Company Limited (Subsidiary Company)
4. Mrs. Chonticha Supaluxmetha <sup>(1)</sup>	Chief Financial Officer and Managing Director of LIT Service Management Company Limited (Subsidiary Company)
5. Mrs. Rungnapa Ogas	Assistant Managing Director-Operation
6. Ms. Piyanan Mongkol	Company Secretary and General Manager, Corporate Sustainability
7. Ms. Prapapan Raktham	General Manager, Administration
8. Mr. Nuttawat Srilapo	General Manager, Sales and Marketing
9. Ms. Wiphacharee Thanuset	Senior Finance and Accounting Manager

**Remark :** <sup>(1)</sup> Mrs. Chonticha Supaluxmetha has appointed as Deputy Managing Director and Ms. Pemika Patiroobwatee has appointed as Deputy Chief Financial Officer since 4 January 2021

## Remuneration Policy for Executive Directors/Executives

### Remuneration for Directors and Executives

**Remuneration in money** The Annual General Meeting of Shareholders No.7/2020 resolved to approve the directors' remuneration for the year 2020 as follows:

#### (1) Monthly remuneration

Each director receives monthly remuneration according to his position in the Board of Directors and sub-committees Excluding directors who perform management duties who receive monthly remuneration as management.

The Chairman of Director	140,000 Baht/Month
Director	40,000 Baht/Month
The Chairman of Audit Committee	35,000 Baht/Month
Audit Committee	10,000 Baht/Month

(2) Meeting allowance : Meeting Allowance is traveling expense, the Company will pay only once to attend the same day in rate of 5,000 Baht/Person/Time

(3) the remuneration of directors in bonus form from the operating. It depends on the performance and the resolution of the shareholders' meeting.

**Other Remuneration** –None –

## Director's Remuneration for the year 2020 (exclude the remuneration of directors in bonus form)

(unit : Baht)

Name	Numbers in attending the meeting/ Total meeting 2020	Board of Directors Remuneration	Sub-Committee Remuneration	Meeting Allowance	Total
1. Mrs. Duangphorn Sucharittanuwat <sup>(1)</sup>	6/6	700,000.00	50,000.00	20,000.00	770,000.00
2. Police General Jate Mongkolhutthi <sup>(2)</sup>	16/16	1,080,000.00	60,000.00	70,000.00	1,210,000.00
3. Mr. Prakob Visitkitjakam <sup>(3)</sup>	9/9	360,000.00	315,000.00	45,000.00	720,000.00
4. Mr. Pongsak Chewcharat <sup>(4)</sup>	1/1	40,000.00	35,000.00	5,000.00	80,000.00
5. Mr. Suthud Khancharoensuk	15/16	480,000.00	120,000.00	65,000.00	665,000.00
6. Associate Professor Dr.Suda Suwannapirom	16/16	480,000.00	120,000.00	70,000.00	670,000.00
7. Mrs. Wasara Chotithammarat <sup>(5)</sup>	7/7	240,000.00	60,000.00	20,000.00	320,000.00
8. Ms. Parichatara Laotheerasirivong*	16/16	-	-	-	-
9. Mr. Sompon Aketerajit*	16/16	-	-	-	-
10. Ms. Sitaphatr Nirojthanarat*	16/16	-	-	-	-
<b>Total</b>					<b>4,435,000.00</b>

**Remark :** <sup>(1)</sup> Passed away on 8 June 2020

<sup>(2)</sup> Appointed as Chairman of the Board since 22 June 2020, resigned from Audit Committee since 1 July 2020

<sup>(3)</sup> Passed away on 14 October 2020

<sup>(4)</sup> Appointed as Independent Director and Chairman of Audit Committee since 2 December 2020

<sup>(5)</sup> Appointed as Independent Director and Audit Committee since 1 July 2020

- Ms. Parichatara Laotheerasirivong, Mr. Sompon Aketerajit and Ms. Sitaphatr Nirojthanarat receive a monthly salary as Executive of the Company

The Board of Directors' Meeting No.2/2020 held on February 25, 2020 resolved to approve the proposed of bonus in the amount of 750,000 Baht (except for the executive director) from the result of year 2019 to the annual General Meeting of Shareholders No.7/2020 on 7 August 2020. The special remuneration (bonus) of such directors is not included in the monthly remuneration. The Annual General Meeting of shareholders approved as proposed.

### Executive compensation

The Company determines executive compensation in a manner comparable to the industry, experience, duties, scope of roles and responsibilities as follows:

#### (1) Monetary compensation

In 2020, the Company has paid compensation consisting of Salaries and bonuses for executives totaling 18.62 MB.

#### (2) Other compensation

- Provident fund

The Company has provided a provident fund for the management and employees. The Company contributes 5% of the salary, in the year 2020 the Company has made contributions to the provident fund for executives, totaling 0.63 MB.

- The Company pays other remuneration to Executive such as meeting allowance, social security, commission, EJIP and other benefit totaling 1.63 MB. There are 6 executives join the EJIP program.

## Information about employees

Department	2020 Number of Employees	2019 Number of Employees
1. Sales and Marketing	18	18
2. Financial and Accounting	8	7
3. Administration	3	5
4. Operation	22	19
5. Internal Audit	2	2
6. Business Development	3	3
7. Information Technology	4	4
8. Legal and Debt Collection	3	-
9. Secretary to CEO	1	1
10. Credit Control and Contract (Subsidiaries)	9	10
<b>Total</b>	<b>73</b>	<b>69</b>

The Company and its Subsidiaries have 82 employees. In the year 2020, the Company has paid the total compensation to 70.12 MB, which the remuneration are salary, subsidy, cost of living, bonus, commissions Special allowance Contribution to EJIP Social Security Fund And contributions to the provident fund.

### Information of employees who participated in the provident fund in 2020 as follows:

Company	Have/without provident fund	Number of employees participating in the provident fund	Percentage of employees participating in the provident fund / total employees (%)
Lease IT	have	39	54.17%
Subsidiary	have	6	60%

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## Other important information

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### 1. Company Secretary

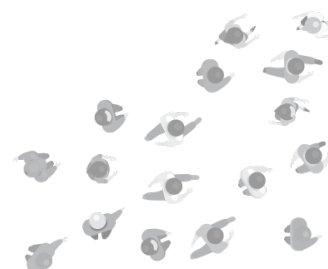
The Board of Director has appointed Ms. Piyanan Mongkol, Sustainability Development General Manager as Company Secretary since April 30, 2019 by qualification and responsibilities of the Company secretary appears in Annex 1.

### 2. The Secretary of the Audit Committee

The Audit Committee has appointed Ms. Wichuda KaewSaitien, Assistant Manager of Internal Audit Department. Serves as the secretary of the Audit Committee since November 8, 2019, the details of the secretary of the Audit Committee appears in Annex 3.

### 3. Investor Relations Department

The Company has established an investor relations department to efficiently and regularly communicate with its shareholders and general investors, to ensure that significant information is disclosed accurately, promptly and transparently. Any interested person can obtain the Company's information from the Investor Relations Section at telephone number +66 2163 4260 ext 701 or email address IR@leaseit.co.th. Nevertheless, the investor relation section of the Company has not been established so far, due to the fact that activities of the specialized agencies are still not much to be considered for investigation. Instead, it is the Managing Director and/or Chief Financial Officer that acts as a direct information provider in regard to shareholders, analyst and related agencies.





#### 4. Audit Fee

The Audit Committee of the Company is responsible for selecting the Company's auditors to propose to the shareholders' meeting for consideration appointment Under the regulations of the Office of the Securities and Exchange Commission Which requires review of the auditor's qualifications Performance of duty And auditors' remuneration on a regular basis.

The Audit Committee reviewed the above criteria. And consider nominating Miss Somjai Khunapasut, Certified Public Accountant License number 4499 Ms. Siriwan Suratepin, Certified Public Accountant No. 4604 Ms. Ratchada Yongsawatwanich Certified Public Accountant No.4951 EY Office Company Limited is the auditor of the Company and its subsidiaries for the year 2020. Proposed to the Annual General Meeting of Shareholders No.7/2020 for approval. The Annual General Meeting of Shareholders No.7/2020 has approved as proposed.

Remuneration the Company has to pay to the Company. EY Office Limited in 2020 is as follows

(unit : Baht)

	Amount
1. Audit Fee	2,330,000
2. Non-Audit Fee*	215,628
<b>Total</b>	<b>2,545,628</b>

**Remark:** \* Other service fees other than audit work consist of consultant for TFRS9, travel and document expenses are 215,628 Baht



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# 08 Corporate Governance Report

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## Summary of the Board's performance of duties in the past year

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The Board of Directors performed the duties with integrity and carefulness to protect the Company's interests. The Company has clearly specified the Board of Directors' authorities in major matters such as setting the goals, guidelines, policies, business plans, budget of the Company, reviewing, auditing and approving business expansion plans, large investment projects as well as investment with other entrepreneurs proposed by the management.

The Board of Directors has been assigned by the shareholders to supervise the business according to the Company's objectives under the scope specified in the Articles of Association and resolutions of the

shareholders' meeting with integrity and impartiality so as to comply with relevant laws and regulations appropriately. One or more directors or any other person may be assigned to perform any action on behalf of the Board. That authorization must be within the scope of power of the Board. Furthermore, the scope of the authority, duties of the proxies are clearly stipulated.

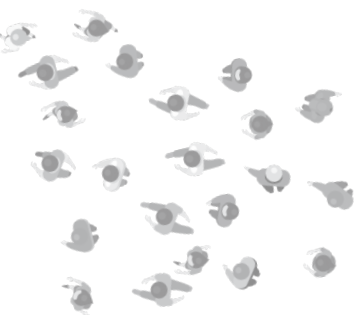
The Board of Directors is responsible for overseeing the management to work according to the goals, strategies and plans approved by the Board of Directors to maximize the benefits of the Company and all stakeholders.

### 1. Nomination, development and evaluation of performance of the Board

For appointment of the directors, the Audit Committee, which is also assigned to the duties of the Nomination Committee, as independent directors of the whole board, is responsible for selecting and screening qualified persons according to the Company's Articles of Association and nominating qualified persons to obtain professional and diverse directors. Consideration is based on the structure, size and composition of the Board. Opinions are also proposed to the Board of Directors for approval from the Board of Directors. Then, that name-list of directors will be presented to the shareholders' meeting to continue to elect the directors according to criteria.

As to criteria for selecting the persons to be directors of the Company, the Audit Committee acting on behalf of the Nomination and Remuneration Committee will recruit by selecting qualified, knowledgeable, talented and experienced persons, which will be beneficial to business operations and

have qualifications not contrary to the Public Limited Companies Act 1992 and the announcement of the Securities and Exchange Commission as well as relevant notifications of the Stock Exchange of Thailand for presentation to the Board of Directors. If the Board of Directors agrees, then that is proposed to the shareholders for consideration. In 2020, the Company allowed minor shareholders to propose the agenda and nominate the persons to be elected as the Company's directors. Between 19 November-31 December 2019 and the second time during 21 May 2020-20 June 2020, upon expiration of the period to grant such right, no shareholder proposed an additional agenda or nominated the person to be elected as the Company's director for the Annual General Meeting of Shareholders 2020.



For voting to elect the directors, the Company requires the shareholders to use the ballots to elect individual directors. The shareholders must cast all their votes to elect the persons nominated as directors one by one. Voting results must receive a majority vote of all votes of the shareholders who attend the meeting and have the right to vote.

In 2020, the Audit Committee acting as the Nomination and Remuneration Committee proposed to the shareholders 'meeting to consider paying the directors' remuneration and special compensation (bonus) at the Annual General Meeting of Shareholders No.7/2020 on 9 August 2020 with the resolution of the meeting approving as proposed.

Name	Position	Amount
1. Mrs. Duangphorn Sucharittanuwat	Chairman of the Board & Independent Director	250,000 Baht
2. Mr. Prakob Visitkitjakarn	Chairman of Audit Committee & Independent Director	125,000 Baht
3. Police General Jate Mongkolhutthi	Vice Chairman & Independent Director	125,000 Baht
4. Mr. Suthud Khancharoensuk	Independent Director & Audit Committee	125,000 Baht
5. Associate Professor Dr.Suda Suwannapirom	Independent Director & Audit Committee	125,000 Baht
<b>Totalling</b>		<b>750,000 Baht</b>

### Composition and appointment of independent directors

Board of Directors Will jointly consider the qualifications of the persons who will be appointed as independent directors By considering the qualifications and prohibited characteristics of the directors under the Public Limited Act Securities and Exchange Law Notification of the Capital Market Supervisory Board including relevant announcements, regulations and or regulations. In addition, the Board of Directors An independent director will be considered from qualified persons. Work experience And other suitability together, then it will be presented to the shareholders' meeting for further appointment as the Company's directors. The Company has a policy to appoint at least one-third of the total number of independent directors. And must have at least 3 persons

1. Not hold shares in exceeding 1% of the voting shares of the Company is subsidiaries, associated, or related companies (including the shares held by connect parties under section 258 of Securities and Exchange laws),
2. not participate in management and not be an employee, a staff, an advisor who regularly earn monthly salary or controlling party of the Company, parent company,

3. not have and have not any business relationship with the Company, subsidiary, associated company, or major shareholder, or with the person having power to control the Company that may have conflict of interest, in the manner in which his/her independent discretion might be affected, and not be and have not been a substantial shareholder of or a person having power to control the person that has business relationship with the Company, subsidiary, associated company, or major shareholder, or the person having power to control the Company unless such an independent director has not been a person referred to above for at least two years,
4. not be a person having relationship either through blood or lineage or legal registration as a father, mother, spouse, sibling or child, including as a spouse of a child or and directors or management person or major shareholder of the Company, or of the person being nominated to be a director or management person of a person having power to control the Company.
5. not be and have not been an auditor of the Company, subsidiary, associated company, or major shareholder, or of any of the person having power to control the Company, and not be and have not been a substantial shareholder of, a person having power to control over, or a partner of any auditing firm or office in which the auditor of the Company, subsidiary, or major shareholder, or the person having power to control the Company, unless such an independent director has not been a person referred to above for at least two years,
6. not be and have not been a professional advisor, including legal or financial advisor who obtains fee more than two million Baht a year from LIT, subsidiary, associated company, or major shareholder, or from the person having power to control the Company, and not be and have not been a substantial shareholder of, a person having power to control over, or a partner of any of such professional service provider firm or office, unless such an independent director has not been a person referred to above for at least two years,
7. not have any characteristics by which his/her independent comment or opinion on the Company's operation may be affected.

### **Composition and appointment of the Audit Committee**

The Audit Committee must consist of at least three directors, with at least one member having financial and accounting knowledge. The audit committee plays an important role in ensuring good corporate governance. The composition of the committee and qualifications of audit committee members are listed below. The committee:

- (1) Not be a members a non-executive director who is assigned to make decision about the Company's operation, subsidiary, associated company, or the juristic that may have conflict of interest.
- (2) Not be a director of the parent company, its subsidiaries or subsidiaries of the same company that is listed.
- (3) Have a adequately acknowledge, experience to perform in audit committee. Therefore, the Audit committee shall have at least one person who is knowledgeable and experienced enough to be able to serve on a review of the reliability of the financial statements.

### **Directors Recruitment**

The Board of Directors has established the committee structure to consist of directors with various qualifications. By being a person with knowledge, ability, experience, morality and ethics Trusted Is generally accepted A wide variety of skills comprising skills in areas such as finance accounting, industrial management, strategy, corporate governance, law and management.

Selection of persons to be appointed as directors is done through the shareholders' meeting. The Nominating Committee will select from experience, knowledge, capability and qualifications as required by law. Propose to the Board of Directors for consideration and presentation to the shareholders Then, the shareholders' meeting will select the directors in accordance with the rules and procedures prescribed in the Articles of Association of the Company.

### Skill Matrix

Expertise	Chairman of the Board/ Independent Director	Chairman of Audit Committee/ Independent Director	Independent Director/ Audit Committee	Independent Director/ Audit Committee	Independent Director/ Audit Committee	Senior Executive Director	Director/ Managing Director	Director/ Assistant Managing Director
Auditing (CPA)							•	
Accounting					•		•	
Financial		•	•		•	•	•	
Auditing	•	•	•	•	•		•	
Fundraising			•	•	•	•	•	
Governance	•	•	•	•	•	•	•	•
Management	•	•	•	•	•	•	•	•
In terms of credit industry	•		•			•		•
Technology		•	•					•
Law	•						•	
Crisis Management	•	•	•	•	•	•	•	
Policy	•	•	•	•	•	•	•	•
Risk Management	•	•		•	•	•		
Strategy	•	•	•	•	•	•	•	•
Marketing				•				•
Bureaucratic process	•	•		•		•		



## Top management recruitment

The Board of Directors has the succession plan of the organization's top executives as a policy, which the top executives including Assistant Managing Director, Chief Financial Officer. The guidelines are clearly defined. The Board of Directors of the Company is responsible for selection, track the implementation of the succession plan. and consider the selection of Managing Director. The Managing Director is responsible for the selection, track the implementation of the succession plan and consider the selection of Assistant Managing Director and Chief Financial Officer.

When a successor completes the position with higher responsibilities and becomes vacant or has a new position. To present the adjustment, promotion, promotion and maintenance. According to the Company's policy

## Development of Directors and Management

Board of Directors has set a policy to promote and facilitate the training and education of the personnel involved in the governance of the Company, including the committee, audit committee, management and the Company's secretary. The main objective of the Company was to provide continuous operational improvements especially the course that organized by Thai Institute of Directors (IOD), Stock Exchange of Thailand (SET), Securities and Exchange Commission (SEC) and Federation of Accounting Professions of Thailand.

In 2020, the Company has provided training to directors and executives as follow:

1. Associate Professor Dr.Suda Suwannapirom • Personal Data Protection Act (PDPA)
2. Mr. Sompon Aketerajit Personal Data Protection Act (PDPA)
3. Miss Sitaphatr Nirojthanarat Personal Data Protection Act (PDPA)
4. Mrs. Chonticha Supaluxmetha, Personal Data Protection Act (PDPA), Training on the direction of Thai Financial Reporting Standards (TFRSs/ TFRS for NPAEs), Keep pace with accounting For bookkeepers According to the accounting rules.

5. Miss Piyanan Mongkol Personal Data Protection Act (PDPA), Sustainability Information Management and Evaluation Course, Sustainable waste management, Storytelling for Sustainability of the sustainability of companies and brands, Sustainability reports are not as difficult as you think, Sustainability Reporting Quality Promotion Program for Listed Companies 2020.
6. Miss Prapapan Raktham Personal Data Protection Act (PDPA), Self Coaching for Success
7. Mr. Nattawat Srilaphoe Personal Data Protection Act (PDPA),
8. Miss Wiphacharee Thanuset Personal Data Protection Act (PDPA),

## Evaluation

The Board of Directors conducts an evaluation on the performance of the Board of Directors and an individual director self-assessment on an annual basis in order to provide an opportunity for each directors to express his or her view on the performance of the Board of Directors as a whole and to consider and review the results, problems and obstacles on its performance over the previous year. The evaluation results are as follows.

Self-assessment of the Board of Directors (as a whole) The main topics of the assessment are: (1) Structure and qualifications of directors (2) Roles, duties and responsibilities of the board (3) Board meeting (4) Performance of the duties of the directors (5) Relationship with the management and (6) Director's self-development and executive development The summary of the Board of Directors' assessment (as a whole) has a 92.86% grade point average.

Evaluation of the performance of individual directors (self) The main topics of the assessment are: (1) Structure and qualifications of directors (2) Board meeting (3) Roles, duties and responsibilities of the board The summary of the Board of Directors' assessment (as a whole) has a 95.74% grade point average.

Self-assessment of the sub-committees The main topics of the assessment are: (1) The board structure and qualifications are appropriate. Making the work of the board efficient (2) The meeting of the sub-committees was conducted. This is to enable the board to perform its duties efficiently. (3) Roles, duties and responsibilities of sub-committees Have given importance to Take the time to consider Sufficient review

Summary of the self-assessment results of the sub-committees on a board basis Have a grade point average **87.67%**

The Board of Directors holds a Board of Directors' meeting without the presence of the executive director or member of the management at least once a year. The meeting provides the directors with the opportunity to review the performance of the Board of Director, the management and the Company as well as to consider and discuss management

issues or other issues which are of the interest of the Board of Directors. The resolutions of the meeting would be notified to the Chief Executive Officer for acknowledgement and consideration for further improvement. The independent directors had a meeting without management in relation to Credit policy, Credit analysis, Performance, monitoring and evaluation, Organizational Structure, Human Resource Development and introduction of electronic systems to be used in operations.

Annual performance evaluation of the Managing Director The main topics of the assessment are: (1) Leadership (2) Strategy (3) Strategy implementation (4) Planning and financial performance (5) Relationship with the Board (6) External relations (7) Administration and personnel relations (8) Succession (9) Knowledge of products and services (10) Personal feature (11) Sustainability performance The evaluation results are with a 81.16% grade point average.

## 2. Meeting attendance and remuneration for individual directors

Directors' meeting attendance details in 2020 are as follows:

Name	Number of times attended			
	Board of Directors	Audit Committee	AGM	Meeting without management
1. Mrs. Duangphorn Sucharittanuwat <sup>(1)</sup>	6/6	3/3		
2. Police General Jate Mongkolhutthi <sup>(2)</sup>	16/16	4/4	1/1	1/1
3. Mr. Prakob Visitkitjakarn <sup>(3)</sup>	9/9	5/5	1/1	
4. Mr. Pongsak Chewcharat <sup>(4)</sup>	1/1	-		1/1
5. Mr. Suthud Khancharoensuk	15/16	7/7	1/1	1/1
6. Associate Professor Dr.Suda Suwannapirom	16/16	7/7	1/1	1/1
7. Mrs. Wasara Chotihammarat <sup>(5)</sup>	7/7	3/3	1/1	1/1
8. Ms. Parichatara Laotheerasirivong	16/16		1/1	
9. Mr. Sompon Aketerajit	16/16		1/1	
10. Ms. Sitaphatr Nirojthanarat	16/16		1/1	

**Remark :** <sup>(1)</sup> Passed away since 8 June 2020

<sup>(2)</sup> Appointment as the Chairman of the Board on 22 June 2020 and resigned from the Audit Committee on 1 July 2020.

<sup>(3)</sup> Passed away on October 14, 2020

<sup>(4)</sup> Appointment as an independent director and chairman of the audit committee on December 2, 2020.

<sup>(5)</sup> Appointment as an independent director and audit committee member on July 1, 2020.

## Board of Director Meeting

A meeting of the Board of Directors of the Company is held at least once for every quarter. The Company inform the directors of the dates and time of the meetings in advance every year so that the directors can manage their schedule to attend the meetings accordingly. There are clear agenda for each meeting. The Company sends the meeting invitation, together with the supporting documents, to the directors at least five days in advance to allow the directors having sufficient time to study the information prior to the meeting. The senior management of the Company will join the meeting in order to clarify and answer the Board of Directors' queries. The chairman will allow every director to express his/her opinion before proceeding with the vote and concluding a resolution of the meeting in each agenda. In addition, the Company has a policy that requires a minimum number of quorum at the time of the commission will vote on all must be present for at least 2 out of 3 of its members. The Company record the minutes of the meetings in writing and kept the originals with the meeting invitation notices and the relevant supporting documents and are also maintained to facilitate the directors and relevant persons for the purpose of examination.

## Remuneration of Directors and Executives

The Company has determined remuneration for the directors and executives at an appropriate level, which is sufficient to retain competent directors and executives. While it avoids paying excessive remuneration, it remains the rate at the level comparable to companies in the same group of industry. Factors to be considered include experience, obligations, appraisal and scope of roles and responsibilities. The remuneration payment of the directors must be approved be the Company's shareholders. For remuneration of executives, it will be in accordance with principles and policies as determined by the Company's Board of Directors in which the consideration will be made based on duties, responsibilities, performance of each executive, and operational performance of the Company.

At the 2020 Annual General Meeting of shareholders, the meeting approved the remuneration of the Board of Directors and the subcommittees as follows:

Position	Remuneration (Baht/Month)	Meeting Allowance* (Baht/Time)
Chairman of the Board	140,000	5,000
Director	40,000	5,000

Position	Remuneration (Baht/Month)	Meeting Allowance* (Baht/Time)
Chairman of Audit Committee	35,000	5,000
Audit committee Member	10,000	5,000

**Note:** \* Director's transportation fee is the transportation expenses for the Board of Directors meeting. Audit Committee Pay only when attending the meeting In the event that the Board of Directors and the Audit Committee meet on the same day, only one time of director transportation fee shall be paid.

In determining the remuneration of the Chief Executive Office, the Remuneration Committee will consider the performance of the Chief Executive Officer during the previous year pursuant to the specified key performance indicators (KPIs), each of which has different weighted scores. Also in 2015, the Company is prepared to grant to management to buy securities. This is the long-term incentive compensation that is consistent with the Company's portfolio and benefits given to shareholders.



### 3. Supervision of Subsidiaries and Associated Companies

The Company considered sending 1 director and 3 executives to be directors in 2 subsidiaries namely, LIT Service Management Company Limited, U Lite Digital Company Limited. Such directors and executives have been approved by the Board of Directors' meeting. However, if such director and executive cease to be a director of the subsidiary The Board of Directors will consider sending people to look after the benefits from time to time. The Company has established a policy for important transactions such as connected transactions.

### 4. Following up on compliance with corporate governance policies and practices

The Company pays attention to good corporate governance. The relevant policies and practices have been established in the Company's corporate governance policy and business ethics. Along with promoting real action to build confidence among all groups of stakeholders

Over the past year, the Company has followed up on the implementation of good corporate governance, covering 1) employee care and non-discrimination 2) anti-unfair competition 3) environmental stewardship Health and safety in the organization. 4) Information security. The follow-up results showed that the Company had completely followed the guidelines of each issue.

#### (1) Prevention of Conflicts of Interest

The Company has established a policy on the Board of Directors. Executives and employees are required to perform their duties in the best interests of the Company. Any person who has an interest or is involved in the consideration Such person must notify the Internal Audit Department. Who supervise such matters and do not participate in the consideration of such transactions

#### Policy on conflicts of interest

The Company has taken some measures in order to prevent the conflicts of the interests that may arise (within the transaction process) of the Company and those persons who may create inconsistency. Due to the fact that the stakeholders in any subject will not be able to take part in the transaction, therefore it is the Board of Directors to oversee whether the Company complies with the laws and regulations of the Securities and Exchange Commission announcements (as well as requirements of the Capital Market Supervisory Board and Exchange) or not. In addition, the Board of Directors have to monitor all the disclosure requirements relating to the transactions (and acquisition or disposition of assets) of the Company. Their job is to strictly investigate the compliance (of transactions and assets) with the accounting standards set by the Association of Accountants.

In addition, the Company may assign the Audit Committee or independents experts to examine and comment on the appropriateness of the price strategies as well as reasonableness of the transactions. The results of the investigations will be disclosed in the form of financial statement notes in Part 2, Corporate Governance Chapter 9 Internal Control and related transactions. These forms have been audited or reviewed by the auditors of the Company.

## (2) Use of internal information

The Company supervises the use of internal information according to the law and good corporate governance principles, which have been established in writing. In summary, the important policies are as follows.

1. The Company has required the directors, executives and employees to sign so as to acknowledge the relevant announcements of the SEC stipulating that the directors and executives are responsible for reporting changes in securities holding to the SEC according to Section 59 of the Securities and Exchange Act 1992 within 3 business days from the date of change in securities holding and must notify the Company secretary to record the changes and summarize the number of securities of individual directors and executives for presentation to the Board of Directors in the next meeting. Also, penalties are notified for violating or failure to comply with such requirements.
2. The Company has the regulations prohibiting disclosure of financial statements or other information affecting the securities prices of the Company to third parties or non-related persons. Also, it is not permissible to trade securities during 1 month before information on financial statements or other information affecting the securities prices of the Company/group of companies will be released to the public. Non-compliance with such requirements is a violation of discipline, punishable, ranging from warning, cutting wages, suspension from job without being paid to dismissal. Such guidelines have been approved by the Board of Directors. In the past year, it was not found that the directors and executives traded securities during the period required by the Company to refrain from trading.

## Monitoring the Use of Internal information

- The directors, management and employees of the Company are prohibited to reveal the confidential and/or private data about the Company. The reason is to stop the personnel to disclose or seek benefits for themselves or for the benefit of any other person, whether directly or indirectly and whether they received benefits or not.
- The directors, management, employees, spouse, and children of the staff of the Company are prohibited to use some internal data (not publish to the public yet) because it may affect the price of the securities of the Company. Knowing such kind of information has potential risk to let the people take advantage of buying, selling, offering, or persuading others to do business with the securities of the Company, whether directly or indirectly, or whether such action is done for the benefit of themselves or others, or to allow others to do so by their benefits. Obviously, the risk is only when the data have been made public yet. Any violation of such terms will be punished by disciplinary measures of the Company.
- The Company has informed the executives about the securities report of the Company and also identified to their spouses and underage children. More details about the conditions and possibilities of violation of the personal/sensitive information are discussed in Section 59 of the Securities and Exchange Commission.
- The Company has defined the rules in not allowing the board, committee, employees, spouse and children of staffs sell or buy securities during the period of 1 month prior to the public disclosure of financial statements.

The Company will inform the executive, officers and employees of the Company to know about the above requirements

### (3) Anticorruption

The Company has established policies and procedures to combat corruption. The Board has assigned the Audit Committee to supervise the internal control system. The executives are responsible for raising awareness and communicating their duties in good faith to all employees.

#### A. Anti-Corruption and Bribery

The Board of Directors is determined to reject all kinds of corruptions and bribes in every level, whether in the transactions with government sector or private sectors. The Company has developed the anti-corruption policy in year 2015, and make a procedure document to prevent and monitor the risk of fraud. The code of conduct imposes restriction on directors, executives, employees and other persons acting on behalf of the Company in engaging in giving or receiving illegal or inappropriate gifts, whether in cash or in kind, in order to achieve business advantages or relationship with business partners, and requires for a risk assessment in relation to such anti-corruption regularly.

In 2016, the Company has assigned a unit which is no conflict of interest, to review back to all customers who open new financial amount in order to collect information on corruption and bribery. The results found that no corruption and bribery.

In 2017, the Company announced its intention to cooperate with the Thai private sector in the fight against corruption (Collective Action Coalition) on June 9, 2017. The Company will provide as following

- Assessing the risks associated with corporate fraud including the adoption of anti-corruption policy, compliance management plans and provide guidelines for conducting business for management and staff.
- Disclosing and sharing internal policies, experiences, good practices and promoting a key succession of business transactions guideline for accurate and transparent in Thailand.
- Collaborate with companies in the same industry, partners, and other stakeholders by creating an operational alignment and participating in anti-corruption activities.

#### **The evaluation and follow up of Anti-corruption and Bribery policy and process of risk assessment from Corruption and Bribery**

The Company executives organized the internal control for effective operation and risk reduction from nature of business. The internal control mentioned consists of Preventive control and Detective control which helps lower the chance and motivation in bribery and corruption by using duty allocation to allocate role and duty among employees and arrange the evaluation process of anti-corruption policy. The executives can receive report of defect and doubted behavior of employees in time, so that they can improve the internal control and the audit can be a part of follow up and assessment process of anti-corruption policy annually and reports the result to Board of Directors of the Company. The directors, executives and all employees are obliged to report the breach of such anti-corruption policy. In this regard, the Company has arranged appropriate protection measures for the reporters. Each year, the Company has arranged trainings for employees who are interested in, or working in relevant departments, to acknowledge the importance of, and have understanding on, the anti-corruption policy and procedures, as well as the risk assessment on corruption actions.

### **The Infringement of intellectual property and license policy**

The Company set the policy and guideline of The Infringement of intellectual property and license as followings:

- The Company's employees must give respect and not to infringe the intellectual property and license of others. If the employees see the behavior of Infringement of intellectual property and license, they must report to their supervisors.
- Check the intellectual property or license of things before receiving or using internally in order to reduce Infringement of intellectual property.
- The employees have to report to supervisors when facing the breach of such infringement of intellectual property

- In working process, the employees must protect the intellectual property of the Company, such as data, program and process and not to reveal to others outside the Company without the Company's permission.

#### Caution

- 1) To copy adapt or apply any electronically equipment, data, or Information Technology without reasonable cause.
- 2) To use confidential data without owner's permission.
- 3) To make a decision on receiving, using and right protecting of intellectual property without the clear and accurate understanding.

#### **(4) Whistleblowing** Actions in case of whistleblower and protection of whistleblower

The Company has set up a communication channel through its website at [www.leaseit.co.th](http://www.leaseit.co.th) to provide opportunities for shareholders and interested persons to opinion or complain directly to the Board of directors of the Company in case there is an unfair treatment or a trouble arising from the action of the Company or shareholders can contact Board of directors directly via;

1. Email to Investor Relation Team : [IR@leaseit.co.th](mailto:IR@leaseit.co.th)
2. Post : To The Audit Committee  
Lease IT Public Company Limited  
1023 MS Siam Tower 29<sup>th</sup> floor, Rama 3 Rd.,  
Chongnonsi, Yannawa Bangkok 10120

Furthermore, all employees must report an event or a behavior which is unlawful or suspected to be unlawful or violates the good governance of the Company or any rules or laws to their supervisors. The Company has also provided a channel for employees to consult or report directly to the assistant managing director upon becoming aware of or suspecting any conduct which is unlawful or violates the policy and has or may have impact on employees, other stakeholders and the Company.

For the year 2020 performance, there are no whistleblowing or complaints related to illegal or ethical offenses. Violation of rights Inaccurate financial reports Fraud and corruption or defect internal control systems come to such channels.

## Report on the performance of the Audit Committee for the past year

### 1. Number of meetings and individual attendance

In 2020, the Audit Committee held 7 meetings as follows:

Name	Number of meetings/Number of meetings in the year
1. Mr. Prakob Visitkitjakarn <sup>(1)</sup>	5/5
2. Mrs. Duangphorn Sucharittanuwat <sup>(2)</sup>	3/3
3. Police General Jate Mongkolhutthi <sup>(3)</sup>	4/4
4. Mr. Pongsak Chewcharat <sup>(4)</sup>	0/0 (Appointment as an independent director And Chairman of the Audit Committee on December 2, 2020)
5. Mr. Suthud Khancharoensuk	7/7
6. Associate Professor Dr.Suda Suwannapirom	7/7
7. Mrs. Wasara Chotithammarat <sup>(5)</sup>	3/3

**Remark :** <sup>(1)</sup> Passed away on October 14, 2020

<sup>(2)</sup> Passed away on June 8, 2020

<sup>(3)</sup> Appointment as the Chairman of the Board of Directors on June 22, 2020 and resigned from the Audit Committee. On July 1, 2020

<sup>(4)</sup> Appointment as an independent director And Chairman of the Audit Committee on December 2, 2020

<sup>(5)</sup> Appointment as an independent director And Audit Committee on July 1, 2020

### 2. Performance of the Audit Committee

#### Audit Committee

The Audit Committee consists of 4 independent directors and is responsible for reviewing the financial reporting process of the Company, the internal control system and internal audit system, compliance with laws relating to the business of the Company, considering and selecting the Company's auditors and reviewing connected transactions, transactions of interested persons or transactions which may give rise to conflicts of interest, etc.

In carrying out its duty on the selection of the auditors of the Company, the Audit Committee will consider the selection of auditors pursuant to the Company's assessment criteria, which consist of the auditors' experience, performance, understanding of the financial business and expertise on auditing, as well as their independence in performing their works during the past year, in order to propose the

appointment of the auditors to the Board of Directors and the shareholders' meeting for consideration. At the 2020 Annual General Meeting of shareholders, which was held on 7 August 2020, Ms. Somjai Khunpasut, certified public accountant No.4499, Ms. Rachada Yongsawadvanich, certified public accountant No.4951 or Miss Siriwan Suratepin certified public accountant No.4604 all from EY Office Limited were appointed as the auditors of the Company.

Audit committee meetings are held on a quarterly basis. Or at least 4 times a year. In 2020, the Company holds 7 Audit Committee meetings, where the Audit Committee will act in place of the Nomination and Remuneration Committee, the Corporate Governance Committee and the Risk Management Committee.

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## Summary of the performance of duties of other sub-committees

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Performance of the Audit Committee, which serves other sub-committees as follows:

### Remuneration Committee

The Audit Committee has been assigned to perform the duties of the Nomination and Remuneration Committee. Responsible for considering and giving recommendation on remuneration of the chairman and other directors, considering and approving remuneration of the Chief Executive Officer and considering the correctness and appropriateness of the remuneration policy, etc.

### Nominating Committee

The Audit Committee has been assigned to perform the duties of The Nomination. Responsible for selection of qualified candidates to be nominated for election as directors of the Company and its key subsidiaries. Additionally, the nomination committee has considered and nominated a qualified candidate for appointment as the Chief Executive Officer of the Company to the Annual General Meeting.

In 2020, the Audit Committee acts as the Nomination and Remuneration Committee. There were 4 meetings.

### Corporate Governance Committee

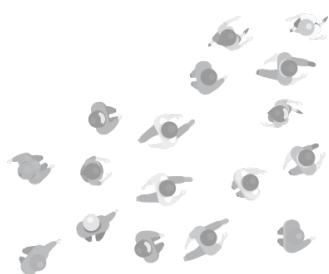
The Audit Committee has been assigned to perform the duties of The Corporate Governance Committee. Responsible for developing and promoting a good corporate governance so as to be in compliance with the international standard and acceptable to shareholders, investors, regulators, and other stakeholders.

In 2020, the Audit Committee acts as the Corporate Governance Committee. There were 1 meeting.

### Risk Management Committee

The Audit Committee has been assigned to perform the duties of The Risk Management Committee. Responsible for managing risk that may affect the objective of the organization which includes safety and Hygiene risk of employees, society and community, together with environment to be in compliance with the international standard.

In 2020, the Audit Committee acts as the Risk Management Committee. There were 1 meeting.



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# 09 Internal control and related transactions

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## Internal Control

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In the board meeting No.2/2021 held 24<sup>th</sup> February 2021, 4 audit committees member, who are the risk Management committee, attended the meeting. They evaluated the adequacy of the internal control system of the Company through making inquiries from executives. As a result of that, they concluded that the evaluation of the internal control system of the Company includes 5 parts as follows:

### 1. Organizational Control and Environmental Measures

The Company aims to set target of doing business and sets budget for evaluate its performance. The budget would under the approval of the Board of directors. Furthermore, the Company set the appropriate and reasonable business target in line with economic situation. The executive responsible for each function is regularly reviewed by the Company. The Company structure is suitable for nature of work and responsibility. The Company set the supervision line clearly in order that every unit can proceed effectively. The Company sets the policy and authorities or proceeds the important issues in writing according to level of authorization and creates workflow of each unit under the audit process of internal control unit regularly. Moreover, the Company has fair operation policy and plan with customers to protect customers' benefit and keep customers' royalty in long term.

### 2. Risk Management Measure

The Company analyzes the cause of risk factors in order to reduce risk that can occur and follow up the cause of the risk factors and find the way to prevent the risks. The employees know their roles, duties and risks together with the measurement to control that risks they are responsible to. The measurement is informed in working procedure, training and company's policy.

### 3. Management Control Activities

The Company set the level of approval authority clearly, work flow manual, detail of employees in each unit and job description clearly. As the related transaction policy, the Company proceed according to the principles approved by Board of Directors and approved by Audit committee. The stakeholders cannot vote for that kind of issue. The Board of Directors must aware of benefit of the Company to the utmost and consider as if the transaction was made by external party.

### 4. Information and Communication Measure

The Company provides information systems, quality and adequate decisions, both of financial data and other information. The Company's accounting policies as standard that is acknowledged in the auditor's report.

To the efficiency of Information Technology System, the Company controlled to access the Information Technology systems, data, recall and the infringement of license and protection of the intellectual property of the Company and our customer.

The Company had a policy to evaluate and reported to Board of Directors every quarter.

## 5. Monitoring

The Company follows up the meeting results every three months in order to report the result to Board of Directors with reasons and recommendation for improvement. Meantime, the executives also hold the meeting weekly to evaluate the situations in order to set the problem-solving guideline in time.

The majority of the members of Board of Directors were agreed upon developing an internal system which controls transactions with major shareholders, directors, executives or related persons sufficiently, adequately and appropriately.

### **Observations of Internal Audit on Internal Controls of the Company**

Internal Audit department has been monitoring the management system core areas by providing feedback to the Company. In practice, the internal audit department leads to improve the quality of internal audits continuously by increasing the checks and balances (Check and Balance) on every control system. The internal audit department conducted a follow-up check-in on systems of 2020. The results of such investigation of internal audit on internal controls could provide good detections and recommendations for the Company to revise various issues successfully.

### **Observations of Auditor on Internal Controls of the Company**

The EY Office Limited, the auditor of the Company as for the year ending 31 December 2020, examined the effectiveness of internal control system in order to set the appropriate scope of audit work. The results is that the Company operation is in accordance with accounting standards.

### **Internal Audit Supervisor Information**

Ms. Wichuda Kaewsaitien Assistant Manager of Internal Audit Department Appointed by the Audit Committee Meeting No.5/2019 on 8 November 2019 to be the Secretary of the Audit Committee. From 8 November 2020 onwards Received training in courses related to the performance of internal auditing, namely the Professional Internal Auditors Certification Program (CPIAT) of the Internal Auditors Association of Thailand. And have an understanding of the activities and operations of the Company Therefore considered that it is appropriate to perform such duties appropriately The consideration and approval of the appointment, removal, transfer of the head of the Company's internal audit department must be approved. From the audit committee The qualifications of a person holding the position of Internal Audit Supervisor are shown in Annex 3.



## Connected transactions

### 1. Details of inter-transaction

Transactions between the parties with persons who may have conflicts Details are summarized as follows

The parties who have conflicts	Relations	Transactions	Credit approval for Year 2021	Amount in Baht						Significant and Reasonable of Transactions				
				2020		2019		2018						
				Credit	Transaction	Credit	Transaction	Credit	Transaction					
SVOA PCL., ("SVOA")	The major shareholder of the Company Holding 35.80% of shares as of July 9, 2020	<b>Expenses:</b> 1. Purchases of equipment 2. Service expenses <ul style="list-style-type: none"> <li>Executive meeting expenses</li> <li>Telephone bill</li> <li>Administration expenses (i.e. Human Resource, IT and Building)</li> <li>Other expenses (i.e. Party Leisure expenses, Reception expenses and Welfare expenses)</li> </ul> <b>Remaining amount:</b> The remaining of liabilities* <b>The Guarantee:</b> The guarantee amount had used amount	2,000,000	2,000,000	-	74,264.02	20,000,000	74,264.02	20,000,000	20,000,000	-	- The Company purchases assets for operation in accordance with charges 1-2 percentage of cost for operation expenses.  Service expense is comprised of HR service, meeting room and building service, IT consultation service and telephone expense which related with our business operation. Pricing is reasonable since service fee to SVOA is cheaper than investing in system or hiring new employee to operate. For meeting room and building rental service, it is the same rate with related companies in SVOA group. Telephone expense charge to the Company as actual usage.		
					21,102.42	6,018.43	8,644.45				106,800.31	233,195.00	139,084.80	
					444,696.00	339,040.00								
					66,677.35	6,243.65								
						74,900	122,931.47							268,878.95
						-	-							-

The parties who have conflicts	Relations	Transactions	Credit approval for Year 2021	Amount in Baht						Significant and Reasonable of Transactions
				2020		2019		2018		
				Credit	Transaction	Credit	Transaction	Credit	Transaction	
IT City PCL., ("IT City")	SVOA Public Company Limited is a major shareholder	<b>Expenses:</b> 1. Purchases of equipment <ul style="list-style-type: none"> <li>• Computer and Equipment</li> <li>• Computer software</li> </ul> 2. Photocopier expenses 3. Other expenses (Miscellaneous expenses)  <b>Remaining amount:</b> The remaining of liabilities*	2,000,000	2,000,000	118,108.45	2,000,000	358,376.37	2,000,000	78,878.29	The Company purchases assets for operation in accordance with market price.  1,333,781.78 45,325.91 The expenses used in the Company that calculated by actual usage  -  -  3,900.17



The parties who have conflicts	Relations	Transactions	Credit approval for Year 2021	Amount in Baht						Significant and Reasonable of Transactions
				2020		2019		2018		
				Credit	Transaction	Credit	Transaction	Credit	Transaction	
SPVI Public Company Limited ("SPVI")	IT City Public Company Limited is a major shareholder  IT City Public Company Limited has SVOA Public Company Limited as a major shareholder	<b>Expenses:</b> 1. Purchases of equipment	1,000,000	1,000,000	-	10,000,000	-	10,000,000	76,955.22	The Company purchases assets for operation in accordance with market price.
		<b>Remaining amount:</b> The remaining of liabilities*			-		-		-	

The parties who have conflicts	Relations	Transactions	Credit approval for Year 2021	Amount in Baht						Significant and Reasonable of Transactions
				2020		2019		2018		
				Credit	Transaction	Credit	Transaction	Credit	Transaction	
Dataone Asia Co.,Ltd. ("Data One")	SVOA Public Company Limited is a major shareholder.	<b>Expenses:</b> 1. Purchases of equipment <ul style="list-style-type: none"> <li>Equipment</li> <li>Computer software</li> </ul> 2. The rental and service expenses 3. Other expenses  <b>Remaining amount:</b> The remaining of liabilities*	2,000,000	2,000,000		20,000,000		20,000,000		The Company purchases assets for operation in accordance with market price.  The expenses is rental for operation that calculated by area usage.  The Others expenses is comprised of maid fees, utility fees, taxes, and parking fees which it is key utilities of the Company and calculated by actual usage
Advanced Research Group Co.,Ltd. (ARG)	There is a common major shareholder, Mr. Min Incthanet	<b>Expenses:</b> 1. Registration fees for change of director 2. Development computer software 3. Consultant fees  <b>Revenues:</b> <ul style="list-style-type: none"> <li>Sales</li> </ul> <b>Remaining amount:</b> The remaining of liabilities*	15,000,000	15,000,000		20,000,000		20,000,000		The transaction was important that consistent with the market price.  The Company has considered the proposals and in accordance with market price.  The revenue from procurement goods services which calculated by cost of goods sold.

The parties who have conflicts	Relations	Transactions	Credit approval for Year 2021	Amount in Baht						Significant and Reasonable of Transactions
				2020		2019		2018		
				Credit	Transaction	Credit	Transaction	Credit	Transaction	
Touch Printing Republic Co.,Ltd.	It has the common major shareholder which is SVOA and has a common director, Mr. Sophon Incthanet, who is the spouse of Ms. Sitaphatr Nirotthanasarat.	<b>Expenses:</b> <ul style="list-style-type: none"> <li>Wages of premium gifts for customer</li> </ul> <b>Remaining amount:</b> The remaining of liabilities*	1,000,000	1,000,000	-	1,000,000	-	1,000,000	-	- The expenses made premium gifts for customers during festival period in accordance with market price.
Core and Peek Co.,Ltd.	There is a common major shareholder, Mr. Min Incthanet	<b>Expenses:</b> <ul style="list-style-type: none"> <li>Wages of premium gifts for customer</li> </ul> <b>Remaining amount:</b> The remaining of liabilities*	1,000,000	1,000,000	-	1,000,000	-	1,000,000	-	-

\*The liabilities outstanding at the end of the reporting period.

## Opinions of the Audit Committee

The Company's Audit Committee has considered information concerning the related transactions and has the opinion that such related transactions were reasonable and were transactions which occurred as per market prices or fair prices and there were no differences from selling and purchasing from other third parties.

- **Necessities and reasonableness of related transactions**

Operations concerning the related transactions were necessary and reasonable for the maximum benefits of the Company and were as per normal business.

- **Procedures on approval of related transaction**

For procedures on approval of related transaction in the future, the Company shall comply with the laws on securities and securities exchange including regulations, announcements, orders or requirements of the Stock Exchange of Thailand. Any transactions which the director or other person may have conflict of interest with the Company has been stipulated in the connected transactions and acquisition and disposal of assets of the Company, except when it is an approval of transaction in the nature course of the business of the Company. In addition, the Company has specified approval authorization rights clearly.

- **Trends of related transactions in the future**

The Company expected that such related transactions shall continue to occur in the future because the related transactions of the Company and the person who may have conflict of interest shall be as per normal business practices of the Company. In addition, the Company has appointed the Audit Committee to Audit and consider the disclosure of information of related transactions which may have conflict of interest so they shall be correctly and completely be in accordance to the law on securities and securities exchange including regulations, announcements, orders or requirements of the Stock Exchange of Thailand as well as compliance with the regulations related to disclosure of information on connected transactions and acquisition or disposal of assets and in accordance with the generally accepted accounting standards specified by the Federation of Accounting Professions.

- **Policy on Conflict of Interest**

The Company has established measures to prevent conflict of interest that may arise from related transactions of the Company and persons who may have conflict of interest. The Executives and Stakeholders are not allowed to take part in the approval of those transactions. The Company's Board of Directors must ensure that the Company has complied with the Securities and Exchange Act, and regulations, notifications regarding the disclosure of related transactions, the acquisition or disposition of significant assets of the Company, and the accounting standards prescribed by the Federation of Accounting Professions.

In addition, the Company will provide the audit committee or auditors or independent specialist as the case may be, to review and give opinion on the suitability of prices and justification of transactions, and will disclose related transactions in the notes to the financial statements which revealed in Part 2 Corporate Governance Chapter 9 Internal control and related transactions that have been verified or reviewed by the Company's Auditors.



# Part 3 Financial Statement

## **Independent Auditor's Report**

To the Shareholders of Lease IT Public Company Limited

### **Opinion**

I have audited the accompanying consolidated financial statements of Lease IT 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, and have also audited the separate financial statements of Lease IT 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 Lease IT Public Company Limited and its subsidiary and of Lease IT 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.

### **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 describe below.

***Allowances for expected credit losses of receivables***

The Group has adopted the set of Thai Financial Reporting Standards related to financial instruments which has been effective from 1 January 2020 onwards. The set of standards includes Thai Financial Reporting Standard No. 9 Financial Instruments which stipulates a basis for calculating impairment of financial instruments using the expected credit loss method. The basis involves complex calculation modelling which requires management to use significant judgements and estimates in developing expected credit loss models in compliance with Thai Financial Reporting Standards. Significant management judgements include the identification of criteria for assessment of a significant increase in credit risk since initial recognition, the consideration of the future economic forecast based on weighted probabilities of situations to be incorporated in the models and a management overlay used to adjust of the allowance for expected credit losses due to the limitations of the model.

As discussed in Note 5.4 to financial statements, as at 31 December 2020, the Group had net book value of trade and other receivables, loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables amounting to Baht 2,395 million representing 91 percent of the total assets (The Company only: Baht 2,395 million representing 91 percent of total assets), with allowance for expected credit losses amounting to Baht 300 million (The Company only: Baht 300 million), which is material amounts to the financial statements.

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

I gained an understanding of, assessed and tested the internal controls relating to the calculation of allowance for expected credit losses of receivables, taking into account the balance, complexity and credit risk of each receivables portfolio. I compared the accounting policies of the Group with Thai Financial Reporting Standards. I considered and assessed model development process and tested the accuracy of the data used in model development on a sampling basis. I

also assessed the methods and assumptions applied by the Group in the calculation of the allowance for expected credit losses, including the method used to incorporate the management overlay to address the limitations of the model and the recording of allowance for expected credit losses.

Moreover, I examined the allowances for expected credit losses, assessing the classification of receivables based on changes in credit risk since initial recognition testing the calculation of the allowances for expected credit losses at the end of accounting period, and testing the completeness of the data used in the calculation of allowances for expected credit losses.

I assessed the adequacy of disclosure in accordance with the relevant financial reporting standards.

### **Interest income recognition**

The Group has adopted a policy on the recognition of interest income as discussed in Note 5.1 to financial statements. In 2020, the Group's revenue mainly consisted of interest incomes from receivables for a total of Baht 249 million (representing 63 percent of total revenue) (the Company only: Baht 249 million representing 64 percent of total revenue). The incomes were generated from various types of loans provided to a large number of customers. Therefore, I addressed the amount and timing of interest income recognition as a key audit matter.

I assessed and tested the Group's information technology system controls and the internal controls related to the loan origination, loan receipt and interest income recognition processes, making enquiries of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I applied a sampling method to select each type of loan agreements to assess whether the recording of loans and receipt of repayment, and the interest income recognition were consistent with the conditions of the relevant agreements and in compliance with the Group's policy. In addition, I performed analytical procedures on the data regarding the interest incomes recognised throughout the period and tested the accounting entries for interest incomes made through journal vouchers on a sampling basis.

### **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.

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.



Siriwan Suratepin

Certified Public Accountant (Thailand) No. 4604

EY Office Limited

Bangkok: 24 February 2021

Lease IT Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	8	47,203,037	236,231,093	33,966,250	233,949,416
Current investments	15	-	730,197,678	-	730,197,678
Trade and other receivables	9	5,153,365	35,040,791	5,603,340	35,510,240
Current portion of loan receivables	10	816,410,073	877,543,616	816,410,073	877,543,616
Current portion of factoring receivables	11	899,537,233	940,335,502	899,537,233	940,335,502
Current portion of financial lease receivables	12	53,422,793	70,001,784	53,422,793	70,001,784
Current portion of hire-purchase receivables	13	83,871,594	95,485,732	83,871,594	95,485,732
Other current assets		3,238,518	8,763,574	3,047,777	8,566,351
<b>Total current assets</b>		<b>1,908,836,613</b>	<b>2,993,599,770</b>	<b>1,895,859,060</b>	<b>2,991,590,319</b>
<b>Non-current assets</b>					
Restricted bank deposits	16	75,494,444	46,738,345	75,494,444	46,738,345
Loan receivables - net of current portion	10	417,649,451	321,727,654	417,649,451	321,727,654
Factoring receivables - net of current portion	11	52,346,270	40,809,987	52,346,270	40,809,987
Financial lease receivables - net					
of current portion	12	46,513,674	43,802,690	46,513,674	43,802,690
Hire-purchase receivables - net					
of current portion	13	19,659,184	19,974,246	19,659,184	19,974,246
Investments in subsidiaries	17	-	-	19,999,970	4,999,970
Property foreclosed		2,141,125	2,141,125	2,141,125	2,141,125
Equipment	18	12,610,320	26,199,313	12,278,359	25,764,652
Right-of-use assets	24	20,655,301	-	18,425,142	-
Intangible assets	19	28,855,712	7,062,668	28,301,728	7,062,668
Deferred tax assets	20.1	60,022,151	48,689,512	59,934,434	48,643,179
<b>Total non-current assets</b>		<b>735,947,632</b>	<b>557,145,540</b>	<b>752,743,781</b>	<b>561,664,516</b>
<b>Total assets</b>		<b>2,644,784,245</b>	<b>3,550,745,310</b>	<b>2,648,602,841</b>	<b>3,553,254,835</b>

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

**Lease IT Public Company Limited and its subsidiaries**

**Statements of financial position (continued)**

**As at 31 December 2020**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from					
financial institutions	21	157,915,380	249,763,180	157,915,380	249,763,180
Trade and other payables		2,902,323	795,143	2,748,323	901,643
Short-term loans from subsidiary	7	-	-	54,000,000	66,000,000
Current portion of debentures	22	865,585,585	847,966,955	865,585,585	847,966,955
Current portion of liabilities under					
hire-purchase receivables agreements	23	5,306,114	72,591,933	5,306,114	72,591,933
Current portion of liabilities under					
finance lease agreements	24	-	2,191,170	-	2,191,170
Current portion of lease liabilities	24	5,254,558	-	4,768,541	-
Income tax payable		17,599,461	15,032,650	13,566,815	10,091,732
Cash receipt awaiting for return to receivables		-	29,387,341	-	29,118,320
Other current financial liabilities	25	64,766,620	-	64,450,184	-
Other current liabilities		32,527,150	70,077,836	31,193,010	68,291,825
<b>Total current liabilities</b>		<b>1,151,857,191</b>	<b>1,287,806,208</b>	<b>1,199,533,952</b>	<b>1,346,916,758</b>
<b>Non-current liabilities</b>					
Debentures - net of current portion	22	389,738,459	1,100,908,547	389,738,459	1,100,908,547
Liabilities under hire-purchase receivables agreements					
- net of current portion	23	-	5,306,114	-	5,306,114
Liabilities under finance lease agreements					
- net of current portion	24	-	2,898,179	-	2,898,179
Lease liabilities - net of current portion	24	11,084,015	-	9,292,562	-
Provision for long-term employee benefits	26	4,655,293	9,646,452	4,250,389	9,335,893
Other long-term provisions		384,784	-	319,516	-
Bid bonds deposit awaiting for return to customers		-	11,620,410	-	11,620,410
Other non-current financial liabilities	25	12,113,053	-	12,113,053	-
<b>Total non-current liabilities</b>		<b>417,975,604</b>	<b>1,130,379,702</b>	<b>415,713,979</b>	<b>1,130,069,143</b>
<b>Total liabilities</b>		<b>1,569,832,795</b>	<b>2,418,185,910</b>	<b>1,615,247,931</b>	<b>2,476,985,901</b>

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

Lease IT Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Liabilities and shareholders' equity (continued)</b>					
<b>Shareholders' equity</b>					
Share capital					
Registered					
300,000,000 ordinary shares of Baht 1 each	27.2	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Issued and fully paid-up					
221,449,456 ordinary shares of Baht 1 each	27	221,449,456	221,449,456	221,449,456	221,449,456
Share premium	27.2	82,317,791	82,317,791	82,317,791	82,317,791
Warrants	28	392,750,380	392,750,380	392,750,380	392,750,380
Retained earnings					
Appropriated - statutory reserve	29	30,000,000	30,000,000	30,000,000	30,000,000
Unappropriated		<u>348,433,650</u>	<u>406,041,406</u>	<u>306,837,283</u>	<u>349,751,307</u>
Total equity attributable to owners of the Company		<u>1,074,951,277</u>	<u>1,132,559,033</u>	<u>1,033,354,910</u>	<u>1,076,268,934</u>
Non-controlling interests of the subsidiary		<u>173</u>	<u>367</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>		<u>1,074,951,450</u>	<u>1,132,559,400</u>	<u>1,033,354,910</u>	<u>1,076,268,934</u>
<b>Total liabilities and shareholders' equity</b>		<u>2,644,784,245</u>	<u>3,550,745,310</u>	<u>2,648,602,841</u>	<u>3,553,254,835</u>
		-	-	-	-

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




Directors



Lease IT Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Profit or loss:</b>					
<b>Revenues</b>					
Interest incomes	30	248,732,314	290,929,801	248,732,314	290,929,801
Fee and service incomes	31	118,795,575	141,283,681	61,275,711	55,283,601
Other incomes	32	28,895,856	24,389,886	78,835,276	39,168,897
<b>Total revenues</b>		<u>396,423,745</u>	<u>456,603,368</u>	<u>388,843,301</u>	<u>385,382,299</u>
<b>Expenses</b>					
Service expenses		35,927,535	40,282,116	24,079,925	23,037,071
Administrative expenses		89,625,507	90,441,622	87,373,069	88,210,634
Expected credit losses	14	66,063,411	-	66,061,674	-
Bad debts and doubtful accounts	14	-	110,521,940	-	110,521,940
<b>Total expenses</b>		<u>191,616,453</u>	<u>241,245,678</u>	<u>177,514,668</u>	<u>221,769,645</u>
<b>Operating profit</b>		<u>204,807,292</u>	<u>215,357,690</u>	<u>211,328,633</u>	<u>163,612,654</u>
Finance cost		<u>(86,658,442)</u>	<u>(83,977,953)</u>	<u>(87,297,397)</u>	<u>(84,397,130)</u>
<b>Profit before income tax expenses</b>		<u>118,148,850</u>	<u>131,379,737</u>	<u>124,031,236</u>	<u>79,215,524</u>
Income tax expenses	20.2	<u>(46,907,637)</u>	<u>(28,282,137)</u>	<u>(38,096,397)</u>	<u>(14,621,550)</u>
<b>Profit for the year</b>		<u>71,241,213</u>	<u>103,097,600</u>	<u>85,934,839</u>	<u>64,593,974</u>
<b>Other comprehensive income:</b>					
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial loss from post-employment benefits		-	(464,664)	-	(385,769)
Less: Income tax effect		-	92,933	-	77,154
<b>Other comprehensive income for the year (loss)</b>		<u>-</u>	<u>(371,731)</u>	<u>-</u>	<u>(308,615)</u>
<b>Total comprehensive income for the year</b>		<u>71,241,213</u>	<u>102,725,869</u>	<u>85,934,839</u>	<u>64,285,359</u>
<b>Total profit attributable to:</b>					
Equity holders of the Company		71,241,107	103,097,280	85,934,839	64,593,974
Non-controlling interests of the subsidiaries		106	320	-	-
		<u>71,241,213</u>	<u>103,097,600</u>	<u>85,934,839</u>	<u>64,593,974</u>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		71,241,107	102,725,549	<u>85,934,839</u>	<u>64,285,359</u>
Non-controlling interests of the subsidiaries		106	320		
		<u>71,241,213</u>	<u>102,725,869</u>		
<b>Earnings per share</b>					
	34				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.32</u>	<u>0.47</u>	<u>0.39</u>	<u>0.29</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company		<u>0.32</u>	<u>0.43</u>	<u>0.39</u>	<u>0.27</u>

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

**Lease IT Public Company Limited and its subsidiaries**

**Statements of cash flows**

**For the year ended 31 December 2020**

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Cash flows from operating activities</b>					
Profit before income tax expenses		118,148,850	131,379,737	124,031,236	79,215,524
Adjustment to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:					
Depreciation and amortisation		10,915,405	7,643,444	10,220,828	7,539,737
Write-off of bad debts	14	112,065,274	23,300,305	112,063,537	23,300,305
Expected credit losses	14	66,063,411	-	66,061,674	-
Doubtful account on receivables (reversal)	14	(112,065,274)	92,721,635	(112,063,537)	92,731,635
Bad debt recoveries	14	-	(5,500,000)	-	(5,500,000)
Gain on revaluation of trading securities	15	-	(197,678)	-	(197,678)
Gain on sales of trading securities	15	(1,232,377)	(124,122)	(1,232,377)	(124,122)
Loss on write-off/ disposal of equipment and intangible assets		139,122	1,434,837	139,122	1,434,837
Amortisation of deferred interest income under agreements of financial lease and hire-purchase receivables		(18,934,914)	(30,320,647)	(18,934,914)	(30,320,647)
Provision for long-term employee benefits		1,228,913	2,879,741	1,134,568	2,826,258
Interest income		(393,878)	(1,540,201)	(383,706)	(1,454,721)
Dividend income from subsidiary	17	-	-	(49,999,700)	(14,999,910)
Finance cost		86,658,442	83,977,953	87,297,397	84,397,130
Profit from operating activities before change in operating assets and liabilities		262,592,974	305,655,004	218,334,128	238,848,348
Operating assets (increase) decrease					
Trade and other receivables		29,845,141	1,888,830	29,866,352	6,357,158
Loan receivables		(184,061,394)	(196,488,342)	(184,061,394)	(196,488,342)
Factoring receivables		17,851,552	(87,173)	17,851,552	(87,173)
Financial lease receivables		23,685,845	21,320,970	23,685,845	21,320,970
Hire-purchase receivables		21,082,452	69,774,077	21,082,452	69,774,077
Other current assets		5,525,056	469,079	5,518,574	74,867
Operating liabilities increase (decrease)					
Trade and other payables		(204,020)	(301,691)	(250,520)	(1,107,962)
Cash receipt awaiting for return to receivables		-	(3,212,730)	-	(3,399,172)
Other current financial liabilities		(84,401)	-	(131,816)	-
Other current liabilities		(2,289,819)	11,239,555	(1,837,948)	10,995,148
Bid bonds deposit awaiting for return to customers		-	(53,147,400)	-	(53,147,400)
Other non-current financial liabilities		492,643	-	492,643	-
Cash flows from operating activities		174,436,029	157,110,179	130,549,868	93,140,519
Interest received		393,878	1,540,201	383,706	1,454,721
Interest paid		(83,826,939)	(87,787,103)	(84,598,432)	(87,787,103)
Corporate income tax paid		(36,748,211)	(53,556,425)	(26,987,315)	(41,310,609)
<b>Net cash flows from (used in) in operating activities</b>		<b>54,254,757</b>	<b>17,306,852</b>	<b>19,347,827</b>	<b>(34,502,472)</b>

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

Lease IT Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2020

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>Cash flows from investing activities</b>					
Cash paid for purchases of trading securities	15	(1,340,000,000)	(1,500,000,000)	(1,340,000,000)	(1,500,000,000)
Cash receipt from sales of trading securities	15	2,071,430,055	740,124,122	2,071,430,055	740,124,122
Decrease (increase) in restricted bank deposits		(28,756,099)	54,405,380	(28,756,099)	54,405,380
Cash receipt from dividend from subsidiary	17	-	-	49,999,700	14,999,910
Cash paid for purchases of equipment		(877,201)	(14,325,051)	(847,780)	(13,909,932)
Proceeds from sales of equipment		-	6,238,724	-	6,238,724
Cash paid for purchases of intangible assets		(20,290,724)	(3,713,192)	(19,945,824)	(3,713,192)
Cash paid for investment in subsidiary	17	-	-	(15,000,000)	-
<b>Net cash from (used in) investing activities</b>		<b>681,506,031</b>	<b>(717,270,017)</b>	<b>716,880,052</b>	<b>(701,854,988)</b>
<b>Cash flows from financing activities</b>					
Increase (decrease) in bank overdrafts		7,915,380	(647,006)	7,915,380	(567,756)
Cash receipt from short-term loans from financial institutions		585,000,000	3,411,433,593	585,000,000	3,411,433,593
Repayment of short-term loans from financial institutions		(684,763,180)	(3,581,870,277)	(684,763,180)	(3,581,870,277)
Cash receipt from short-term loans from subsidiary	7	-	-	36,000,000	66,000,000
Repayment of short-term loans from subsidiary	7	-	-	(48,000,000)	-
Repayment of long-term loans		-	(12,665,000)	-	(12,665,000)
Cash received from issuance of debentures	22	150,000,000	1,263,600,000	150,000,000	1,263,600,000
Cash paid for redemption of debentures	22	(850,000,000)	(150,000,000)	(850,000,000)	(150,000,000)
Repayment of lease liabilities		(5,924,663)	(4,662,578)	(5,347,164)	(4,662,578)
Cash receipt from liabilities under hire-purchase receivables agreements		-	78,103,698	-	78,103,698
Repayment of liabilities under hire-purchase receivables agreements		(73,872,659)	(103,350,795)	(73,872,659)	(103,350,795)
Cash receipt from exercise of warrants	27.1	-	2,922,200	-	2,922,200
Dividend paid		(53,143,722)	(72,837,329)	(53,143,422)	(72,837,239)
<b>Net cash from (used in) financing activities</b>		<b>(924,788,844)</b>	<b>830,026,506</b>	<b>(936,211,045)</b>	<b>896,105,846</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>(189,028,056)</b>	<b>130,063,341</b>	<b>(199,983,166)</b>	<b>159,748,386</b>
Cash and cash equivalents at beginning of the year		236,231,093	106,167,752	233,949,416	74,211,030
<b>Cash and cash equivalents at end of the year</b>		<b>47,203,037</b>	<b>236,231,093</b>	<b>33,966,250</b>	<b>233,959,416</b>
<b>Supplement cash flows information</b>					
Non-cash transactions from operating activities					
Accounts receivable from sales of trading securities		-	30,000,000	-	30,000,000
Acquisition of equipment under leases		-	9,249,000	-	9,249,000
Accounts payable from purchases of computer software under installation		2,311,200	-	2,097,200	-

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

**Lease IT Public Company Limited and its subsidiaries**  
**Statements of changes in shareholders' equity**  
**For the year ended 31 December 2020**

(Unit: Baht)

## Consolidated financial statements

## Equity attributable to owners of the Company

	Issued and fully paid-up share capital	Share premium	Warrants	Retained earnings		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
				Appropriated - statutory reserve	Unappropriated			
<b>Balance as at 1 January 2019</b>	220,718,906	76,473,391	396,403,130	30,000,000	376,153,096	1,099,748,523	137	1,099,748,660
Profit for the year	-	-	-	-	103,097,280	103,097,280	320	103,097,600
Other comprehensive income for the year	-	-	-	-	(371,731)	(371,731)	-	(371,731)
Total comprehensive income for the year	-	-	-	-	102,725,549	102,725,549	320	102,725,869
Issuance of ordinary share during the year from exercised warrants (Note 27.1)	730,550	5,844,400	(3,652,750)	-	-	2,922,200	-	2,922,200
Dividend paid (Note 35)	-	-	-	-	(72,837,239)	(72,837,239)	(90)	(72,837,329)
<b>Balance as at 31 December 2019</b>	<u>221,449,456</u>	<u>82,317,791</u>	<u>392,750,380</u>	<u>30,000,000</u>	<u>406,041,406</u>	<u>1,132,559,033</u>	<u>367</u>	<u>1,132,559,400</u>
<b>Balance as at 1 January 2020</b>	221,449,456	82,317,791	392,750,380	30,000,000	406,041,406	1,132,559,033	367	1,132,559,400
Cumulative effects of changes in accounting policies (Note 4.1)	-	-	-	-	(75,701,018)	(75,701,018)	-	(75,701,018)
<b>Balance as at 1 January 2020 - After adjusted</b>	<u>221,449,456</u>	<u>82,317,791</u>	<u>392,750,380</u>	<u>30,000,000</u>	<u>330,340,388</u>	<u>1,056,858,015</u>	<u>367</u>	<u>1,056,858,382</u>
Profit for the year	-	-	-	-	71,241,107	71,241,107	106	71,241,213
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	71,241,107	71,241,107	106	71,241,213
Dividend paid (Note 35)	-	-	-	-	(53,147,845)	(53,147,845)	(300)	(53,148,145)
<b>Balance as at 31 December 2020</b>	<u>221,449,456</u>	<u>82,317,791</u>	<u>392,750,380</u>	<u>30,000,000</u>	<u>348,433,650</u>	<u>1,074,951,277</u>	<u>173</u>	<u>1,074,951,450</u>

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

Lease IT Public Company Limited and its subsidiaries

Statements of changes in shareholders' equity

For the year ended 31 December 2020

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Warrants	Retained earnings		
				Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2019</b>	220,718,906	76,473,391	396,403,130	30,000,000	358,303,187	1,081,898,614
Profit for the year	-	-	-	-	64,593,974	64,593,974
Other comprehensive income for the year	-	-	-	-	(308,615)	(308,615)
Total comprehensive income for the year	-	-	-	-	64,285,359	64,285,359
Issuance of ordinary share during the year from exercised warrants (Note 27.1)	730,550	5,844,400	(3,652,750)	-	-	2,922,200
Dividend paid (Note 35)	-	-	-	-	(72,837,239)	(72,837,239)
<b>Balance as at 31 December 2019</b>	<u>221,449,456</u>	<u>82,317,791</u>	<u>392,750,380</u>	<u>30,000,000</u>	<u>349,751,307</u>	<u>1,076,268,934</u>
<b>Balance as at 1 January 2020</b>	221,449,456	82,317,791	392,750,380	30,000,000	349,751,307	1,076,268,934
Cumulative effects of changes in accounting policies (Note 4.1)	-	-	-	-	(75,701,018)	(75,701,018)
<b>Balance as at 1 January 2020 - After adjusted</b>	221,449,456	82,317,791	392,750,380	30,000,000	274,050,289	1,000,567,916
Profit for the year	-	-	-	-	85,934,839	85,934,839
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	85,934,839	85,934,839
Dividend paid (Note 35)	-	-	-	-	(53,147,845)	(53,147,845)
<b>Balance as at 31 December 2020</b>	<u>221,449,456</u>	<u>82,317,791</u>	<u>392,750,380</u>	<u>30,000,000</u>	<u>306,837,283</u>	<u>1,033,354,910</u>

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

## **Lease IT Public Company Limited and its subsidiaries**

### **Notes to consolidated financial statements**

**For the year ended 31 December 2020**

#### **1. General information**

##### **1.1 General information of the Company**

Lease IT Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is SVOA Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in providing financial services in form of hire-purchase, leasing, factoring services and loans. The registered office of the Company is at 1023, 29th Floor, MS SIAM Tower, Chong Nonsi, Yannawa, Bangkok.

##### **1.2 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

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

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession 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 of consolidation**

a) The consolidated financial statements include the financial statements of Lease IT Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (“collectively as “the Group”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2020 (%)	2019 (%)
<u>Subsidiaries</u>				
LIT Service Management Co., Ltd.	Providing services relating to data information, credit analysis and credit management	Thailand	100	100
Ulite Digital Co., Ltd.	Providing installment trading business on electronic platform (Registered company on 5 November 2020)	Thailand	100	-

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are 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 subsidiaries have been prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries 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 The separate financial statement presents investment in subsidiaries under the cost method.

### 3. New financial reporting standards

#### a) Financial reporting standards that became effective in the current year

During the year, the Group 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. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. Except the following new standards involve 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

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 types 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. They also include stipulations regarding the presentation and disclosure of financial instruments.

The impact of the adoption of these standards on the Group's financial statements is recognition of credit losses. The Group recognises an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the general approach to consider impairment of loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables, and applies the simplified approach to consider impairment of trade receivables.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated; therefore, the presentation of the year 2019 is not comparable with the presentation of the year 2020.

The cumulative effect of the change is described in Note 4 to the financial statements.



## **TFRS 16 Leases**

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

The Group adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to statement of financial position as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

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

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai economy. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, such as COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the Bank of Thailand 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. The guidance applies to large debtors, small- and medium-sized debtors and retail debtors who have the ability to run a business or to pay debts in the future and who have been impacted directly or indirectly by such situations, considering the following guidelines.

- Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020
- Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by the economic conditions

Since the Group is an entity providing assistance to affected debtors in accordance with the Bank of Thailand's guidelines, it applies these procedures.

- Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring and the debt restructuring is considered a pre-emptive debt restructuring rather than a troubled debt restructuring. If it is a provision of assistance to debtors in accordance with the circular of the Bank of Thailand No. BOT.RPD.(01)C.380/2563, classification of the debtor remains at the same stage as before.
- Non-performing loans (NPL) are classified as performing loans if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- Additional working capital loans provided to a debtor in order to increase liquidity and enable the debtor to continue its business operations during the debt restructuring are classified by account level if the debtor has cash flows to support repayment or if, considering other factors, the debtor has the ability to pay the debt.
- The guidelines specified in the appendix of the circular of the Bank of Thailand relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is moving to Stage 2.
- Expected credit losses are determined based on the outstanding balance of the drawn down portion only.
- Consideration is given to placing less weight on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience, in cases where a general approach is used in determining expected credit losses.

The Company introduces urgent measures to provide immediate assistance and relief to receivables, which have been put in effect from 1 January 2020 to 31 December 2021. The detailed measures which are at the discretion of the Company's Managing Director are summarised as follows:

#### Measures for performing receivables

For short-term receivables, i.e. loan and factoring receivables, principal payment can be deferred except only interest to be paid. Besides, interest rates for each receivable can be adjusted in response to changing circumstances.

For long-term receivables, i.e. financial lease and hire-purchase receivables, principal installment payment can be deferred except only interest overdue installments to be paid at rates determined by the Company.

#### Measures for non-performing receivables

Payment of principal installment can be deferred and reduced in accordance with debt restructuring contracts.

These measures are designed to offer comprehensive support to receivables in general with the aim of extending immediate assistance before those receivables become non-performing, which in turn would cast an adverse impact on their future credibility.

### **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 Group has chosen to apply the temporary relief measures on accounting alternatives by not taking into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.

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

**(b) Financial reporting standards that will become 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 is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

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

As described in Note 3 to the financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards has been recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

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: Thousand Baht)

## Consolidated financial statements

	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
<b>Statements of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investments	730,198	(730,198)	-	-
Current portion of loan receivables	877,543	(94,838)	-	782,705
Current portion of factoring receivables	940,335	(13,920)	-	926,415
Current portion of financial lease receivables	70,002	(214)	-	69,788
Current portion of hire-purchase receivables	95,486	630	-	96,116
Other current financial assets	-	730,198	-	730,198
<b>Non-current assets</b>				
Loan receivables - net of current portion	321,728	(6,912)	-	314,816
Factoring receivables - net of current portion	40,810	15,805	-	56,615
Financial lease receivables - net of current portion	43,803	1,064	-	44,867
Hire-purchase receivables - net of current portion	19,974	3,759	-	23,733
Equipment	26,199	-	(8,433)	17,766
Right-of-use assets	-	-	24,868	24,868
Deferred tax assets	48,689	18,925	-	67,614

(Unit: Thousand Baht)

Consolidated financial statements				
The impacts of				
Financial reporting standards related				
	31 December	to financial	TFRS 16	1 January 2020
	2019	instruments		
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of liabilities under finance lease agreements	2,191	-	(2,191)	-
Current portion of lease liabilities	-	-	4,814	4,814
Cash receipt awaiting for return to receivables	29,387	(29,387)	-	-
Other current financial liabilities	-	64,851	-	64,851
Other current liabilities	70,078	(35,464)	-	34,614
<b>Non-current liabilities</b>				
Liabilities under finance lease agreements - net of current portion	2,898	-	(2,898)	-
Lease liabilities - net of current portion	-	-	16,325	16,325
Other long-term provisions	-	-	385	385
Bid bonds deposit awaiting for return to customers	11,620	(11,620)	-	-
Other non-current financial liabilities	-	11,620	-	11,620
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	406,042	(75,701)	-	330,341

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2019	The impacts of		
		to financial instruments	TFRS 16	1 January 2020
<b>Statements of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investments	730,198	(730,198)	-	-
Current portion of loan receivables	877,543	(94,838)	-	782,705
Current portion of factoring receivables	940,335	(13,920)	-	926,415
Current portion of financial lease receivables	70,002	(214)	-	69,788
Current portion of hire-purchase receivables	95,486	630	-	96,116
Other current financial assets	-	730,198	-	730,198
<b>Non-current assets</b>				
Loan receivables - net of current portion	321,728	(6,912)	-	314,816
Factoring receivables - net of current portion	40,810	15,805	-	56,615
Financial lease receivables - net of current portion	43,803	1,064	-	44,867
Hire-purchase receivables - net of current portion	19,974	3,759	-	23,733
Equipment	25,765	-	(8,433)	17,332
Right-of-use assets	-	-	22,080	22,080
Deferred tax assets	48,643	18,925	-	67,568

(Unit: Thousand Baht)

	Separate financial statements			
	31 December 2019	The impacts of		
		Financial reporting standards related to financial instruments	TFRS 16	1 January 2020
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Current portion of liabilities under finance lease agreements	2,191	-	(2,191)	-
Current portion of lease liabilities	-	-	4,369	4,369
Cash receipt awaiting for return to receivables	29,118	(29,118)	-	-
Other current financial liabilities	-	64,582	-	64,582
Other current liabilities	68,292	(35,464)	-	32,828
<b>Non-current liabilities</b>				
Liabilities under finance lease agreements - net of current portion	2,898	-	(2,898)	-
Lease liabilities - net of current portion	-	-	14,047	14,047
Other long-term provisions	-	-	320	320
Bid bonds deposit awaiting for return to customers	11,620	(11,620)	-	-
Other non-current financial liabilities	-	11,620	-	11,620
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	349,752	(75,701)	-	274,051



#### 4.1 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: Thousand Baht)
	Consolidated and separate financial statements
Recognition of an allowance for expected credit losses on loan receivables	101,750
Reversal of an allowance for expected credit losses on factoring receivables	(1,885)
Reversal of an allowance for expected credit losses on financial lease receivables	(850)
Reversal of an allowance for expected credit losses on hire-purchase receivables	(4,389)
Recognition of allowance for expected credit losses (Note 14)	94,626
Less: Related income tax	(18,925)
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	<u>75,701</u>

The classification, measurement and carrying values of financial assets in accordance with financial reporting standards related to financial instruments as at 1 January 2020, and the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

## Consolidated financial statements

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through		
		profit or loss	Amortised cost	Total
<b>Financial assets as at 1 January 2020</b>				
Cash and cash equivalents	236,231	-	236,231	236,231
Trade and other receivables	35,041	-	35,041	35,041
Loan receivables	1,097,521	-	1,097,521	1,097,521
Factoring receivables	983,030	-	983,030	983,030
Financial lease receivables	114,655	-	114,655	114,655
Hire-purchase receivables	119,849	-	119,849	119,849
Other current financial assets	730,198	730,198	-	730,198
Restricted bank deposits	46,738	-	46,738	46,738
<b>Total financial assets</b>	<b>3,363,263</b>	<b>730,198</b>	<b>2,633,065</b>	<b>3,363,263</b>

(Unit: Thousand Baht)

## Separate financial statements

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through		
		profit or loss	Amortised cost	Total
<b>Financial assets as at 1 January 2020</b>				
Cash and cash equivalents	233,949	-	233,949	233,949
Trade and other receivables	35,510	-	35,510	35,510
Loan receivables	1,097,521	-	1,097,521	1,097,521
Factoring receivables	983,030	-	983,030	983,030
Financial lease receivables	114,655	-	114,655	114,655
Hire-purchase receivables	119,849	-	119,849	119,849
Other current financial assets	730,198	730,198	-	730,198
Restricted bank deposits	46,738	-	46,738	46,738
<b>Total financial assets</b>	<b>3,361,450</b>	<b>730,198</b>	<b>2,631,252</b>	<b>3,361,450</b>

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss for the consolidated and separate financial statements.

## 4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	15,186	12,800
Add: Option to extend lease term	11,451	9,509
Less: Contracts reassessed as service agreements	(8,141)	(6,951)
Less: Others	(139)	(115)
Less: Deferred interest expenses	(2,307)	(1,916)
Increase in lease liabilities due to TFRS 16 adoption	16,050	13,327
Liabilities under finance lease agreements originally available as at 31 December 2019	5,089	5,089
Lease liabilities as at 1 January 2020	<u>21,139</u>	<u>18,416</u>
Weighted average incremental borrowing rate (percent per annum)	5.25	5.25
Comprising of:		
Current lease liabilities	4,814	4,369
Non-current lease liabilities	16,325	14,047
	<u>21,139</u>	<u>18,416</u>

## **5. Significant accounting policies**

### **5.1 Revenue and expense recognition**

#### **Interest incomes**

##### Accounting policies adopted since 1 January 2020

Interest incomes from loan, factoring, financial lease and hire-purchase contracts are recognised on an accrual basis using the effective interest method over the period of contracts. The effective interest rate is applied to the gross carrying amount of receivables, unless the receivables subsequently become credit-impaired when it is applied to the net carrying amount (gross carrying amount net of the expected credit loss allowance) of the financial asset

##### Accounting policies adopted before 1 January 2020

Interest incomes from loan, factoring, financial lease and hire-purchase contracts are recognised on an accrual basis using the effective interest method over the period of contracts, except for overdue receivables for more than ninety days, interests are recognised on a cash basis.

#### **Fee and service incomes**

##### Accounting policies adopted since 1 January 2020

Fee and service incomes are recognised at a point in time upon completion of the service or recognised over the period of contracts, except for fees related to loans directly which are recognised on an accrual basis using the effective interest method over the period of contracts.

##### Accounting policies adopted before 1 January 2020

Fees and service income are recognised on an accrual basis.

#### **Dividends**

Dividends are recognised when the right to receive the dividends is established.

#### **Finance cost**

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

#### **Direct expenses charged on loans**

Initial direct expenses at the inception of contract i.e. commission expenses are to be deferred and amortised using the effective interest method.

## 5.2 Cash and cash equivalents

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

## 5.3 Receivables

Receivables which included trade receivables, loan receivables, factoring receivables, financial lease and hire-purchase receivables are stated at net realisable value. Unearned financial lease and hire-purchase incomes are presented as deduction from financial lease and hire-purchase receivables, and deferred direct expenses are presented as deduction from unearned interest incomes.

## 5.4 Allowance for expected credit losses - Loan receivables, factoring receivables, and financial lease and hire-purchase receivables

### Accounting policies adopted since 1 January 2020

The Group recognised expected credit losses on financial assets consisting of loan receivables, factoring receivables, financial lease and hire-purchase receivables, together with financial guarantee contracts, which are measured at amortised cost using the General Approach. The Group classifies their financial assets into three stages based on the changes in credit risk since initial recognition as follow:

#### Stage 1: Financial assets where there has not been a significant increase in credit risk (Performing)

For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the Group recognises allowance for expected credit losses at the amount equal to the expected credit losses in the next 12 months. The Group will use a probability of default that corresponds to remaining maturity for financial assets with a remaining maturity of less than 12 months.

#### Stage 2: Financial assets where there has been a significant increase in credit risk (Under-Performing)

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the Group recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

### Stage 3: Financial assets that are credit-impaired (Non-Performing)

Financial assets are assessed as credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit-impaired, the Group recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

At each reporting date, the Group is to evaluate the increase in credit risk of loan receivables, factoring receivables, and financial lease and hire-purchase receivables since initial recognition by comparing the default risk between the reporting date and initial recognition date. For the basis used in the evaluation, the Group applies an internal quantitative and qualitative basis and uses forecast information to assess the deterioration in credit quality of customers such as:

- Days past due
- Compliance with conditions under debt restructuring contracts or according to court proceedings
- High-risk group and that are closely monitored by management

The Group evaluates the significant increase in credit risk since initial recognition as either individual or collective assessment. The collective assessment is made for portfolios of facilities with similar credit risk characteristics such as payment schedules and contractual credit terms for loan receivables, sectors of business entities being main sources of revenues for factoring receivables, number of parties involved in financial lease and hire-purchase contracts.

Financial assets are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the counterparties have occurred. Evidence of credit-impaired financial assets includes arrears of overdue payment or having indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring. The Group's policy for overdue receivables are as follows:

- Loan receivables are overdue for more than 90 days or post-dated cheque exceeds 60 days
- Factoring receivables from a private sector are overdue for more than 90 days or for more than 120 days in case of a government sector
- Financial lease and hire-purchase receivables are overdue for more than 90 days

The Group considers their historical loss experiences, adjusted by present perceivable information, and determines adjustment of economic future forecast based on weighted probabilities of situations in calculating the expected credit losses at least once a year. The Group uses most of information announced by the Bank of Thailand or government agencies, adjusted by an internal point of view and weighting of base scenario, best scenario and worst scenario in order to reflect the fair expected credit losses.

The measurement of expected credit losses for financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Expected credit losses are recognised through profit or loss in the statements of comprehensive income.

#### Accounting policies adopted before 1 January 2020

Allowance for doubtful accounts is provided for the estimated loss that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

Allowance for doubtful accounts is made for trade receivables, loan receivables and factoring receivables based on a percentage of the outstanding receivables balance, the number of months overdue and is also based on collection experience and the current status of receivables outstanding at the end of the reporting period.

Allowance for doubtful accounts is made for hire-purchase and financial lease receivables based on a percentage of the outstanding installment contract receivables and net of unearned income, based on the number of months overdue. Allowance is also based on collection experience and the current status of receivables outstanding at the end of the reporting period.

In addition, the Company sets aside further provision based on consideration of additional loss that may be incurred in the future.

Bad debt and doubtful accounts are recognised in profit or loss in the statement of comprehensive income.

### **5.5 Property foreclosed**

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

## 5.6 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

## 5.7 Equipment and depreciation

Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building improvement	-	5	years
Furniture	-	5	years
Computers	-	3	years
Office equipment	-	5	years
Motor vehicles	-	10	years

Depreciation is included in determining income.

No depreciation is provided on assets under construction.

An item of 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 asset is derecognised.

## 5.8 Intangible assets

Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible asset with finite useful lives is as follows:

Computer software	10 years
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No amortisation is provided on computer software under installation.



## 5.9 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.

### The Group as a lessee

#### Accounting policies adopted since 1 January 2020

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

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

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

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

Office building	6 years
Motor vehicles	10 years

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

### ***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 Group and payments of penalties for terminating the lease, if the lease term reflects the Group 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 policies adopted before 1 January 2020***

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

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

## 5.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

## 5.11 Impairment of non-financial assets

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

## 5.12 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 together with the group company of a major shareholder. The fund is monthly contributed by employees and by the Group. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

#### *Defined benefit plans*

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, based on actuarial techniques using the projected unit credit method.

Actuarial gain and loss arising from defined benefit plan are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring related cost.

### **5.13 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.

### **5.14 Income tax**

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

#### **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 Group 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 recorded directly to shareholders' equity.

## 5.15 Financial instruments

### Accounting policies adopted since 1 January 2020

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, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

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

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost and fair value through profit or loss ("FVTPL"). The classification of financial assets at initial recognition is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

#### **Financial assets at amortised cost**

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

#### **Financial assets at FVTPL**

Financial assets which are security investments held for trading measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

#### **Classification and measurement of financial 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.

### **Derecognition of financial instruments**

The Group primarily derecognises a financial asset 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.

### **Impairment of financial assets**

The Group recognises the allowance for expected credit losses (“ECLs”) on their financial assets measured at amortised cost without any signs of credit-impaired events. The financial reporting standards requires to recognise impairment based on an Expected Credit Losses Model and management overlay for the factors which are not captured by the model. The Group accounts for changes in expected credit losses in stages, with different methods in determining the allowance for credit losses and the effective interest rate applied at each stage as mentioned in Note 5.1 and 5.4.

For trade receivables which do not contain a significant financing component, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

### **Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## Accounting policy adopted before 1 January 2020

### **Investments**

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

#### **5.16 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 Group 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 Group 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 Group determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### **6. Significant accounting judgements and estimates**

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

## **Allowance for expected credit losses**

In determining an allowance for expected credit losses for each type of receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic conditions for groupings of various customer segments with similar credit risks, the development of complex expected credit losses model with a series of underlying assumptions, etc. The Group's historical credit loss experiences and forecast economic conditions may also not be representative of whether a customer will actually default in the future. This estimation has various relevant factors; therefore, the actual results may differ from estimates.

## **Leases**

### ***Determining the lease term with extension and termination - 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.

## **Deferred tax assets**

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



**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.

**Fair value of financial instruments**

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

**7. Related party transactions**

During the years, the Group had significant business transactions with its related parties. Such transactions arose in the ordinary courses of business and were concluded on commercial terms or on bases agreed upon between the Company and its related parties. The pricing policies for these related party transactions are summarised as follows:

1. Rental and service expenses are charged at agreed prices.
2. Sales and purchases of equipment and computer software are at market prices.
3. Dividend income is recognised when declared.
4. Loans between related party is charged at the rate of 1.5 percent per annum.

During the years, significant transactions between the Company and its related parties are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Transactions with subsidiary company</u>				
(eliminated from the consolidated financial statements)				
Dividend income	-	-	50,000	15,000
Collection of payment from customers on behalf of subsidiary	-	-	7,049	8,455
Commission payment on behalf of subsidiary	-	-	6,155	11,093
Interest expenses	-	-	771	419
<u>Transactions with a major shareholder</u>				
Service expenses	532	571	523	444
Purchases of equipment	-	74	-	74
Dividend payment	19,027	26,163	19,027	26,163
<u>Transactions with related companies</u>				
Other incomes	1,532	774	1,532	774
Rental and service expenses	2,848	1,976	2,848	1,976
Purchases of equipment and computer software	516	377	289	358

The balance of the accounts as at 31 December 2020 and 2019 between the Company and its related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiary	-	-	632	646
Total trade and other receivables - related parties	-	-	632	646
<u>Financial lease receivables - related parties</u>				
Related companies	2,104	3,490	2,104	3,490
Total financial lease receivables - related parties	2,104	3,490	2,104	3,490
<u>Hire-purchase receivables - related parties</u>				
Related companies	9,873	3,922	9,873	3,922
Total hire-purchase receivables - related parties	9,873	3,922	9,873	3,922

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Other current assets - related parties</u>				
Related companies	125	-	125	-
Total other current assets - related parties	125	-	125	-
<u>Trade and other payables - related parties</u>				
Subsidiary	-	-	60	107
Major shareholder	75	123	75	123
Related companies	730	672	516	672
Total trade and other payables - related parties	805	795	651	902

### Short-term loans from subsidiary

Balances of loans between the Group as at 31 December 2020 and 2019 and its movement is as follows:

Company	(Unit: Thousand Baht)			
	Separate financial statements			
	Balance as at 31 December 2019	During the period		Balance as at 31 December 2020
		Increase	Decrease	
LIT Service Management Co., Ltd.	66,000	36,000	(48,000)	54,000
Total	66,000	36,000	(48,000)	54,000

The Company had short-term loans from subsidiary in the form of at-call loan agreements carried interest 1.5 per annum.

### Directors and management's benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2020	2019
Short-term employee benefits	24,716	25,590
Post-employment benefits	1,221	3,044
Total	25,937	28,634

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash	23	23	20	20
Bank deposits	47,180	236,208	33,946	233,929
Total	47,203	236,231	33,966	233,949

As at 31 December 2020, bank deposits in saving accounts carried interest rates 0.05 - 0.13 percent per annum (2019: 0.10 - 0.50 percent per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<u>Trade receivables - unrelated parties</u>				
Aging counted from due dates				
Not yet due	-	1,994	-	1,994
Past due				
Up to 1 month	1,754	-	1,754	-
1 - 3 months	760	795	685	795
3 - 6 months	-	1,857	-	1,857
Over 12 months	90	-	-	-
Total	2,604	4,646	2,439	4,646
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful debts)	(1,038)	(387)	(1,038)	(387)
Total trade receivables - unrelated parties - net	1,566	4,259	1,401	4,259
<u>Other receivables</u>				
Other receivables - related parties	-	-	632	646
Other receivables - unrelated parties	3,742	31,547	3,725	31,370
Total	3,742	31,547	4,357	32,016
Less: Allowance for expected credit losses				
(2019: Allowance for doubtful debts)	(155)	(765)	(155)	(765)
Total other receivables - net	3,587	30,782	4,202	31,251
Trade and other receivables - net	5,153	35,041	5,603	35,510

## 10. Loan receivables

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	Current portion of loan receivables		Loan receivables - net of current portion		Total	
	2020	2019	2020	2019	2020	2019
Loan receivables	914,705	972,326	527,084	363,334	1,441,789	1,335,660
Less: Allowance for expected credit losses (2019: Allowance for doubtful debts)	(98,295)	(94,783)	(109,435)	(41,606)	(207,730)	(136,389)
Loan receivables - net	<u>816,410</u>	<u>877,543</u>	<u>417,649</u>	<u>321,728</u>	<u>1,234,059</u>	<u>1,199,271</u>

As at 31 December 2020 and 2019, the loan receivables classified by their aging counted from due dates were as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2020	2019
<u>Aging counted from due dates</u>		
Not yet due	704,803	1,003,116
Past due		
Up to 1 month	61,033	6,486
1 - 3 months	398,873	86,294
3 - 6 months	89,165	78,980
6 - 12 months	46,912	110,702
Over 12 months	<u>141,003</u>	<u>50,082</u>
Total loan receivables	1,441,789	1,335,660
Less: Allowance for expected credit losses (2019: Allowance for doubtful debts)	<u>(207,730)</u>	<u>(136,389)</u>
Loan receivables - net	<u>1,234,059</u>	<u>1,199,271</u>

As at 31 December 2020, the rights on debt collection transferred to the Company as collaterals under agreement between receivables and their counterparties represents 74.4 percent (2019: 71.6 percent) of the loan receivables of the Company.

During the current year, the Company recorded bad debt written-off and reversed allowance for expected credit losses relating to such receivables amounting to Baht 77.9 million (2019: Baht 13.4 million) and during the year 2019, bad debt recovery was Baht 5.5 million (2020: Nil).

## 11. Factoring receivables

The Company has policy to provide credits approximately at 5 - 100 percent (2019: 30 - 100 percent) of invoice amounts.

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	Current portion of factoring receivables		Factoring receivables - net of current portion		Total	
	2020	2019	2020	2019	2020	2019
Factoring receivables	953,134	986,701	87,685	92,956	1,040,819	1,079,657
Less: Allowance for expected credit losses (2019: Allowance for doubtful debts)	(53,597)	(46,366)	(35,339)	(52,146)	(88,936)	(98,512)
Factoring receivables - net	<u>899,537</u>	<u>940,335</u>	<u>52,346</u>	<u>40,810</u>	<u>951,883</u>	<u>981,145</u>

As at 31 December 2020 and 2019, the factoring receivables classified by their aging counted from due dates were as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2020	2019
<u>Aging counted from due dates</u>		
Not yet due	792,848	861,666
Past due		
Up to 1 month	102,533	45,982
1 - 3 months	37,460	21,267
3 - 6 months	12,422	44,642
6 - 12 months	26,734	53,126
Over 12 months	<u>68,822</u>	<u>52,974</u>
Total	1,040,819	1,079,657
Less: Allowance for expected credit losses (2019: Allowance for doubtful debts)	<u>(88,936)</u>	<u>(98,512)</u>
Factoring receivables - net	<u>951,883</u>	<u>981,145</u>

During the current year, the Company recorded bad debt written-off and reversed allowance for expected credit losses relating to such receivables amounting to Baht 21.0 million (2019: Baht 9.2 million).

## 12. Financial lease receivables

As at 31 December 2020 and 2019, terms for financial lease receivables are three - four years on average and are payable in equal installments, with interests charged at fixed rates throughout contracts. The balances of financial lease receivables are classified by due date per contract, as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	Current portion of financial lease receivables		Financial lease receivables - net of current portion		Total	
	2020	2019	2020	2019	2020	2019
Financial lease receivables	62,488	78,564	52,486	49,372	114,974	127,936
Less: Unearned financial incomes	(8,437)	(8,492)	(5,972)	(4,267)	(14,409)	(12,759)
Total	54,051	70,072	46,514	45,105	100,565	115,177
Less: Allowance for expected credit losses (2019: Allowance for doubtful debts)	(628)	(70)	-	(1,302)	(628)	(1,372)
Financial lease receivables - net	53,423	70,002	46,514	43,803	99,937	113,805

As at 31 December 2020 and 2019, financial lease receivables classified by their aging counted from due dates (determined based on an individual contract, whereby if any installment is overdue, the whole contract balance is considered to be overdue) were as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2020	2019
<u>Aging counted from due dates</u>		
Not yet due	98,322	112,775
Past due		
Up to 1 month	831	1,074
1 - 3 months	13	-
6 - 12 months	14	-
Over 12 months	1,385	1,328
Total	100,565	115,177
Less: Allowance for expected credit losses (2019: Allowance for doubtful debts)	(628)	(1,372)
Financial lease receivables - net	99,937	113,805

### 13. Hire-purchase receivables

As at 31 December 2020 and 2019, terms for hire-purchase receivables are one to two years on average and are payable in equal installments, with interests charged at fixed rates throughout contracts. The balances of hire-purchase receivables were classified by due date per contract, as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements					
	Current portion of hire-purchase receivables		Hire-purchase receivables - net of current portion		Total	
	2020	2019	2020	2019	2020	2019
Hire-purchase receivables	90,561	102,152	21,021	34,730	111,582	136,882
Less: Unearned financial incomes	(5,467)	(5,685)	(811)	(1,526)	(6,278)	(7,211)
Total	85,094	96,467	20,210	33,204	105,304	129,671
Less: Allowance for expected credit losses (2019: Allowance for doubtful debts)	(1,222)	(981)	(551)	(13,230)	(1,773)	(14,211)
Hire-purchase receivables - net	83,872	95,486	19,659	19,974	103,531	115,460

As at 31 December 2020 and 2019, hire-purchase receivables classified by their aging counted from due dates (determined on an individual contract, whereby if any installment is overdue, the whole contract balance is considered to be overdue) were as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements	
	2020	2019
<u>Aging counted from due dates</u>		
Not yet due	95,713	112,328
Past due		
Up to 1 month	825	1,994
1 - 3 months	5,454	4
3 - 6 months	5	321
6 - 12 months	1,163	1,794
Over 12 months	2,144	13,230
Total	105,304	129,671
Less: Allowance for expected credit losses (2019: Allowance for doubtful debts)	(1,773)	(14,211)
Hire-purchase receivables - net	103,531	115,460

During the current year, the Company recorded bad debt written-off and reversed allowance for expected credit losses relating to such receivables amounting to Bath 13.2 million (2019: Nil).



#### 14. Allowance for expected credit losses

As at 31 December 2020 and 1 January 2020, allowances for expected credit losses and book values of loan receivables, factoring receivables, financial lease and hire-purchase receivables and interest receivables classified by credit quality analysis were as follows:

(Unit: Thousand Baht)

	Consolidated and separate financial statements							
	Loan receivables		Factoring receivables		Financial lease and hire-purchase receivables		Total	
	31 December 2020	1 January 2020	31 December 2020	1 January 2020	31 December 2020	1 January 2020	31 December 2020	1 January 2020
<b>Book value</b>								
Stage 1	1,066,457	952,446	832,268	866,287	199,635	225,475	2,098,360	2,044,208
Stage 2	114,908	42,360	64,144	45,393	-	-	179,052	87,753
Stage 3	260,424	340,854	144,407	167,977	6,234	19,373	411,065	528,204
Total book value	1,441,789	1,335,660	1,040,819	1,079,657	205,869	244,848	2,688,477	2,660,165
<b>Allowance for expected credit losses</b>								
Stage 1	60,247	20,514	5,327	3,990	353	604	65,927	25,108
Stage 2	8,748	5,466	12,372	10,076	-	-	21,120	15,542
Stage 3	138,735	212,159	71,237	82,561	2,048	9,740	212,020	304,460
Total allowance for expected credit losses	207,730	238,139	88,936	96,627	2,401	10,344	299,067	345,110
<b>Net book value</b>	1,234,059	1,097,521	951,883	983,030	203,468	234,504	2,389,410	2,315,055

Total allowance for expected credit losses as presented above excludes that of trade and other receivables.

As at 31 December 2020, the Group classified stage 3 receivables in respect of their credit risks from risk assessment of loan receivables, factoring receivables, financial lease and hire-purchase receivables and interest receivables, of which the total book value was Baht 411.1 million. Status of receivables can be classified as follows:

1. Receivables with 90 days overdue for Baht 46.8 million, of which the debt collection process is under close-monitoring.
2. Receivables with acknowledgement of debt or debt restructuring contracts for Baht 35.0 million, of which the payment has been followed up in order to ensure that it is in accordance with contractual conditions. Such receivables with an amount of Baht 1.9 million contained collateral with a total value of Baht 0.9 million in form of land which was registered as mortgage and of which the ownership had been transferred to the Group.
3. Receivables under litigation which are during prosecution of civil and criminal cases as well as during court trials for Baht 329.3 million. Such receivables with an amount of Baht 17.3 million contained collaterals with a total value of Baht 8.6 million in form of land and building which were registered as mortgage and of which the ownership had been transferred to the Group.

Movements of allowance for expected credit losses for trade and other receivables, loan receivables, factoring receivables, financial lease and hire-purchase receivables and interest receivables for the year ended 31 December 2020 and 2019 are as follows:

	(Unit: Thousand Baht)	
	2020	
	Consolidated financial statements	Separate financial statements
Balance of allowance for doubtful accounts at beginning of the year	251,636	251,636
Add: Adjustment of cumulative effect from financial reporting standards related to financial instruments (Note 4.1)	94,626	94,626
Beginning at beginning of the year - after adjusted	346,262	346,262
Add: Allowance for expected credit losses	66,063	66,062
Less: Write-off	(112,065)	(112,064)
Balance at end of the year	<u>300,260</u>	<u>300,260</u>

	(Unit: Thousand Baht)
	2019
	Consolidated and separate financial statements
Balance at beginning of the year	158,914
Add: Allowance for doubtful accounts	110,522
Add: Bad debt recoveries	5,500
Less: Written-off	(23,300)
Balance at end of the year	<u>251,636</u>

### 15. Current investments/ Other current financial assets - trading securities

	(Unit: Thousand Baht)					
	Consolidated and separate financial statements					
	2020			2019		
Mutual fund	Unit	Cost	Fair value	Unit	Cost	Fair value
	(Thousand)	(Thousand Baht)	(Thousand Baht)	(Thousand)	(Thousand Baht)	(Thousand Baht)
We Money Market Fund (R)	-	-	-	42,572	430,000	430,200
SCB Treasury Money Plus Open End Fund (Class I)	-	-	-	26,768	300,000	299,998
					<u>730,000</u>	<u>730,198</u>
Add: Change in fair value					198	
Total					<u>730,198</u>	

Movement of trading securities for the years ended 31 December 2020 and 2019 is summarised below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2020	2019
Balance at beginning of the year	730,198	-
Add: Cash paid for purchase of trading securities	1,340,000	1,500,000
Sales during the year - at cost		
Proceeds from sales	(2,071,430)	(770,124)
Gain on sales	1,232	124
Total	(2,070,198)	(770,000)
Add: Gain on change in fair value	-	198
Balance at end of the year	<u>-</u>	<u>730,198</u>

## 16. Restricted bank deposits

As at 31 December 2020, the Company had bank deposits subject to withdrawal restrictions of Baht 75 million (2019: Baht 47 million). Restricted bank deposits comprised bank deposits of Baht 1 million of which rights had been transferred to the Company by debtors and withdrawal restrictions were imposed by the bank granting credit facilities to the Company, and bank deposits of Baht 74 million that were used to secure bank guarantees issued by banks on behalf of the Company's customers (2019: Baht 2 million and Baht 45 million, respectively).

## 17. Investments in subsidiaries

Detail of investments in subsidiaries as presented in separate financial statements is as follows:

Subsidiary company	Paid up capital		Shareholding percentage		Investment value under cost method		(Unit: Thousand Baht) Dividend received during the years	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
			(%)	(%)				
LIT Service Management Co., Ltd.	10,000	5,000	100	100	10,000	5,000	50,000	15,000
Ulite Digital Co., Ltd.	10,000	-	100	-	10,000	-	-	-
Total					<u>20,000</u>	<u>5,000</u>	<u>50,000</u>	<u>15,000</u>

On 26 December 2019, the Extraordinary General Meeting of the Shareholders of LIT Service Management Co., Ltd. (the subsidiary) passed a special resolution to increase the subsidiary's registered share capital from Baht 5 million (500,000 ordinary shares of Baht 10 each) to Baht 10 million (1,000,000 ordinary shares of Baht 10 each) by issuing 500,000 shares of Baht 10 each, and 100 percent of which were called up amounting to Baht 5 million. The subsidiary registered the increase of its share capital with the Ministry of Commerce on 7 January 2020 and the Company has already paid such share capital in full amount on 7 January 2020.

In addition, on 16 October 2020, the meeting of the Company's Board of Directors No. 13/2020 approved to establish a new subsidiary ("Ulite Digital Co., Ltd.") with registered share capital of Baht 10 million divided into 1,000,000 ordinary shares of Baht 10 each. The principal business operation of the subsidiary is engaged in providing installment trading business on electronic platform. The Company shareholding percentage is at 100% interest. The subsidiary was registered with the Ministry of Commerce on 5 November 2020 and the Company already paid such share capital in full amount on 5 November 2020.

## 18. Equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Building improvement	Furniture	Computers	Office equipment	Motor vehicles	Construction in progress	
<b>Cost</b>							
1 January 2019	5,231	818	10,342	3,239	6,493	519	26,642
Additions	34	-	344	1,573	9,249	12,374	23,574
Transfer in/(out)	12,893	-	-	-	-	(12,893)	-
Disposals/write-offs	(5,230)	(118)	(508)	(4)	(6,493)	-	(12,353)
31 December 2019	12,928	700	10,178	4,808	9,249	-	37,863
Adjustment due to TFRS 16 adoption	-	-	-	-	(9,249)	-	(9,249)
1 January 2020	12,928	700	10,178	4,808	-	-	28,614
Additions	-	-	644	233	-	-	877
Write-offs	-	(293)	(470)	(341)	-	-	(1,104)
31 December 2020	12,928	407	10,352	4,700	-	-	28,387
<b>Accumulated depreciation</b>							
1 January 2019	4,217	678	3,413	2,147	3,181	-	13,636
Depreciation for the year	2,608	79	2,876	688	954	-	7,205
Depreciation for disposals/write-offs	(5,230)	(118)	(508)	(2)	(3,319)	-	(9,177)
31 December 2019	1,595	639	5,781	2,833	816	-	11,664
Adjustment due to TFRS 16 adoption	-	-	-	-	(816)	-	(816)
1 January 2020	1,595	639	5,781	2,833	-	-	10,848
Depreciation for the year	2,585	20	2,728	679	-	-	6,012
Depreciation for write-offs	-	(293)	(468)	(322)	-	-	(1,083)
31 December 2020	4,180	366	8,041	3,190	-	-	15,777
<b>Net book value</b>							
31 December 2019	11,333	61	4,397	1,975	8,433	-	26,199
31 December 2020	8,748	41	2,311	1,510	-	-	12,610
<b>Depreciation charge for the years (Included in administrative expenses)</b>							
2019							7,205
2020							6,012

(Unit: Thousand Baht)

	Separate financial statements						
	Building improvement	Furniture	Computers	Office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>							
1 January 2019	5,231	818	10,215	3,239	6,493	519	26,515
Additions	34	-	326	1,438	9,249	12,112	23,159
Transfer in/(out)	12,631	-	-	-	-	(12,631)	-
Disposals/write-offs	(5,230)	(118)	(508)	(4)	(6,493)	-	(12,353)
31 December 2019	12,666	700	10,033	4,673	9,249	-	37,321
Adjustment due to TFRS 16 adoption	-	-	-	-	(9,249)	-	(9,249)
1 January 2020	12,666	700	10,033	4,673	-	-	28,072
Additions	-	-	618	230	-	-	848
Write-offs	-	(293)	(470)	(341)	-	-	(1,104)
31 December 2020	12,666	407	10,181	4,562	-	-	27,816
<b>Accumulated depreciation</b>							
1 January 2019	4,217	678	3,409	2,147	3,181	-	13,632
Depreciation for the year	2,570	79	2,830	668	954	-	7,101
Depreciation for disposals/write-offs	(5,230)	(118)	(508)	(2)	(3,319)	-	(9,177)
31 December 2019	1,557	639	5,731	2,813	816	-	11,556
Adjustment due to TFRS 16 adoption	-	-	-	-	(816)	-	(816)
1 January 2020	1,557	639	5,731	2,813	-	-	10,740
Depreciation for the year	2,534	20	2,675	652	-	-	5,881
Depreciation for write-offs	-	(293)	(468)	(322)	-	-	(1,083)
31 December 2020	4,091	366	7,938	3,143	-	-	15,538
<b>Net book value</b>							
31 December 2019	11,109	61	4,302	1,860	8,433	-	25,765
31 December 2020	8,575	41	2,243	1,419	-	-	12,278
<b>Depreciation charge for the years</b> (Included in administrative expenses)							
2019							7,101
2020							5,881

As at 31 December 2020, certain furniture, computers and office equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 4.0 million (2019: Baht 4.1 million).

## 19. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statements		
	Computer	Computer	Total
	software	software under installation	
<b>Cost</b>			
1 January 2019	4,777	5,106	9,883
Additions	95	3,618	3,713
Write-offs	-	(4,497)	(4,497)
31 December 2019	4,872	4,227	9,099
Additions	22	22,580	22,602
Transfer in/(out)	8,202	(8,202)	-
Write-offs	(243)	-	(243)
31 December 2020	12,853	18,605	31,458
<b>Accumulated amortisation</b>			
1 January 2019	1,597	-	1,597
Amortisation for the year	439	-	439
31 December 2019	2,036	-	2,036
Amortisation for the year	690	-	690
Amortisation for write-offs	(124)	-	(124)
31 December 2020	2,602	-	2,602
<b>Net book value</b>			
31 December 2019	2,836	4,227	7,063
31 December 2020	10,251	18,605	28,856
<b>Amortisation charge for the years</b> (included in administrative expenses)			
2019			439
2020			690

(Unit: Thousand Baht)

	Separate financial statements		
	Computer		Total
	Computer software	software under installation	
<b>Cost</b>			
1 January 2019	4,777	5,106	9,883
Additions	95	3,618	3,713
Write-offs	-	(4,497)	(4,497)
31 December 2019	4,872	4,227	9,099
Additions	22	22,021	22,043
Transfer in/(out)	7,843	(7,843)	-
Write-offs	(243)	-	(243)
31 December 2020	12,494	18,405	30,899
<b>Accumulated amortisation</b>			
1 January 2019	1,597	-	1,597
Amortisation for the year	439	-	439
31 December 2019	2,036	-	2,036
Amortisation for the year	685	-	685
Amortisation for write-offs	(124)	-	(124)
31 December 2020	2,597	-	2,597
<b>Net book value</b>			
31 December 2019	2,836	4,227	7,063
31 December 2020	9,897	18,405	28,302
<b>Amortisation charge for the years</b> (included in administrative expenses)			
2019			439
2020			685

In 2019, the Company recorded write-off of computer software under installation for Baht 4.5 million due to change in new software development for the Company's financial service operation. Partial computer software modules had already been completed and go-lived during the current year.



## 20. Income tax

### 20.1 Deferred tax assets

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Deferred tax assets</b>				
Allowance for expected credit losses (2019: Allowance for doubtful debts)	60,052	50,328	60,052	50,328
Provision for long-term employee benefits	2,159	1,913	2,094	1,867
Leases	85	-	62	-
Deferred initial fees income from financial lease and hire-purchase contracts	19	21	19	21
<b>Total</b>	<b>62,315</b>	<b>52,262</b>	<b>62,227</b>	<b>52,216</b>
<b>Deferred tax liabilities</b>				
Deferred commission expenses	(632)	(602)	(632)	(602)
Deferred expense on debenture issuance	(1,655)	(2,945)	(1,655)	(2,945)
Difference of income recognised under financial lease contracts	(6)	(26)	(6)	(26)
<b>Total</b>	<b>(2,293)</b>	<b>(3,573)</b>	<b>(2,293)</b>	<b>(3,573)</b>
<b>Deferred tax assets - net</b>	<b>60,022</b>	<b>48,689</b>	<b>59,934</b>	<b>48,643</b>

### 20.2 Income tax expenses

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
<b>Current income tax:</b>				
Current income tax charge for the year	39,315	45,092	30,462	31,437
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	7,593	(16,810)	7,634	(16,815)
<b>Income tax expenses reported in the statements of comprehensive income</b>	<b>46,908</b>	<b>28,282</b>	<b>38,096</b>	<b>14,622</b>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Deferred tax relating to actuarial gain	-	(93)	-	(77)

Reconciliations between accounting profit and income tax expenses for the years ended 31 December 2020 and 2019 are shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Accounting profit before tax	118,149	131,380	124,031	79,216
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	23,630	26,276	24,806	15,843
Effects of:				
Bad debts written-off	22,413	4,656	22,413	4,656
Non-deductible expenses	453	135	453	135
Additional expense deductions allowed	(304)	(2,417)	(10,300)	(5,417)
Others	716	(368)	724	(595)
Total	23,278	2,006	13,290	(1,221)
Income tax expenses reported in the statements of comprehensive income	46,908	28,282	38,096	14,622

## 21. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated and separate financial statements	
	2020	2019	2020	2019
	(Percent per annum)	(Percent per annum)		
Bank overdrafts	MOR - 0.25	-	7,915	-
Short-term loans from financial institutions	3.80, MOR - 1.75	4.50, MOR - 2.50	150,000	150,000
Bills of exchanges	-	4.60 - 5.20	-	100,000
Total			157,915	250,000
Less: Deferred interest on bills of exchanges			-	(237)
Total			157,915	249,763

Short-term loan agreements contain certain covenants that, among other things, require the Company to maintain debt to equity ratio at the rate prescribed in the agreements, and the portion of the Company's shares held by its major shareholder.

## 22. Debentures

			(Unit: Thousand Baht)	
			Consolidated and separate financial statements	
No.	Date of issuance	Conditions	2020	2019
1.	2 May 2017	Issued name registered, unsecured and unsubordinated debentures without a debenture holders' representative, 3-year debentures at a coupon rate of 5.75% per annum with interest payable every 3 months	-	85,000
2.	22 August 2017	Issued name registered, unsecured and unsubordinated debentures without a debenture holders' representative, 2.5-year debentures at a coupon rate of 6.00% per annum with interest payable every 3 months	-	300,000
3.	1 February 2018	Issued name registered, unsecured and unsubordinated debentures without a debenture holders' representative, 2-year debentures at a coupon rate of 6.00% per annum with interest payable every 3 months	-	315,000
4.	21 March 2019	Issued name registered, unsecured and unsubordinated debentures without a debenture holders' representative, 2-year debentures at a coupon rate of 6.25% per annum with interest payable every 3 months	200,000	200,000
5.	29 October 2019	Issued name registered, secured and unsubordinated debentures with a debenture holders' representative, 1-year debentures at a coupon rate of 5.00% per annum with interest payable every 3 months	-	150,000
6.	19 December 2019	Issued name registered, secured and unsubordinated debentures with a debenture holders' representative, 2-year debentures at a coupon rate of 5.25% per annum with interest payable every 3 months	520,600	520,600
7.	19 December 2019	Issued name registered, secured and unsubordinated debentures with a debenture holders' representative, 3-year debentures at a coupon rate of 5.50% per annum with interest payable every 3 months	393,000	393,000
8.	13 November 2020	Issued name registered, unsecured and unsubordinated debentures with a debenture holders' representative, 1-year debentures at a coupon rate of 5.75% per annum with interest payable every 3 months	150,000	-
Total			1,263,600	1,963,600
Less: Deferred issuing expenses			(8,276)	(14,724)
Debentures			1,255,324	1,948,876
Less: Portion due within one year			(865,586)	(847,967)
Debentures - net of current portion			389,738	1,100,909

Movements of the debenture account for the years ended 31 December 2020 and 2019 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2020	2019
Balance at beginning of the year	1,963,600	850,000
Add: Increase during the year	150,000	1,263,600
Less: Redemption during the year	(850,000)	(150,000)
Balance at end of the year	<u>1,263,600</u>	<u>1,963,600</u>

Such debentures contain certain covenants which the Company has to comply with, such as financial ratios, dividend payment and disposal of assets, etc.

On 19 December 2019, the Company issued secured debentures which contain certain conditions that the Company has to comply with, such as values of right transfer in cash receipts from trade receivables, loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables must not less than 1.5 times of the unredeemed debentures value throughout the period of those secured debentures.

### 23. Liabilities under hire-purchase receivables agreements

The Company has loans in form of hire-purchase agreements, whereby it is committed to pay equal monthly installments throughout terms of the agreements. The terms of the agreements are generally between 24 periods (2019: 10 and 24 periods). The installment payments required under the hire-purchase agreements were as follows:

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2020	2019
Liabilities under hire-purchase receivables agreements	5,361	79,233
Less: Deferred interest expenses	(55)	(1,335)
Total	<u>5,306</u>	<u>77,898</u>
Less: Portion due within one year	<u>(5,306)</u>	<u>(72,592)</u>
Liabilities under hire-purchase receivables agreements - net of current portion	<u>-</u>	<u>5,306</u>

## 24. Leases

### The Group as a lessee

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 3 - 4 years.

#### a) Right-of-use assets

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

(Unit: Thousand Baht)

	Consolidated financial statements		
	Office building	Motor vehicles	Total
1 January 2020	16,435	8,433	24,868
Depreciation for the year	(3,287)	(926)	(4,213)
31 December 2020	13,148	7,507	20,655

(Unit: Thousand Baht)

	Separate financial statements		
	Office building	Motor vehicles	Total
1 January 2020	13,647	8,433	22,080
Depreciation for the year	(2,729)	(926)	(3,655)
31 December 2020	10,918	7,507	18,425

#### b) Lease liabilities

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Lease payments	18,014	5,589	15,478	5,589
Less: Deferred interest expenses	(1,675)	(500)	(1,416)	(500)
Total	16,339	5,089	14,062	5,089
Less: Portion due within one year	(5,255)	(2,191)	(4,769)	(2,191)
Lease liabilities - net of current portion	11,084	2,898	9,293	2,898

A maturity analysis of lease payments is disclosed in Note 39.3 under the liquidity risk.

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

(Unit: Thousand Baht)

	For the year ended 31 December 2020	
	Consolidated financial statements	Separate financial statements
Depreciation expense of right-of-use assets	4,213	3,655
Interest expense on lease liabilities	1,124	991

**d) Others**

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 5.9 million.

**25. Other financial liabilities**

The balance of other financial liabilities as at 31 December 2020 is as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
<b>Other current financial liabilities</b>		
Bid bonds deposit financial awaiting for return to customers - current portion	31,155	31,155
Cash receipt awaiting for return to receivables	24,163	23,846
Credit deposit	9,449	9,449
<b>Total</b>	<b>64,767</b>	<b>64,450</b>
<b>Other non-current financial liabilities</b>		
Bid bonds deposit awaiting for return to customers - net of current portion	12,113	12,113
<b>Total</b>	<b>12,113</b>	<b>12,113</b>
<b>Total other financial liabilities</b>	<b>76,880</b>	<b>76,563</b>

As at 31 December 2020, the Company had bid bonds deposit awaiting for return to customers of Baht 43 million (2019: Baht 21 million) which arose from the Company being a guarantor with a bank that issued bank guarantees for bid bonds on behalf of the Company's customers.

## 26. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Provision for long-term employee benefits				
at beginning of year	9,646	6,302	9,336	6,124
Amount included in profit or loss:				
Current service costs	1,101	760	1,012	710
Interest costs	128	166	122	160
Past service costs	-	1,953	-	1,956
Amount included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	-	(311)	-	(257)
Financial assumptions changes	-	391	-	348
Experience adjustments	-	385	-	295
Total	10,875	9,646	10,470	9,336
Less: Portion due within one year	(6,220)	-	(6,220)	-
Provision for long-term employee benefits	4,655	9,646	4,250	9,336

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered as a post-employment benefits plan amendment and caused the Group has additional long-term employee benefit liabilities of Baht 1.96 million (The Company only: Baht 1.96 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the statements of comprehensive income for the year 2019.

The Company has obligation relating to long-term employee benefits to be paid within one year for Baht 6.2 million which was included in other current liabilities.



As at 31 December 2020 and 2019, the weighted average duration of the liabilities for long-term employee benefits is approximately 13.3 years.

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)	
	Consolidated and separate financial statements	
	2020	2019
Discount rate	1.7	1.7
Future salary increase rate	5.5	5.5
Employee turnover rate (depending on age of employees)	10.0 - 30.0	10.0 - 30.0

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2020 and 2019 are summarised below:

	(Unit: Million Baht)			
	As at 31 December 2020			
	Consolidated financial statements		Separate financial statements	
	Decrease		Decrease	
	Increase 1%	1%	Increase 1%	1%
Discount rate	(0.5)	0.5	(0.4)	0.5
Salary increase rate	0.6	(0.5)	0.5	(0.5)
Employee turnover rate (20 of based assumption)	(0.4)	0.7	(0.3)	0.6

	(Unit: Million Baht)			
	As at 31 December 2019			
	Consolidated financial statements		Separate financial statements	
	Decrease		Decrease	
	Increase 1%	1%	Increase 1%	1%
Discount rate	(0.5)	0.5	(0.4)	0.5
Salary increase rate	0.5	(0.4)	0.4	(0.4)
Employee turnover rate (20 of based assumption)	(0.4)	0.5	(0.3)	0.5

## 27. Share capital

### 27.1 Additional share subscription from exercises of warrants

Year	Warrants	Ordinary shares	Exercise price	Amount
	(units)	(shares)	(Baht/share)	(Thousand Baht)
2019	1,461,100	730,550	4	2,922
2020	(No exercise of warrants)			

As at 31 December 2019, the Company's paid-up capital increased from Baht 220,718,906 to Baht 221,449,456 and share premium increased by Baht 5,844,400 as a result of the exercised share warrants.

### 27.2 Reconciliation of number of ordinary shares

During the years, movements of registered capital, paid-up capital and premium on ordinary shares of the Company are as follows:

	Registered capital		Paid-up capital		Share premium
	Number of ordinary shares	Amount	Number of ordinary shares	Amount	
	(Thousand shares)	(Thousand Baht)	(Thousand shares)	(Thousand Baht)	(Thousand Baht)
As at 1 January 2019	300,000	300,000	220,719	220,719	76,473
Increase from exercised warrants	-	-	730	730	5,845
As at 31 December 2019	300,000	300,000	221,449	221,449	82,318
As at 31 December 2020	300,000	300,000	221,449	221,449	82,318

## 28. Warrants

On 26 April 2017, the Company issued and allocated 160,000,000 units of warrants for rights to purchase the Company's ordinary shares No. 1 (LIT-W1) to the existing shareholders of the Company. Details are as follows:

Type	Name registered and transferrable
Offering price per unit	Baht 2.50
Maturity of warrants	5 years from the date of issuance
Exercise price	Baht 4.00 per share, subject to change in accordance with the conditions of rights adjustments
Conversion ratio	1 ordinary share per 2 warrants, subject to change in accordance with the conditions of rights adjustments
Conditions and period of exercise	<ol style="list-style-type: none"> <li>1) Exercises of the warrants can be made on the 25<sup>th</sup> of January, April, July and October of each year throughout the term of the warrants, with the first exercise date on 25 July 2017, and the warrant holders have to deliver notification of their intention to exercise the warrants at least 5 business days prior to each exercise date. The final exercise date is 25 April 2022 and warrant holders have to deliver notification of their intention to exercise the warrants at least 15 business days prior to this final exercise date.</li> <li>2) The warrant holders shall exercise rights to purchase at least 100 ordinary shares at a time, and at round numbers only. If warrant holders have rights to purchase fewer than 100 ordinary shares they are to exercise these rights on a single occasion.</li> <li>3) Unexercised warrants can be accumulated to exercise during the next exercise period, until the maturity of the warrants.</li> </ol>

During the current year, no warrant had been exercised; therefore, as at 31 December 2020 and 2019, there were 157,100,152 units unexercised warrants outstanding, calculating to a value of Baht 392.75 million.

## 29. Statutory reserve

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

## 30. Interest incomes

	(Unit: Thousand Baht)	
	Consolidated and separate financial statements	
	2020	2019
Interest incomes from		
Loan contracts	121,192	143,304
Factoring contracts	108,605	117,305
Financial lease contracts	9,075	13,606
Hire-purchase contracts	9,860	16,715
Total interest incomes	248,732	290,930

## 31. Fee and service incomes

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Fee and service incomes from				
Loan contracts	58,815	84,950	1,295	7,730
Factoring contracts	49,569	41,255	49,569	32,475
Financial lease contracts	381	233	381	233
Hire-purchase contracts	44	56	44	56
Letters of guarantee	9,965	13,517	9,965	13,517
Letters of credit	-	1,251	-	1,251
Others	22	22	22	22
Total fee and service incomes	118,796	141,284	61,276	55,284

### 32. Other incomes

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Revenues from sales	10,044	5,134	10,044	5,134
Costs of sales	(8,512)	(4,359)	(8,512)	(4,359)
Net of revenues and costs	1,532	775	1,532	775
Dividend income from subsidiary	-	-	50,000	15,000
Interest incomes from late payment	23,635	17,896	23,635	17,896
Gain from sales of trading securities	1,232	124	1,232	124
Others	2,497	5,595	2,436	5,374
Total other incomes	<u>28,896</u>	<u>24,390</u>	<u>78,835</u>	<u>39,169</u>

The net of revenues and costs is a service performed for goods procurement and supply to customers which is presented at net amount between sales and cost of sales and is shown as other incomes in the statements of comprehensive income.

### 33. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Salaries and other employee benefits	85,057	89,088	73,142	72,134
Expected credit losses		(2019:		
Bad debts and doubtful accounts)	66,063	110,522	66,062	110,522
Lease and services expenses	4,835	12,926	4,167	11,457
Legal advisor fees	4,302	3,215	3,742	2,735
Special business tax	9,937	10,426	9,937	10,426
Financial management fees	2,454	4,828	2,429	4,740
Depreciation and amortisation	10,915	7,643	10,221	7,540

### 34. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issued during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issued during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

As at 31 December 2020, the warrants are excluded from the potential ordinary shares since their exercise price is in excess of the fair value of the ordinary shares.

Basic earnings per share and diluted earnings per share are calculated below.

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2020	2019	2020	2019	2020	2019
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit for the year	71,241	103,098	221,449	221,221	0.32	0.47
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (LIT-W1)	-	-	-	20,834		
<b>Diluted earnings per share</b>						
Profit for the year - assuming the conversion of dilutive potential ordinary shares	71,241	103,098	221,449	242,055	0.32	0.43

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2020	2019	2020	2019	2020	2019
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profit for the year	85,935	64,594	221,449	221,221	0.39	0.29
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (LIT-W1)	-	-	-	20,834		
<b>Diluted earnings per share</b>						
Profit for the year - assuming the conversion of dilutive potential ordinary shares	85,935	64,594	221,449	242,055	0.39	0.27

### 35. Dividend payment

Dividend	Approved by	Dividend per share (Baht per share)	Amounts of dividend paid (Thousand Baht)	Dividend payment period
<b>For the year 2020</b>				
The interim dividend in respect of operation income for 2019	Board of Directors' meeting on 1 April 2020	0.24	53,148	April 2020
<b>For the year 2019</b>				
Dividend for 2018	Annual General Meeting of the shareholders on 19 April 2019	0.33	72,837	May 2019

### **36. Provident fund**

The Group and its employees jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. The fund is monthly contributed by the employees at the rate of 5 percent of their basic salaries and by the Group at the same rate. The fund is managed by SCB Asset Management Company Limited and will be paid to the employees upon termination in accordance with the rules of the fund. The contributions for the years 2020 and 2019 amounting to Baht 1.47 million and Baht 1.23 million, respectively, were recognised as expenses for the Group (The Company only: Baht 1.28 million and Baht 1.09 million, respectively).

### **37. Segment information**

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its services and has two reportable segments as follows:

1. Financial services in various forms such as hire-purchase, financial leases, factoring from selling and service, loans and goods procurement for supply to customers.
2. Credit information services and analysis including credit management project.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions regarding resource allocation and performance assessment. Segment performance is measure based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

Revenue and profit, and total assets and total liabilities information regarding the Group's operating segments for the years ended 31 December 2020 and 2019 are as follows.



### 37.1 Results of operations separated by business segment

(Unit: Thousand Baht)

	2020			Consolidated financial statements
	Financial services in various forms	Credit information services and analysis	Elimination of transaction	
<b>Revenue</b>				
Revenues from customers				
- Interest incomes	248,732	-	-	248,732
- Fee and service incomes	61,276	57,520	-	118,796
Other incomes	28,836	831	(771)	28,896
<b>Total revenues</b>	<b>338,844</b>	<b>58,351</b>	<b>(771)</b>	<b>396,424</b>
Finance cost	(87,297)	(132)	771	(86,658)
Service expenses	(24,080)	(11,848)	-	(35,928)
Administrative expenses	(87,432)	(2,194)	-	(89,626)
Expected credit losses	(66,062)	(1)	-	(66,063)
Income tax expenses	(38,096)	(8,812)	-	(46,908)
<b>Profit for the year</b>	<b>35,877</b>	<b>35,364</b>	<b>-</b>	<b>71,241</b>

(Unit: Thousand Baht)

	2019			Consolidated financial statements
	Financial services in various forms	Credit information services and analysis	Elimination of transaction	
<b>Revenue</b>				
Revenues from customers				
- Interest incomes	290,930	-	-	290,930
- Fee and service incomes	55,284	86,000	-	141,284
Other incomes	24,169	640	(419)	24,390
<b>Total revenues</b>	<b>370,383</b>	<b>86,640</b>	<b>(419)</b>	<b>456,604</b>
Finance cost	(84,397)	-	419	(83,978)
Service expenses	(23,037)	(17,245)	-	(40,282)
Administrative expenses	(88,211)	(2,231)	-	(90,442)
Bad debts and doubtful accounts	(110,522)	-	-	(110,522)
Income tax expenses	(14,622)	(13,660)	-	(28,282)
<b>Profit for the year</b>	<b>49,594</b>	<b>53,504</b>	<b>-</b>	<b>103,098</b>

## 37.2 Assets and liabilities separated by business segment

(Unit: Thousand Baht)

	Financial services in various forms	Credit information service and analysis	Elimination of transaction	Consolidated financial statements
<b>Segment assets</b>				
31 December 2020	<u>2,658,808</u>	<u>66,667</u>	<u>(74,691)</u>	<u>2,644,784</u>
31 December 2019	<u>3,553,301</u>	<u>69,197</u>	<u>(71,753)</u>	<u>3,550,745</u>
<b>Segment liabilities</b>				
31 December 2020	<u>1,615,511</u>	<u>9,013</u>	<u>(54,691)</u>	<u>1,569,833</u>
31 December 2019	<u>2,476,986</u>	<u>7,953</u>	<u>(66,753)</u>	<u>2,418,186</u>

### Geographic information

The Group only operates in Thailand. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

### Major customers

For the years 2020 and 2019, the Group has no major customer with revenue of 10 percent or more of an entity's revenues.

## 38. Commitments and contingent liabilities

As of 31 December 2020 and 2019, the Group has commitments other than those disclosed in other notes as follows:

### 38.1 Capital commitments

As at 31 December 2020, the Group had capital commitments of Baht 5.3 million and the Company only of Baht 5.1 million relating to the development and installation of the Company's credit business and operating information technology system (2019: The Company only: Baht 21.9 million).

### 38.2 Service commitments

The Group have entered into several agreements in respect of other services. The terms of the agreements are generally between 1 and 3 years.

As at 31 December 2020 and 2019, The Group has future minimum payments from service agreements as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Payable				
In up to 1 year	5.4	4.5	3.8	3.9
In over 1 and up to 3 years	0.3	3.6	0.1	3.0

### 38.3 Guarantees

As at 31 December 2020, the Company had commitments of approximately Baht 113 million (2019: Baht 96 million) as a result of its guarantees to banks on behalf of customers to whom the banks issued bank guarantees for bid bonds. The Company has pledged deposits of Baht 74 million (2019: Baht 45 million) to secure these bank guarantees as Note 16.

### 38.4 Employee Joint Investment Program

In 2018, the Group began an Employee Joint Investment Program (“the EJIP”), with a program life of 3 years starting from 1 April 2018 to 31 March 2021. This program is a staff benefit which supports employees of the Group who meet certain criteria and voluntarily join the EJIP to invest in the Company’s shares. Employees who are EJIP participants have an obligation to pay monthly contributions at the rate of 10% of their basic salaries, but not exceeding Baht 100,000 per month and the Group is obliged to monthly contribute the same amount. For the year 2020, the amounts contributed by the Group of Baht 1.47 million (2019: Baht 1.48 million) and the Company only of Baht 1.33 million (2019: Baht 1.34 million) were presented under personnel expenses.

## **39. Financial instruments**

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

The Group's financial instruments, principally comprise cash and cash equivalents, other current financial assets, trade and other receivables, loan receivables, factoring receivables, financial lease receivables, hire-purchase receivables, restricted bank deposits, bank overdrafts and short-term loans, trade and other payables, long-term loans, debentures, and financial liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

### **39.1 Credit risk**

The Group is exposed to credit risk primarily with respect to trade and other receivables, loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables which is the risk that a counterparty or a borrower fails to comply with conditions and covenants stated in the agreement resulting in non-performing debt and adverse effect over the Group's income and capital fund. The Group manages the risk, adopting appropriate credit control policies and procedures, evaluating credit analysis from customers' information and monitoring status of customers on a continuous basis. The maximum exposure to credit risk is limited to the carrying amounts of receivables net of allowance for expected credit losses stated in the statements of financial position.

The Group reviews expected credit losses model which is in compliance with TFRS 9 related to the impairment of financial assets by continually reviewing numbers and information used in calculation to ensure that the model is appropriate.

#### **The maximum exposure to credit risk of financial assets**

The maximum exposure to credit risk is gross carrying amounts of financial assets before the effect of mitigation through use of collateral arrangements and any operations to increase creditability. For financial assets recognised in the statements of financial position, the maximum exposure to credit risk equals their gross carrying amounts before deducting allowance for expected credit losses.

#### **Credit quality analysis**

The Group presents the table of credit quality of financial assets exposed to credit risk in Note 9 -14 to the financial statements.

## Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group's Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

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

### 39.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rate and securities price may have an effect on the financial positions of the Group. As the Group has no assets or liabilities denominated in foreign currencies and no investments in market securities; therefore, the Group only has interest rate risk.

#### Interest rate risk

The Group has interest rate risk which is the risk that the value of financial instruments will fluctuate as a result of changes in market interest rates. 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, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels.

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

(Unit: Million Baht)

## Consolidated financial statements

2020

	Fixed interest rate		Floating interest rate	Non- interest bearing	Total	Interest rate per contract  (% p.a.)
	Within 1 year	Over 1- 5 years				
<b><u>Financial assets</u></b>						
Cash and cash equivalents	-	-	5	42	47	0.05 - 0.13
Trade and other receivables	-	-	-	5	5	-
Loan receivables	816	418	-	-	1,234	7.50 - 15.00
Factoring receivables	900	52	-	-	952	13.50 - 15.00
Financial lease receivables	53	47	-	-	100	6.00 - 7.82
Hire-purchase receivables	84	20	-	-	104	5.35 - 7.50
Restricted bank deposits	-	74	1	-	75	0.13 - 0.80
<b><u>Financial liabilities</u></b>						
Bank overdrafts and short-term						
loans from financial institutions	100	-	58	-	158	Note 21
Trade and other payables	-	-	-	3	3	-
Debentures	865	390	-	-	1,255	5.25 - 6.25
Liabilities under hire-purchase						
receivables agreements	5	-	-	-	5	1.99
Lease liabilities	5	11	-	-	16	1.99 - 4.91
Other financial liabilities	-	-	-	77	77	-

(Unit: Million Baht)

## Consolidated financial statements

	2019					Interest rate per contract (% p.a.)
	Fixed interest rate		Floating interest rate	Non- interest bearing	Total	
	Within 1 year	Over 1- 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	108	128	236	0.10 - 0.50
Current investments	-	-	-	730	730	-
Trade and other receivables	-	-	-	35	35	-
Loan receivables	878	322	-	-	1,200	6.50 - 15.00
Factoring receivables	940	41	-	-	981	13.70 - 15.00
Financial lease receivables	70	44	-	-	114	6.00 - 7.50
Hire-purchase receivables	95	20	-	-	115	4.75 - 7.50
Restricted bank deposits	-	45	2	-	47	0.38 - 1.05
<b>Financial liabilities</b>						
Bank overdrafts and short-term						
loans from financial institutions	100	-	150	-	250	Note 21
Trade and other payables	-	-	-	1	1	-
Debentures	848	1,101	-	-	1,949	5.00 - 6.25
Liabilities under hire-purchase						
agreements	73	5	-	-	78	1.94 - 2.60
Liabilities under financial lease						
agreements	2	3	-	-	5	1.99 - 4.91

(Unit: Million Baht)

## Separate financial statements

	Fixed interest rate		Floating interest rate	Non- interest bearing	Total	Interest rate per contract (% p.a.)
	Within 1 year	Over 1- 5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	5	29	34	0.05 - 0.13
Trade and other receivables	-	-	-	6	6	-
Loan receivables	816	418	-	-	1,234	7.50 - 15.00
Factoring receivables	900	52	-	-	952	13.50 - 15.00
Financial lease receivables	53	47	-	-	100	6.00 - 7.82
Hire-purchase receivables	84	20	-	-	104	5.35 - 7.50
Restricted bank deposits	-	74	1	-	75	0.13 - 0.80
<b>Financial liabilities</b>						
Bank overdrafts and short-term						
loans from financial institutions	100	-	58	-	158	Note 21
Trade and other payables	-	-	-	3	3	-
Short-term loans from subsidiary	54	-	-	-	54	1.50
Debentures	865	390	-	-	1,255	5.25 - 6.25
Liabilities under hire-purchase						
receivables agreements	5	-	-	-	5	1.99
Lease liabilities	5	9	-	-	14	1.99 - 4.91
Other financial liabilities	-	-	-	77	77	-



(Unit: Million Baht)

## Separate financial statements

	2019				Total	Interest rate per contract (% p.a.)
	Fixed interest rate		Floating	Non-		
	Within 1 year	Over 1- 5 years	interest rate	interest bearing		
<b><u>Financial assets</u></b>						
Cash and cash equivalents	-	-	106	128	234	0.10 - 0.50
Current investments	-	-	-	730	730	-
Trade and other receivables	-	-	-	36	36	-
Loan receivables	878	322	-	-	1,200	6.50 - 15.00
Factoring receivables	940	41	-	-	981	13.70 - 15.00
Financial lease receivables	70	44	-	-	114	6.00 - 7.50
Hire-purchase receivables	95	20	-	-	115	4.75 - 7.50
Restricted bank deposits	-	45	2	-	47	0.38 - 1.05
<b><u>Financial liabilities</u></b>						
Bank overdrafts and short-term						
loans from financial institutions	100	-	150	-	250	Note 21
Trade and other payables	-	-	-	1	1	-
Short-term loans from subsidiary	66	-	-	-	66	1.50
Debentures	848	1,101	-	-	1,949	5.00 - 6.25
Liabilities under hire-purchase						
agreements	73	5	-	-	78	1.94 - 2.60
Liabilities under financial lease						
agreements	2	3	-	-	5	1.99 - 4.91

### 39.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to liquidate their financial assets and/or procure sufficient funds in a timely manner to discharge their debts obligations on due date or acquiring funds at a higher unacceptable cost thus affecting the Group's income and capital fund at present and in the future.

The Group manages liquidity risk by means of appropriate structuring of short-term and long-term sources of capital. In addition, the Group has a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements.

The table below summarises the maturity profile of the Group's non-derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

	Consolidated financial statements			
	On demand	Less than 1 year	1 to 5 years	Total
<b><u>Non-derivatives</u></b>				
Bank overdrafts and short-term loans from financial institutions	8	150	-	158
Trade and other payables	-	3	-	3
Debentures	-	865	390	1,255
Liabilities under hire-purchase receivables agreements	-	5	-	5
Lease liabilities	-	5	11	16
Other financial liabilities	-	65	12	77
<b>Total non-derivatives</b>	<b>8</b>	<b>1,093</b>	<b>413</b>	<b>1,514</b>

(Unit: Million Baht)

	Separate financial statements			Total
	On demand	Less than 1 year	1 to 5 years	
<b>Non-derivatives</b>				
Bank overdrafts and short-term loans from financial institutions	8	150	-	158
Trade and other payables	-	3	-	3
Short-term loans from subsidiary	54	-	-	54
Debentures	-	865	390	1,255
Liabilities under hire-purchase receivables agreements	-	5	-	5
Lease liabilities	-	5	9	14
Other financial liabilities	-	65	12	77
<b>Total non-derivatives</b>	<b>62</b>	<b>1,093</b>	<b>411</b>	<b>1,566</b>

### 39.4 Fair value of financial instruments

As of 31 December 2020, the Company had no assets that were measured at fair value using different levels of inputs.

As of 31 December 2019, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated and separate financial statements			
	31 December 2019			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Current investments	-	730	-	730

As at 31 December 2020 and 2019, the Group had financial assets and liabilities that measured at cost, and of which fair values have to be disclosed using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements				
2020				
Book value	Fair value			Total
	Level 1	Level 2	Level 3	
<b><u>Assets for which fair value are disclosed</u></b>				
Cash and cash equivalents	47	47	-	47
Trade and other receivables	5	-	5	5
Loan receivables	1,234	-	1,234	1,234
Factoring receivables	952	-	952	952
Financial lease receivables	100	-	106	106
Hire-purchase receivables	104	-	100	100
Restricted bank deposits	75	1	74	75
<b><u>Liabilities for which fair value are disclosed</u></b>				
Bank overdrafts and short-term loans from financial institutions	158	8	150	158
Trade and other payables	3	-	3	3
Debentures	1,255	-	1,268	1,268
Liabilities under hire-purchase receivables agreements	5	-	5	5
Lease liabilities	16	-	14	14
Other financial liabilities	77	-	77	77

(Unit: Million Baht)

Consolidated financial statements				
2019				
Book value	Fair value			Total
	Level 1	Level 2	Level 3	
<b><u>Assets for which fair value are disclosed</u></b>				
Cash and cash equivalents	236	236	-	236
Trade and other receivables	35	-	35	35
Loan receivables	1,200	-	1,200	1,200
Factoring receivables	981	-	981	981
Financial lease receivables	114	-	116	116
Hire-purchase receivables	115	-	101	101
Restricted bank deposits	47	2	45	47
<b><u>Liabilities for which fair value are disclosed</u></b>				
Bank overdrafts and short-term loans from financial institutions	250	-	250	250
Trade and other payables	1	-	1	1
Debentures	1,949	-	1,966	1,966
Liabilities under hire-purchase agreements	78	-	70	70
Liabilities under financial lease agreements	5	-	4	4

(Unit: Million Baht)

Separate financial statements				
2020				
Book value	Fair value			Total
	Level 1	Level 2	Level 3	
<b><u>Assets for which fair value are disclosed</u></b>				
Cash and cash equivalents	34	34	-	34
Trade and other receivables	6	-	6	6
Loan receivables	1,234	-	1,234	1,234
Factoring receivables	952	-	952	952
Financial lease receivables	100	-	-	106
Hire-purchase receivables	104	-	-	100
Restricted bank deposits	75	1	74	75
<b><u>Liabilities for which fair value are disclosed</u></b>				
Bank overdrafts and short-term loans from financial institutions	158	8	150	158
Trade and other payables	3	-	3	3
Debentures	1,255	-	1,268	1,268
Liabilities under hire-purchase receivables agreements	5	-	-	5
Lease liabilities	14	-	-	12
Other financial liabilities	77	-	77	77

(Unit: Million Baht)

Separate financial statements				
2019				
Book value	Fair value			Total
	Level 1	Level 2	Level 3	
<b><u>Assets for which fair value are disclosed</u></b>				
Cash and cash equivalents	234	234	-	234
Trade and other receivables	36	-	36	36
Loan receivables	1,200	-	1,200	1,200
Factoring receivables	981	-	981	981
Financial lease receivables	114	-	-	116
Hire-purchase receivables	115	-	-	101
Restricted bank deposits	47	2	45	47
<b><u>Liabilities for which fair value are disclosed</u></b>				
Bank overdrafts and short-term loans from financial institutions	250	-	250	250
Trade and other payables	1	-	1	1
Debentures	1,949	-	1,966	1,966
Liabilities under hire-purchase agreements	78	-	-	70
Liabilities under financial lease agreements	5	-	-	4

Fair value hierarchy of financial assets and liabilities as at 31 December 2020 and 2019 has been prepared in accordance with Notes 5.16 to the financial statements.

As at 31 December 2020 and 2019, the methods and assumptions used by the Group in estimating the fair values of financial instruments are as follows:

- a) For financial assets and liabilities with short-term maturity, including cash and cash equivalents, trade and other receivables, trade and other payables, overdrafts and short-term loans, restricted bank deposits, their carrying amounts in the statement of financial position is approximate their fair values.
- b) Fair values of loan, factoring, financial lease, and hire-purchase receivables are estimated by discounting expected future cash flows by current market interest rates of the loans with similar terms and conditions.
- c) Fair values of debentures, lease liabilities are estimated by discounting expected future cash flows by the current market interest rate of the borrowings with similar terms and conditions.
- d) Fair value of long-term loans with floating interest rate is assumed to approximate their book value.

#### **40. Capital management**

The primary objective of the Group's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Group's debt-to-equity ratio was 1.46:1 (2019:2.14:1) and the Company's was 1.56:1 (2019:2.30:1).

#### **41. Event after the reporting period**

On 24 February 2021, a meeting of the Company's Board of Directors No.2/2021 passed a resolution to propose that the Annual General Meeting of the Shareholders to consider approving the dividend payment for the year 2020 to the Company's shareholders at Baht 0.18 per share or a total dividend of approximately Baht 39.86 million. Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the shareholders.

#### **42. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2021.

## Annex 1 Details of Directors, Management, Controlling Person assigned to the highest responsibility in accounting and finance Those assigned to take direct responsibility for accounting supervision. Company secretary

### 1. Details of the directors and controlling persons of the Company

Name/Position	Age (year)	Education	Shareholding Proportion * (31/12/2020)	Family Relation with Executives	Work experience in the past 5 years			
					Duration	Position	Company Name	Business
Police General Jate Mongkolhutti  Chairman of the Board, Independent Director	69	Master Degree, Faculty of Law, Chulalongkorn University  Director Accreditation Program (DAP) class 8/2004  Audit Committee Program (ACP) class 14/2006  Finance for Non-Finance Directors (FND) class 30/2006  Directors Certification Program (DCP) class 117/2009	165,000 shares	-	2012-present	Chairman of the Board and Independent Director	Lease IT PCL.,	Provide credit service
					1999-present	Independent Director and Audit Committee	Sino-Thai Engineering & Construction PCL.,	Contract for construction of all types of work is divided into 2 main categories: civil and mechanical work.
					1999-present	Independent Director and Audit Committee	STP&I PCL.,	Steel structures, assembly and welding of pipes, assembly work of finished factories. And other steel products processing
					2018-present	Independent Director and The Chairman of Risk Management Committee	Thai Group Holdings PCL.,	Holding Company
					2020-present	Chairman of the Board and Independent Director	One Power Co.,Ltd.	Production and distribution of solar power
					2013-present	Consultant	SVOA PCL.,	Distributor of computers and peripherals
					2013-present	Consultant	DataOne Asia (Thailand) Co.,Ltd.	Software consulting
					2011-present	Legal Consultant	National Credit Bureau Co.,Ltd.	Provide credit information service

Name/Position	Age (year)	Education	Shareholding Proportion * (31/12/2020)	Family Relation with Executives	Work experience in the past 5 years			
					Duration	Position	Company Name	Business
Mr. Pongsak Chewcharat  Independent Director and Chairman of Audit Committee	71	Mater Degree Computer Engineering Northeastern University Boston, Massachusetts	-	-	2020-present	Independent Director and Chairman of Audit Committee	Lease IT PCL.,	Provide credit service
		Mater Degree Economic Policy & Planning Northeastern University Boston, Massachusetts			2016-present	Police Audit and Monitoring Committee	Metropolitan Police Headquarter	Government agency
		Bachelor Degree Statistic Thammasat University			2014-present	Director of Graduate School of Innovation and Technology Management	Rajamangala University of Technology Rattanakosin	University
		Diploma, National Defence College, The Joint State - Private Sector Course Class 388			2007-2016	Member of Board of Director	Rajamangala University of Technology Rattanakosin	University
		Politics and government in democracy for Senior Executive class 22			2007-2009	Work and Town and Country Planning Committee	Ministry of Interior	Government agency
		Capital Market Academy Programs class 9			2007-2009	Labor Relation Committee	Ministry of Labor	Government agency
					2007-2009	National Credit Bureau Committee	National Credit Bureau	Provide credit information service
					2006-2008	Managing Director	Small and Medium Enterprise Development Bank of Thailand (SME Bank)	Finance, Banking
					2009-2010	Senior Executive Vice President (Computer)	Government Housing Bank	Finance, Banking
					2004-2006	Director of Real Estate Information Center	Government Housing Bank	Finance, Banking
	1999-2002	Vice President of Computer Department	Krungthai Bank	Finance, Banking				



Name/Position	Age (year)	Education	Shareholding Proportion * (31/12/2020)	Family Relation with Executives	Work experience in the past 5 years			
					Duration	Position	Company Name	Business
Mr. Suthud Khancharoensuk  Independent Director and Audit Committee	62	Master of Business, Thammasat University	2,035,000 shares	-	2013-present	Independent Director and Audit Committee	Lease IT PCL.,	Provide credit service
		Director Accreditation Program (DAP) class 15/2004			1996-present	Director	RPCG PCL.,	Investment and distribution companies Petroleum and petrochemical products include high speed diesel fuel, fuel oil and chemicals.
		Board Performance Evaluation class 2/2007			1991-present	Director	Petro - Instrument Co.,Ltd.	Sell and serve Electronic equipment, tools and machines
Associate Professor Dr.Suda Suwannapirom  Independent Director and Audit Committee	62	DBA.Doctor of Business, Burapha University	-	-	2016-present	Independent Director and Audit Committee	Lease IT PCL.,	Provide credit service
		Master of Commerce, (Personel) Chulalongkorn University			2018-present	Consaltant	Apply Methal Precision Technology Co.,Ltd.	Manufacture, sale, import, export, cast iron pipes, stainless steel pipes, metal rings, rollers, parts, all kinds of metal products.
		Master of Business Practices University of South Australia			2018-present	Graduate School Director	Suan Sunandha Rajabhat University	State university
		Bachelor of Science in Business Administration, Kasetsart University			2005-present	Academic Reading Committee	Ministry of Higher Education, Science, Research and Innovation	Government agency
		Diploma, National Defence College, The joint State-Private Sector Course Class 20			2020-present	Honorary Director	Election Commission	Government agency
		Certificate in Personnel Management Practice Asian Productivity Organization			2016-2020	Vice - Rector	Nakhon Phanom University	University

Name/Position	Age (year)	Education	Shareholding Proportion * (31/12/2020)	Family Relation with Executives	Work experience in the past 5 years			
					Duration	Position	Company Name	Business
Mrs. Wasara Chotithammarat	57	Master of Business Administration Program (MBA), Thammasat University  Bachelor's Degree, Faculty of Commerce and Accountancy, Thammasat University  Director Accreditation Program (DCP) class 117/2009  Advanced Audit Committee Program (ACP) class 25/2017	-	-	2020-present	Independent Director and Audit Committee	Lease IT PCL.,	Provide credit service
					present	Independent Director and Audit Committee	QTC Energy PCL.,	Production and distribution of transformers
					present	Accounting Director	Summit Group, Summit Auto Body Industry Co.,Ltd.	Auto parts
					present	Director	Supamitr Food (2014) Co.,Ltd.	Food and service
					present	Director	Supamitr Food (2015) Co.,Ltd.	Food and service
					present	Director	Supamitr Food (2017) Co.,Ltd.	Food and service
					2014-2015	Chief Accounting Officer	Summit Group, Summit Auto Seat Industry Co.,Ltd.	Auto parts
					2007- 2013	Director and Chief Financial and Accounting Officer	Team Precision PCL.,	Electronics
2005-2006	Division Controller	Benchmark Electronics (Thailand) PCL.,	Electronics					

Name/Position	Age (year)	Education	Shareholding Proportion * (31/12/2020)	Family Relation with Executives	Work experience in the past 5 years			
					Duration	Position	Company Name	Business
Ms. Parichatara Laotheerasirivong, Senior Executive Director (Authorized Director to be tied to the Company)	65	Master of Executive MBA, Kasetsart University	20,000 shares	-	2018-present	Senior Executive Director	Lease IT PCL.,	Provide Credit Service
		Bachelor of Accounting, Faculty of Commerce and Accountancy, Thammasart University  Public Economic Management for Senior Executives (Advanced Diploma) Class 12, King Prajadhipok Institute  Top Level of Industrial Management class 9, Ministry of Industry  Thammasart Leadership Program Class 2  Director Certification Program (DCP) Class 75/2556  Bourse Game (Foreign Exchange Trading), Citibank Bangkok THAILAND  International Banker Chase Manhattan Bank, NY USA.			2018-present	Independent Director and Audit Committee	Fortune Parts Industry PCL.,	Auto parts
					2018-present	Honorary Director	Ministry of Education	Government Agent
					2016-2017	Senior Executive Vice President	TCC Land and Asset World Corporation	Real estate development
					2007-2016	Deputy Managing Director	Small and Medium Enterprise Development Bank of Thailand	Financial institution
					2013-2014	Acting Managing Director	Small and Medium Enterprise Development Bank of Thailand	Financial institution
					2013-2014	Risk Management Committee	National Credit Bureau Co.,Ltd.	Provide credit information service

Name/Position	Age (year)	Education	Shareholding Proportion * (31/12/2020)	Family Relation with Executives	Work experience in the past 5 years			
					Duration	Position	Company Name	Business
Mr. Sompon Aketerajit  Director and Managing Director (Authorized Director to be tied to the Company)	60	Master of Science in Accounting, Thammasart University  Certificate of Auditor, Thammasat University  BA, Accounting (Costing), Chulalongkorn University  Director Accreditation Program (DAP) class 15/2004  IFRS 9, IFRS 7 and IAS32 The Stock Exchange of Thailand  Senior Executive Class 27, Capital Market Academy	6,713,976 shares  (3,941,546 shares and spouse 2,772,430 shares)	-	2006-present  2007-2012	Director and Managing Director  Director	Lease IT PCL.,  SVOA PCL.,	Provide Credit Services  Distributor of computers and peripherals
Ms. Sitaphatr Nirojthanasarat  Director and Assistant Managing Director (Authorized Director to be tied to the Company)	38	MSc in Marketing Management Aston Business School, Aston University,UK  Bachelor of Arts, English major (2 <sup>nd</sup> class honors) Chulalongkorn University  Director Accreditation Program (DAP) class 131/2016  Fraud Risk Management and Internal Auditing of Financial Institution class 7/2016	1,950,641 shares  (300,641 shares and spouse 1,650,000 shares)	-	2015-present  2020-present  2006-2015	Director and Assistant Managing Director  Managing Director  Marketing Manager	Lease IT PCL.,  Ulite Digital Co.,Ltd.  Charoen Pokphand Foods PCL.,	Provide Credit Services  Providing Eletronic Installment payment Services  Integrated food business

## Directors' shareholding

Name	Position	Share holding as of 1/1/2020	Buy (within a year)	Sell (within a year)	Share holding as of 31/12/2020
Police General Jate Mongkolhutti	Chairman of the Board, Independent Director	165,000 shares	-	-	165,000 shares
Mr. Pongsak Chewcharat	Independent Director, Chairman of Audit Committee	-	-	-	-
Mr. Suthud Khancharoensuk	Independent Director and Audit Committee	2,035,000 shares	-	-	2,035,000 shares
Associate Professor Dr.Suda Suwannapirom	Independent Director and Audit Committee	-	-	-	-
Mrs. Wasara Chotithammarat	Independent Director and Audit Committee	-	-	-	-
Ms. Parichatara Laotheerasirivong	Senior Executive Director	20,000 shares	-	-	20,000 shares
Mr. Sompon Aketerajit	Director and Managing Director	3,459,359 shares	482,187 shares	-	3,941,546 shares
Spouse	-	2,772,430 shares	-	-	2,772,430 shares
Ms. Sitaphatr Nirojthanasarat	Director and Assistant Managing Director	140,361 shares	160,280 shares	-	300,641 shares
Spouse	-	1,650,000 shares	-	-	1,650,000 shares

Board of Directors of the Company held 4.92% of shares the Company issued (As of 31 December 2020)

## 2. Details of Executives, Controlling Person assigned to the highest responsibility in Accounting and Finance, Company Secretary

Name/Position	Age (year)	Education	Shareholding Proportion * (31/12/2020)	Family Relation with Executives	Work experience in the past 5 years			
					Duration	Position	Company Name	Business
Mr. Sompon Aketerajit	60	Master of Science in Accounting, Thammasart University	6,713,976 shares	-	2006-present	Director and Managing Director	Lease IT PCL.,	Provide Credit Services
Director and Managing Director (Authorized Director to be tied to the Company)		Certificate of Auditor, Thammasat University BA, Accounting (Costing), Chulalongkorn University Director Accreditation Program (DAP) class 15/2004 IFRS 9, IFRS 7 and IAS32 The Stock Exchange of Thailand Senior Executive Class 27, Capital Market Academy	(3,941,546 shares and spouse 2,772,430 shares)		2007-2012	Director	SVOA PCL.,	Distributor of computers and peripherals

Name/Position	Age (year)	Education	Shareholding Proportion * (31/12/2020)	Family Relation with Executives	Work experience in the past 5 years			
					Duration	Position	Company Name	Business
Ms. Parichatara Laotheerasirivong  Senior Executive Director (Authorized Director to be tied to the Company)	65	Master of Executive MBA, Kasetsart University	20,000 shares	-	2018-present	Senior Executive Director	Lease IT PCL.,	Provide Credit Service
		Bachelor of Accounting, Faculty of Commerce and Accountancy, Thammasart University			2018-present	Independent Director and Audit Committee	Fortune Parts Industry PCL.,	Auto parts
		Public Economic Management for Senior Executives (Advanced Diploma) Class 12, King Prajadhipok's Institute			2018-present	Honorary Director	Ministry of Education	Government Agent
		Top Level of Industrial Management Class 9, Ministry of Industry			2016-2017	Senior Executive Vice President	TCC Land and Asset World Corporation	Real estate development
		Thammasart Leadership Program class 2			2007-2016	Deputy Managing Director	Small and Medium Enterprise Development Bank of Thailand	Financial institution
		Director Certification Program (DCP) class 75/2556			2013-2014	Acting Managing Director	Small and Medium Enterprise Development Bank of Thailand	Financial institution
		Bourse Game (Foreign Exchange Trading), Citibank Bangkok THAILAND			2013-2014	Risk Management Committee	National Credit Bureau Co.,Ltd.	Provide credit information service
		International Banker Chase Manhattan Bank, NY USA.						

Name/Position	Age (year)	Education	Shareholding Proportion * (31/12/2020)	Family Relation with Executives	Work experience in the past 5 years			
					Duration	Position	Company Name	Business
Ms. Sitaphatr Nirojthanasarat Director and Assistant Managing Director (Authorized Director to be tied to the Company)	38	MSc in Marketing Management Aston Business School, Aston University, UK	1,950,641 shares	-	2015-present	Director and Assistant Managing Director	Lease IT PCL.,	Provide Credit Services
		Bachelor of Arts, English major (2 <sup>nd</sup> class honors) Chulalongkorn University	(300,641 shares and spouse 1,650,000 shares)		2020-present	Managing Director	Ulite Digital Co.,Ltd.	Providing electronic installment payment service
		Director Accreditation Program (DAP) class 131/2016 Fraud Risk Management and Internal Auditing of Financial Institution class 7/2016			2006-2015	Marketing Manager	Charoen Pokphand Foods PCL.,	Integrated food business



Name/Position	Age (year)	Education	Shareholding Proportion * (31/12/2020)	Family Relation with Executives	Work experience in the past 5 years			
					Duration	Position	Company Name	Business
Mrs. Chonticha Supaluxmetha Chief Financial Officer	49	Bachelor Degree, Accounting, Siam University  Bachelor Degree, Statistics, Silpakorn University  IRCA Lead Assessor (ISO9001:2008)  Strategic CFO in Capital Markets Class 2/2016 The Stock Exchange of Thailand  The CFO's role in Stakeholder Communication	175,152 shares	-	2014-present	Chief Financial Officer	Lease IT PCL.,	Provide Credit Service
					2018-present	Director and Managing Director	LIT Service Management Co.,Ltd.	Business credit analysis service
					2020-present	Director	Ulite Digital Co.,Ltd.	Providing electronic installment payment services
Mrs. Rungnapa Ogas Assistant Managing Director	58	Master's degree Business Administration Ramkhamhaeng University	185,951 shares	-	2007-present	Assistant Managing Director	Lease IT PCL.,	Provide Credit Service
					2020-present	Director	Ulite Digital Co.,Ltd.	Providing electronic installment payment services

Name/Position	Age (year)	Education	Shareholding Proportion * (31/12/2020)	Family Relation with Executives	Work experience in the past 5 years			
					Duration	Position	Company Name	Business
Ms. Piyanan Mongkol Company Secretary and General Manager, Sustainability Development	49	Master's degree Industrial Economics National Institute of Development Administration-NIDA  Company Secretary Program (CSP) class 98/2019	157,036 shares	-	2019-present	Company Secretary and General Manager, Sustainability Development	Lease IT PCL.,	Provide Credit Services
					2018-present	Director	LIT Service Management Co.,Ltd.	Business credit analysis service
					2006-2018	General manager Credit and Contract Department	Lease IT PCL.,	
Ms. Prapapan Raktham  General manager General Management Department	53	Master of Business Administration, Stamford International University  Bachelor Degree in Accounting, Sripatum University	50,451 shares	-	2006 - present	General manager General Management Department	Lease IT PCL.,	Provide Credit Services
Mr. Nuttawat Srilapho  General Manager, Sales and Marketing	53	Master Degree (National Institute of Development Administration-NIDA)	-	-	2019-present	General Manager	Lease IT PCL.,	Provide Credit Services
					2017-2018	First Vice President	Islamic Bank Asset Management Co.,Ltd.	Government Asset Management Company
					2016-2017	Vice President	CIMB Thai Bank Public Company Limited	Financial Institution
Ms. Wiphacharee Tanusate  Senior Manager, Accounting and Finance	51	Bachelor Degree Accounting and Finance, Suan Sunanda Rajabhat University  Bachelor of Accountancy Program, University of Thai Chamber of Commerce	-	-	2019-present	Senior Manager of Accounting and Finance	Lease IT PCL.,	Provide Credit Services
					1996 – 2018	Accounting and Finance Director	SGF Capital PCL.,	Non – Bank

## Executives' Shareholding

Name	Position	Share holding as of 1/1/2020	Buy (within a year)	Sell (within a year)	Share holding as of 31/12/2020
Mr. Sompon Aketerajit	Director and Managing Director	3,459,359 shares	482,187 shares	-	3,941,546 shares
Spouse	-	2,772,430 shares	-	-	2,772,430 shares
Ms. Parichatara Laotheerasirivong	Senior Executive Director	20,000 shares	-	-	20,000 shares
Ms. Sitaphatr Nirojthanarat	Director and Assistant Managing Director	140,361 shares	160,280 shares	-	300,641 shares
Spouse	-	1,650,000 shares	-	-	1,650,000 shares
Mrs. Chonticha Supaluxmetha	Chief Financial Officer	35,617 shares	139,535 shares	-	175,152 shares
Mrs. Rungnapa Ogas	Assistant Managing Director	42,749 shares	143,202 shares	-	185,951 shares
Ms. Piyanan Mongkol	Company Secretary and General Manager, Sustainability Development	87,655 shares	69,381 shares	-	157,036 shares
Ms. Prapapan Raktham	General Manager, Business Administration	43 shares	74,708 shares	24,300 shares	50,451 shares
Mr. Nuttawat Srilapo	General Manager, Sales and Marketing	-	-	-	-
Ms. Wiphacharee Thanuset	Senior Manager, Finance and Accounting	-	-	-	-

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## Duties and responsibilities of Company Secretary

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Company secretary Must perform duties as stipulated in Section 89/15 and Section 89/16 of the Securities and Exchange Act (No.4) B.E. 2551, which comes into force on August 31, 2008. With responsibility Caution And honesty And must comply with the law, objectives, company regulations Board resolution As well as the resolution of the shareholders' meeting. The legal duties of the Company Secretary are as follows:

1. Prepare and maintain the following documents.
  - Director's Profile
  - Notice of Directors' Meeting Board meeting minutes And the annual report of the Company
  - Invitation letter to shareholders' meeting And minutes of the shareholders' meeting
2. Keeping reports of interest reported by directors or executives. And send a copy of the report of interest under Section 89/14 to the Chairman of the Board And the chairman of the audit committee knows within 7 business days from the date the Company receives the report.
3. Other actions As specified by the Capital Market Supervisory Board

Other duties include

1. Provide advice on relevant laws and regulations. And supervisory practices in conducting activities of the Commission to be in accordance with the law.
2. Responsible for conducting board meetings and shareholders' meetings.
3. Liaise with regulatory agencies such as the SET office. And oversee the disclosure of information and reporting information to regulators and the public. To be completely legal
4. Arrange an orientation to give advice to newly appointed directors.
5. Other duties as assigned by the Company.

At the Board of Directors' Meeting No.4/2019 on April 30, 2019, the Board of Directors Has appointed Ms. Piyanan Mongkol is the Company secretary. And passed the Certificate for Company Secretary (CSP) training on May 16-17, 2019



## Detail of the tenure of the management in related companies

As at 31 December 2020 :

Name	Company	Subsidiary		Related Company		
		1	2	1	2	3
Police General Jate Mongkolhutti	X, //					
Mr. Pongsak Chewcharat	AAC, //					
Mr. Suthud Khancharoensuk	AC, //					
Associate Professor Dr.Suda Suwannapirom	AC, //					
Mrs. Wasara Chotithammarat	AC, //					
Ms. Parichatara Laotheerasirivong	Ex, /					
Mr. Sompon Aketerajit	/,///,*					
Ms. Sitaphatr Nirojthanasarat	/,///,**		/, *	/(Spouse)	/(Spouse)	/(Spouse)
Mrs. Rungnapa Ogas	** , ///		/			
Mrs. Chonticha Supaluxmetha	**	/, *	/			
Ms. Piyanan Mongkol	***	/				
Ms. Prapapan Raktham	***					
Mr. Nuttawat Srilapo	***					

**Remarks :** X = The Chairman of The Board  
AAC = The Chairman of Audit Committee  
Ex = The Chairman of Executive Director  
// = Independent Director  
\* = Managing Director  
\*\*\* = General Manager

V = Vice Chairman  
AC = Audit Committee  
/ = Director  
/// = Executive Director  
\*\* = Assistant Managing Director/Executive Director

### Related Company

1. IT CITY PCL.
2. SPVI PCL.
3. Touch Printing Republic Co.,Ltd.



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## Annex 2 Details of the subsidiaries' directors

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as of 31 December 2020 are as follows:

Name	LIT Service Management Co.,Ltd.	Ulite Digital Co.,Ltd.
Mrs. Chonticha Supaluxmetha	/, *	/
Ms. Sitaphatr Nirojthanarat	-	/, *
Mrs. Rungnapa Ogas	-	/
Ms. Piyanan Mongkol	/	-

**Remark:** / = Director                      \* = Managing Director

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## Annex 3 Details of the Internal Audit Supervisor

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The Company focus more on the importance of internal control system for both management and operational levels, and it has the power to determine the scope and authority of the internal processes. Implementation of such control property will benefit the Company the most. Some of the benefits of the internal control includes: the separation of the approved responsibilities, recording transactions and data information, and storing and evaluating the assets separately. To achieve a balance between the validity and integrity of the system, financial department of the Company provides financial reports to the managing director in charge. On the other hand, the Internal Audit Department is responsible for monitoring the internal control system, as well as providing reports directly to the audit committee. The Audit Committee has appointed Ms. Wichuda Kaewsithien, Assistant Manager of Internal Audit serves as the secretary of the Audit Committee.

**Name :** Ms. Wichuda Kaewsaitien  
**Position :** Assistant Manager of Internal Audit Department  
**Education :** MBA in Finance and Banking Ramkhamhaeng University  
Bachelor's Degree in Accounting, Faculty of Accountancy, Siam University  
**Related training :** Certified Professional Internal Audit of Thailand - CPIAT

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**Annex 4 Assets of  
the Company**

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Details are shown in Part 1 Business Operation and Results on Page 36 - 39



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## Annex **5** Policy and practices of corporate governance and business ethics

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### **1. Nomination and Remuneration of Directors and Executives, Independence of the Board of Directors from the Management, Director Development and Evaluation of the Performance of Directors, including supervision of subsidiaries and associated companies**

#### **Nomination and Remuneration of Directors and Executives**

The Company requires that the directors to comply with the Code of Best Practices for directors of listed companies according to guidelines of the Stock Exchange of Thailand. The Board of Directors approves the vision, mission, strategies, direction and policies for operations, business plans and annual budget of the Company and supervises the management to act in line with the policies and business plans specified under the laws, objectives and Articles of Association of the Company and resolutions of the Board of Directors as well as the shareholders' meeting by taking into account the best interests of the Company and stakeholders mainly. This is intended to create stability and sustainability for the Company and add value to shareholders in the long term. The Board of Directors requires the annual review and approval of the Company's vision, mission, strategies, direction and policies for operations so as to adapt to changing business situation and conditions. The Board must understand and know its roles, responsibilities and must perform the duties in accordance with the laws, objectives and Articles of Association of the Company as well as resolutions of the shareholders' meeting with integrity by taking into account the benefits of the Company and shareholders essentially.

The Board of Directors has established policies and plans for succession to the position of the highest level executives of the organization and Senior Management which consists of Assistant Managing Director and Chief Financial Officer. The operating guidelines are clearly defined. The Board of Directors is responsible for selecting Follow up on the implementation of the succession plan and selection of the Managing Director. The Managing Director is responsible for considering, selecting and monitoring the implementation of the succession plan. And considering the selection of the Assistant Managing Director and the Chief Financial Officer.

#### **Policy on "Succession Plan"**

##### **1. Introduction**

The Company attaches importance to sustainable corporate governance. Therefore, the Board of Directors has established and further implemented Succession Plan as guidelines for action.

##### **2. Objectives**

1. To always evaluate readiness as for the extent to which the organization has workforce with Qualifications and Competencies.
2. To be able to plan the recruitment and selection of personnel in advance proactively by planning the recruitment and development from personnel in the organization with capabilities in the positions of departmental manager or above up to managing director or chief executive officer or outsiders.
3. To plan replacement and succession for retirement and management of talents or positions targeted by the market / competitors.
4. To reduce the loss rate of personnel with knowledge, capabilities and experience.
5. To motivate and retain talented and competent employees to plan replacement and succession and receive the opportunities for development and promotion to higher positions.

### 3. Regulations and rules

#### 3.1 Regulations and rules for Succession Plan

The Company has developed the rules and regulations for selecting personnel who will be responsible for important management positions of the Company so as to be appropriate and transparent. The objective is to ensure that the Company has qualified executives with professional skills, experience and competencies through the Nomination and Remuneration Committee and / or managing director and succession planning according to employee level as follows.

##### A) Managing Director or Chief Executive Officer (CEO) level

- The management prepares a succession plan at managing director or chief executive officer level for proposing to the Nomination and Remuneration Committee to consider and present to the Board of Directors for approval.
- The Nomination and Remuneration Committee arranges to monitor the progress of succession plan from identifying the successors (personal notification), competency development as well as evaluation.
- When the position of chief executive officer / managing director is vacant or the person in office is unable to perform the duties, the Nomination and Remuneration Committee is responsible for selecting a new chief executive officer / managing director for presentation to the Board of Directors to approve the appointment of a suitable replacement person.

##### Qualifications of Managing Director or Chief Executive Officer are as follows.

1. Education is not lower than the Bachelor's degree level.
2. Having experience in management in the position of line director or above
3. Having leadership and far-sighted vision
4. Capability of strategic planning and organizational management
5. Making prudent decisions and solutions by taking into account the best interests of the organization

##### B) Executive level (Departmental Director, Assistant Managing Director)

- The management prepares a succession plan at executive level from departmental director to assistant managing director level so as to propose to the Nomination and Remuneration Committee to consider and present to the Board of Directors for approval.
- The managing director must arrange to monitor the progress of succession plan from identifying the successors (personal notification), competency development as well as evaluation.
- When the executive position from departmental director to assistant managing director level is vacant or the person in office is unable to perform the duties, the managing director is responsible for selecting and appointing a new executive to the vacant position.

##### Qualifications of Executive level are as follows.

1. Education is not lower than the Bachelor's degree level.
2. Having experience in management in manager position or above
3. Having leadership and far-sighted vision
4. Having the capability of strategic planning
5. Integrity and seeing the benefits of the organization as important

### 3.2 The Company's Succession Plan includes the following processes.

- 3.2.1 Creating an Employee Training and Development plan in advance before employees will retire or leave office prematurely
- 3.2.2 Specifying Qualifications and Competencies, which refer to desirable knowledge, skills, personality and attitudes of employees in those positions and creating an Individual Development Plan
- 3.2.3 Selecting, evaluating work performance and assessing the competencies of the person who will be the candidate to consider suitability
- 3.2.4 Identifying at least 2 successors from competency assessment and analysis, employee performance by notifying employees in advance (personal notification) so as to prepare for accepting an assignment and learning work
- 3.2.5 Developing and evaluating employees who are expected to be successors about their ability to actually develop and work as expected. If not as expected, action must be taken as follows.
  - 3.2.5.1 Selecting and planning new succession and developing replacement successors (if any) or
  - 3.2.5.2 Nomination and selection from outsiders
- 3.2.6 When the successors are fully qualified according to the positions with higher responsibilities and there are vacancies or new higher positions, Promotion & Acting must be presented according to the Company's policy.

### Independence of the Board of Directors from the Management

The Company has separated roles, duties and responsibilities between the Board of Directors and the management. The Board of Directors has performed its duties honestly and carefully to protect the interests of the Company. The Company has clearly set the approval authority of the Board of Directors in various matters. Such as setting goals, guidelines, policies, business plans And the budget of the Company Reviewing, auditing and approving business expansion plans Large investment projects As well as joint investments with other operators proposed by the management.

### Scope of authority, duties of the Chairman of the Board and the Board of Directors

#### Roles and duties of the Chairman of the Board of Directors

**The Company's Articles of Association Clause 27** stipulates that, "for convening the Board meeting, the Chairman of the Board or the assigned person must deliver the scheduled meeting letter to directors at least 7 days before the meeting date. However, in case of necessity, urgency, to protect the rights or benefits of the Company, the scheduled meeting can be notified by other methods and the meeting date can be scheduled earlier than that. If two or more directors request the Board meeting, the Board chairman shall set the meeting date within fourteen (14) days from the date of receiving such request."

Besides, so as to allow division of the authority and duties in determining the Company's policies and management of the Company to be clearly separated from each other, therefore the Company stipules that the Chairman of the Board and managing director must be different persons. The Chairman of the Board has the roles and duties as follows.

1. Convening the meeting of the Board of Directors, chairing the Board of Directors' meeting and shareholders' meeting as well as playing a role in setting the agenda together with the managing director
2. Playing a role in controlling the meeting effectively according to the Company's Articles of Association, encouraging and allowing the directors to express their opinions independently
3. Encouraging the Board of Directors to perform the duties at full capacity according to the scope of authority, responsibilities and good corporate governance principles
4. Supervising, monitoring the management of the Board of Directors and other subcommittees to achieve the objectives set
5. Casting a vote if the Board of Directors meeting votes and the votes of both sides are equal

### **Roles and duties of the Board of Directors**

1. The Board has the authority and responsibilities in managing the Company according to the laws, objectives and Articles of Association of the Company as well as the rightful resolutions of the shareholders' meeting with integrity and carefulness to protect the interests of the Company.
2. Arranging to have the balance sheet as well as profit and loss statement of the Company created at the end of the Company's accounting period, which have been verified by the auditor and presenting to the shareholders' meeting for consideration and approval
3. Setting the goals, guidelines, policies, business plans and budget of the Company. Monitoring and Supervision of administration of the management in conformity with the established policies, plans and budgets with efficiency and effectiveness
4. Reviewing, checking and approving business expansion plans, large investment projects as well as investing with other entrepreneurs proposed by the management
5. Formulating the Risk Management policy to cover the entire organization and supervising the availability of risk management system or processes with appropriate support measures and control methods to reduce the impact on the Company's business
6. Determining the management structure, having the power to appoint the Executive Committee, managing director and other subcommittees as appropriate, e.g. the Audit Committee, Nomination and Remuneration Committee, etc., including establishing the scope of authority and duties of the Executive Committee, managing director and subcommittees appointed

The authorization under the specified scope of power, duties must not have the characteristic of enabling such Executive Committee, managing director and subcommittees to consider and approve transactions with potential conflicts, interests or any other conflict of interest done with the Company or subsidiaries (if any) except approval for transactions according to the policies and criteria already approved by the Board of Directors.

7. The Board may authorize one or more directors or any other person to perform any act on behalf of the Board under control of the Board or may authorize such persons to have the power as deemed appropriate by the Board and within a period of time considered by the Board as suitable. The Board may cancel, revoke, change or modify such authorization when considered appropriate.

That authorization must not have the characteristic of enabling such persons to consider and approve any transaction in which one or person may have a conflict, have interests or may have a conflict of interests in any other manner to be done with the Company or subsidiaries (if any) as defined in the announcements of the Capital Market Supervisory Board and / or the Stock Exchange of Thailand and / or any other announcement of relevant agencies except approval for transactions in accordance with the policies and criteria already approved by the Board of Directors.

## Development of Directors and Management

Board of Directors has a policy to promote and facilitate training and educating people involved in the Company's corporate governance system, including directors, audit committee members, executives and company secretary. In order to continuously improve work performance, namely the curriculum of the Thai Institute of Directors Association (IOD). Including courses that are important to company development organized by the Stock Exchange of Thailand Office of the Securities and Exchange Commission And the Federation of Accounting Professions

## Evaluation of Directors' Performance

The Board of Directors conducts an Evaluation on the Performance of the Board of Directors and the Director Self-Assessment on a regular basis. Every year To provide opportunities for each committee member to express their opinions on the overall performance of the Board of Directors to assist in reviewing the performance, problems and obstacles. In performance during the past year

## 2. Care of shareholders Equitable treatment of shareholders Promoting the exercise of shareholders' rights Equitable treatment of shareholders Promoting the exercise of shareholders' rights Protection against the use of inside information Prevention of Conflicts of Interest Responsibility to stakeholders Compensation in case of rights violation Anti corruption And measures for taking action against those who violate policies and guidelines

### The Equitable Treatment of Shareholders

The Board of Directors places importance on fair and equitable treatment to all shareholders; including both shareholder executive and non-executive shareholders. No matter shareholders are Thai or foreigner. Similarly, doesn't matter shareholders are in majority or minority. The following actions have been implemented:

The Company has a policy to protect the rights of all shareholders. At the Annual General Meeting of shareholders, the chairman of the meeting conducted the meeting in accordance with the agenda as set forth in the invitation notice to the meeting. No agenda was added without prior notification to the shareholders. All shareholders were entitled to vote base on the amount of shares held by each shareholder whereby one share was equal to one vote.

During 19 November – 31 December 2019 and 21 May – 20 June 2020, the Company provided opportunities for the shareholders to propose matters that they considered necessary for inclusion in the agenda of the 2020 Annual General Meeting of Shareholders and to nominate candidates for election as directors. The Company also posted the criteria and procedures in relation thereto in the form of a newsletter to the Stock Exchange of Thailand and on its website at [www.leaseit.co.th](http://www.leaseit.co.th). However, no shareholders proposed matters for inclusion in the agenda of the meeting nor nominated any candidates for election as directors.

The Company gave authority to Thailand Securities Depository Co., Ltd. (TSD) as the registrar of the Company to send invitation letter and attached document for Annual General Meeting 21 days in advance of the meeting. The Company also posted invitation letter and attached document for Annual General Meeting on Company's website at [www.leaseit.co.th](http://www.leaseit.co.th) 30 days in advance of the meeting so that the shareholders can reach the information regarding the meeting conveniently.

The shareholders who could not attend the meeting in person were entitled to appoint an independent director of the Company or any other person to attend the meeting and vote on their behalf. The Company prepared proxy forms as prescribed by the Ministry of Commerce, whereby the shareholders may give their

proxies voting instruction. The proxy forms were delivered to the shareholders together with the invitation notice to the meeting. Additionally, the shareholders could download the proxy forms the Company's website at [www.leaseit.co.th](http://www.leaseit.co.th)

The meeting will be in accordance with the regulations of the Company. The details of the agenda will be informed via the invitation letter entirety. Nevertheless, some unnecessary details about the agenda not added in notification letter of shareholders. The agenda itself is important due to the fact that shareholders have to take time to study it before making any decision whether attend or not.

The Board of Directors have approve a policy on reporting the purchase / sale of securities of the Company to the Board of Directors which covered the use of inside information illegally (Insider Trading) with respect to those individuals involved, including directors, executives and employees as well as spouses and minor children of all persons involved. For instance, the provided information includes the penalties imposed on the Company, or any disclosure of the information which show adopting policies in order to prevent exploitation of inside information by the Company for their own benefit. Obviously, accomplishing such a great task need to educate directors and management level of the Company regarding the obligation to report full details about their spouses and underage children as well as the change of holding the Securities and Exchange Commission under Section 59 and penalty provisions under the Securities and Exchange Act of Year 1992. However, The Board of Directors and executives have to report the purchase / sale of securities of the Company to the Board meeting by quarter.

## **Policy on reporting stock trading report/securities holdings report of Directors and Executives**

### **1. Introduction**

Lease IT PCL ("Company") strives to treat every shareholder transparently and fairly in line with good corporate governance principles. In order to demonstrate such intention, the Board of Directors (BOD) arranged to put in place a policy on securities trading by the directors and management to be used as the operational guidelines.

### **2. Objectives**

This policy's objectives are:

- 2.1 To specify operational guidelines involving securities trading by the directors, the management and the auditor of the Company.
- 2.2 To support and encourage the directors, the management and the auditor of the Company to abide by the Stock Exchange of Thailand's Act B.E. 2535 ("SET Act") involving securities trading using internal information and the Securities Exchange Commission's announcement ("SEC") on reporting of securities holdings by the directors and management of a registered company.
- 2.3 To maintain the trust of shareholders and investors in the Company's securities.

### **3. Scope**

- 3.1 This policy applies to the directors, the management and the auditor of the Company. In addition, some materials of the policy also cover the spouses and children who have not reached the legal age of such individuals.
- 3.2 This policy covers the trading of the Company's securities including its subsidiaries (if any) which are registered with the SET or MAI (collectively called "securities of the group company").

#### 4. Definitions

Any statement or words in this policy shall have the following meanings unless specified otherwise.

- 4.1 “Policy” means the policy on securities trading by the directors, the management and the auditor.
- 4.2 “Company” means Lease It PCL.
- 4.3 “Securities” means shares (common or preferential) and convertible securities means convertible debentures, warrants or transferable subscription rights (“TSR”), stock options, derivatives (e.g. futures and options) and other financial derivatives which can be traded in the financial markets.
- 4.4 “Trading” means to buy, sell, transfer or accept transfer of securities and/or other legal benefits of the securities including exercising the rights to buy shares or exercising the rights under the warrants to buy shares or debentures.
- 4.5 “Short sale” means selling the securities which are not owned but borrowed from other people who own such securities e.g. brokers.
- 4.6 “Internal information” means factual information considered pertinent to the decision making in securities trading which are not publicly disclosed. Examples of internal information are:
- (a) The Company’s financial position and financial performance.
  - (b) Financial projections.
  - (c) Decision to declare or not declare dividend.
  - (d) Change in the credit rating.
  - (e) Change in the value of securities.
  - (f) Securities redemption.
  - (g) Business plan that affects the Company’s benefits.
  - (h) Significant change to investment plan or project investment.
  - (i) Joint venture, business merger or sell of business.
  - (j) Making a tender offer to purchase securities of other companies.
  - (k) Purchase or sell significant assets.
  - (l) Critical information on new products.
  - (m) Gain or loss of important trade contracts.
  - (n) Major legal disputes.
  - (o) Change in the Company’s Objectives.
  - (p) Change in important accounting policies.
  - (q) Change in the management authority or significant change in the BOD or senior management.
- 4.7 “Director” mean the Company’s directors.
- 4.8 “Management” means the managing director/chairman of the management board/the top four management levels below the chairman of the management board and shall include the accounting or financial personnel at the management level holding the title of department head or higher in the Company per the SEC’s definitions.
- 4.9 “Auditor” means the auditor who is appointed to be the Company’s auditor via the ordinary shareholders’ resolution each year.
- 4.10 “The individual which the Company appoints” means the person with the authority or duty who is privileged or has access to the Company’s internal information (including spouses and children who have not reached the legal age of that person). Examples of persons who may have access to such internal information.

Note that the Company secretary shall be responsible for overseeing the roster of individuals which the Company appoints and inform such individuals when their names are added or removed from such roster.

## 5. Duty and responsibility

- 5.1 The Company's BOD assigns the managing director with the duty to oversee this policy and to ensure that the individuals appointed by the Company strictly comply with the policy.
- 5.2 The Company secretary's main duty is to implement this policy including monitoring its effectiveness as well as answering questions and offer interpretation in case of any doubt.
- 5.3 The management is responsible and must ensure that their subordinates realize the importance and understand this policy including strictly abide by it.
- 5.4 The directors, the management and the auditor must strictly abide by this policy including communicate the policy to their spouses and children who have not reached the legal age for their acknowledgement.

## 6. Policy and operational guidelines

- 6.1 The directors, the management and the auditor are prohibited from using internal information to trade securities which is specified in the SET Act on trading securities registered with the SET or securities traded in the Securities Trading Center which prohibits any person to make an offer to buy or an offer to sell securities or persuade other person to buy, sell or offer to buy or offer to sell securities registered with the SET or securities traded in the Securities Trading Center whether directly or indirectly which exploits other external parties by using facts or information which are considered material to cause change in the securities price and where such facts have not been publicly disclosed but such persons are privileged, by their position in the Company, to the information or have access to such information. This is regardless of whether such actions benefit the persons directly or benefit other parties or in disclosing such facts/information to other parties in exchange for favors or compensation.
- 6.2 Blackout period
  - 6.2.1 Prohibit a person appointed by the Company to trade the Company's securities within 30 days (Blackout period) before disclosure of the Company's quarterly and annual financial statements or any other period specified by the Company from time to time.
  - 6.2.2 In some special circumstances, such appointed person may be able to trade securities within the Blackout period e.g. in the situation where such person is suffering severe financial difficulty or must comply with legal directives or under court order. In such circumstances, a memo for approval must be sought from:
    - (1) The chairman of the board (in the case the seller is a director or the Company secretary).
    - (2) The chairman of the audit committee (in the case the seller is a committee member).
    - (3) The chairman of the management board/managing director (in the case the seller is an appointed person but not a director or the Company secretary). Note that a copy of such memo is to be submitted to the Company secretary also.
  - 6.2.3 The Company secretary shall announce the prohibited period/Blackout period for securities trading for the appointed persons in advance.



## 6.3 Report of securities holdings

### 6.3.1 First report

- (1) The director, the management and the auditor of the Company has the duty to prepare the report of securities holdings in their name, in their spouse's name and in the name of their children who have not reached legal age per the SEC's Form 59-1 and submit to the SEC within 30 days from the date of being appointed a director, a management member or as the Company's auditor or from the closing date for trading securities by the public as announced by the SET's securities regulations.
- (2) The person appointed by the Company apart from the director, the management and the auditor must prepare a report of securities holding in the group company and submit to the Company secretary within 30 days from the date of notification by the Company secretary.

### 6.3.2 Report when there is an amendment

- (1) The directors, the top 4 management levels and the auditor of the company have the duty to prepare a form to report any change to securities holding per the SEC's Form 59-2 which is to be submitted to the SEC within 3 business days from the date of buy, sell or accept to transfer the securities in line with the laws on securities and securities market.
- (2) The person appointed by the Company in addition to the directors, the management and the auditor has the duty to prepare the report on change in securities holding in the group company and submit to the Company secretary within 3 business days from the date of buy, sell or transfer or accept the transfer of securities.

### 6.3.3 Exceptions

The following changes in securities holding need not be reported via the SEC's Form 59-2.

- (1) Exercise the rights offering.
- (2) Exercise the rights under convertible securities.
- (3) Exercise the warrant rights on newly issued shares to the directors or employees (Employee Stock Option Program "ESOP") or receive securities from the joint investment program between the employer and employees (Employee Joint Investment Program "EJIP").
- (4) Receive the securities via inheritance.
- (5) The transfer or accept the transfer of securities which is used as security for trading futures.

6.4 The securities trading which are not classified under this policy can be described as the securities holding or accept to buy securities for business takeover (Tender Offer).

6.5 Other limitations on securities trading.

- 6.5.1 The Company specified certain persons to hold its securities for the long term hence they should not trade such securities for short term purpose to prevent speculation on the Company's securities.

6.5.2 The persons who the Company appointed should avoid the following transactions.

- (1) Short sell the Company's securities which could be interpreted as a signal to the market that the seller is not confident in the Company.
- (2) Trade derivatives (e.g. futures and options) involving the Company's securities which may lead to securities trading using internal information.
- (3) Hold the Company's securities in the Margin Account which may be forced by the securities company to sell such securities in the event of the inability to provide additional security for top-up.

## **7. Penalty in the event of violations**

Any director, any management member or the auditor who violates or fails to comply with the operational guidelines in trading securities according to the securities and securities markets laws must be punished as specified by the statutes.

The Company arranges for recording minutes of the annual common shareholding meeting and arranged to disseminate the minutes via the Company's website at [www.leaseit.co.th](http://www.leaseit.co.th)

The Company has the policy to report connected transactions which are required to be approved by the shareholders per the directives of the SET before such transactions are permitted. The Company shall disclose the information on the names and relationship of connected persons, policy on setting the price and the transaction value including the opinions of the BOD on such matters clearly to the shareholders at the shareholder meeting.

The Company has the policy to not allow interrelationship transactions that can be described as providing financial assistance e.g. lending monies, loan guarantee.

The Company has inter-group transactions with related companies which are conducted at fair market value and on arm's length basis.

### 3. The Role of Stakeholders

#### A) The rights of stakeholders

The Company realizes the rights of all groups of stakeholders, whether inside or outside Company, and has undertaken to ensure that such rights are well protected and treated, in order to create good understanding and co-operation between Company and its stakeholders, which will be advantageous to the operation of Company, create confidence and stability for Company and its stakeholder and increase the ability of Company to complete in the long term as the following:

1. **Rights of Employees**: The main focus of Company is on the personnel selection. The Company seeks to hire those kinds of employees who are appropriate to the position having the relevant experience compatible with the nature of the Company. The Company has always regarded its employees as valuable resources, whose roles are fundamental to the success of the Company. Accordingly, the Company aspires to increase the potential of its employees throughout their career path by improving skills, knowledge and aptitude of its employees, as well as providing every employee with an opportunity to improve its career path on an equitable basis and offering incentives in remuneration so as to be reasonable compared with other leading companies in market as well as the quality of life for all employees equally. The Company has a policy to pay compensation in accordance with the results of operations of the Company in the short term, including the ability to make a profit each year in the form of incentives and bonus. The Company used the form of performance measures based on the Balanced Scorecard by using Key Performance Indicators (KPIs) as a tool to assist in the management strategy into action. By measurement or evaluation that helps organizations achieve consistency in unison. And focus on the things that are important to the success of the organization.

Moreover, The Company has set up an Employee Joint Investment Program (EJIP) to provide long-term savings and being the Company's shareholder to its employees since 2015 and will be completed in March 2018. In 2018, the Company continue the Employee Joint Investment Program (EJIP). The program lasts for 3 years (April 2018 - April 2021)

The Company places importance on the welfare and safety of its employees. The Company provides fundamental welfare and benefits as required by law, such as working hours, holidays, annual leaves, and any other types of leave, as well as social security, compensation fund and provident fund, and constantly communicates all benefits to its employees. In addition to those as prescribed by law, the Company also provides other welfare to its employees, such as health insurance, which covers outpatient and inpatient treatment, life insurance, personal accident insurance, annual health check-up, as well as providing healthcare measure, such as communication of preventive measures for epidemics and provision of protective masks and alcohol-based hand gel for its employees and visitors. In addition, the Company also provides financial aid to its employees in various cases, such as wedding, childbirth, ordination, death of close relatives and natural disasters, etc.

2. **Customers**: The Company sets policies and guidelines for customers. All the conditions are clearly stated and fair. In addition, the Company is committed to providing customer service, as well as assisting and advising clients with courtesy while listening to their problems (and finally providing solutions to customers) without revealing on the clients' personal information. The Company has clearly defined customer selection criteria. It is based on the following criteria.
  - The presence of the customer.
  - The ability to repay customers and debtors.
  - Ability to complete work projects.

The Credit Committee is responsible for considering the above criteria.

3. **Partners** : The Company has set policy on fair practice and responsible for all business partners based on trade agreements which specify conditions and guidelines to practice everything clearly and fairly. Moreover, the agreement cooperate the involved partners in such a way that brings benefit for two parties.
4. **Creditors** : Company aspires to maintain sustainable relationship with its creditors. The Company has a policy to treat its creditors equitably and fairly by providing correct, transparent and verifiable information to its creditors, and to strictly honour the terms and conditions of the contracts it has with is creditors whether in relation to the repayment of principal, interest and fees, maintenance of financial ratio or other conditions, etc. The Company will immediately inform its creditors in case the Company fails to comply with any condition in order to jointly find solutions. In the past year, the Company had no event of default obligation.
5. **Competitors** : Though there are many competitors in the market, the Company is committed to operate in such a way compatible with morality, ethics and high standard of service. Similarly, the rivals of the Company are considered and treated based on the moral and ethical issues. The first priority of the Company is to treat competitors with tightening a mutual understanding and cooperation between providing financial and quality standards to customers as well.
6. **Society, Communities and the Environment** : The Board of Director has a policy to focuses on the practical conduct with regard to their responsibilities to society and the nation. The Company offered various types of activities with co-operation from several public and private organizations to support community, society and environment

The Board of Directors has adopted a policy on the environment and promote the efficient use of resources. The Company has set guidelines that can be implemented within the Company such as energy saving, water saving, Recycle paper, a campaign of the waste, including waste water treatment prior to discharge into the sewer.

In additional, the Board of Directors of the Company encourages employee education and training with regard to environment matters. The Company has a policy to protect the environment which will be implemented to promote responsibility towards the environment, and develop and use more environmental friendly technologies. The Company has continuously taken actions to reduce environmental impact and control activities that may have environmental impact, including management of waste from the Company's operation.

## **B) International Human Rights Principles**

The Company supports internationally declared human rights which include declarations and treaties of the United Nations on human rights. Directors, executives and employees of the Company and other persons acting on behalf of the Company shall respect personal dignity, privacy and individual rights of each person they are in contact with in the course of their duties, and shall not take any action which results in or supports the violation of any human rights as prescribed in the code of conduct "Corporate Ethics-Good Governance of the Company".

The Company respects and is in line with the law on human rights, including preventing and avoiding human rights violation of its stuff, partners, and communities under the legal provisions defined by the Thai law with the following practices:

- Child Labor: The Company shall be in line with the law on minimum age for employment and shall not allow child labor to perform any task which is harmful to health and growth process, including not to effect on compulsory education.

- **Forced Labor:** The Company shall not conduct or support any kinds of forced labor and shall not charge or forfeit any identity documents of its staff unless such implementation is not against any laws.
- **Non-discrimination:** The Company shall respect difference and treat its staff equally without facilitate or derogate its staff's rights unfairly caused from origin, nationality, race, color, ancestor, religion, social status, gender, age, disability or infirmity, political idea, as well as marital status. Moreover, it shall assign protection problem-solving measures in regard to sexual abuse.
- **Compensation:** The Company shall settle wage, compensation, and any forms of profit in accordance with the labor law and on due and shall not deduct its staff's wage unless such deduction is not against any laws.
- **Working hours:** The Company shall set its normal working hours not exceeded the one defined by the law and maintain its staff's working hours and overtime to be in line with what defined by the law.
- **Freedom of association and collective bargaining:** The Company shall respect its staff's rights in association or any kinds of grouping which is not against any laws, including participating collective bargaining according to the law process.
- **Occupational health, safety, environment and facilities:** The Company shall constantly promote, support, and improve safe working environment, preventing impact on health of its staff or related individuals from happening, as well as focusing on maintaining, preventing, and reducing environmental impact caused by the Company and related individuals' activities by being in line with the law. Furthermore, the Company shall provide hygienic and clean lavatories and drinking water, appropriate first aid requisites, clean dining area and food storage in accordance with the sanitation sufficiently and conveniently.

The Company is open for the opportunity to inform any clue of action which is a human rights violation via the complaint channel. In 2020 there is no complaint about Human Right

### **C) Anti-corruption and Bribery Policy**

The Board of Directors is determined to reject all kinds of corruptions and briberies in every level, whether in the transactions with government sector or private sectors. The Company has developed the anti-corruption policy in year 2015, and make a procedure document to prevent and monitor the risk of fraud. The code of conduct imposes restriction on directors, executives, employees and other persons acting on behalf of the Company in engaging in giving or receiving illegal or inappropriate gifts, whether in cash or in kind, in order to achieve business advantages or relationship with business partners, and requires for a risk assessment in relation to such anti-corruption regularly.

In 2016, the Company has assigned a unit which is no conflict of interest, to review back to all customers who open new financial amount in order to collect information on corruption and bribery. The results found that no corruption and bribery.

In 2017, the Company announced its intention to cooperate with the Thai private sector in the fight against corruption (Collective Action Coalition) on June 9, 2016. The Company will provide as following

- Assessing the risks associated with corporate fraud including the adoption of anti-corruption policy, compliance management plans and provide guidelines for conducting business for management and staff.
- Disclosing and sharing internal policies, experiences, good practices and promoting a key succession of business transactions guideline for accurate and transparent in Thailand.
- Collaborate with companies in the same industry, partners, and other stakeholders by creating an operational alignment and participating in anti-corruption activities.

### **The evaluation and follow up of Anti-corruption and Bribery policy and process of risk assessment from Corruption and Bribery**

The Company executives organized the internal control for effective operation and risk reduction from nature of business. The internal control mentioned consists of Preventive control and Detective control which helps lower the chance and motivation in bribery and corruption by using duty allocation to allocate role and duty among employees and arrange the evaluation process of anti-corruption policy. The executives can receive report of defect and doubted behavior of employees in time, so that they can improve the internal control and the audit can be a part of follow up and assessment process of anti-corruption policy annually and reports the result to Board of Directors of the Company. The directors, executives and all employees are obliged to report the breach of such anti-corruption policy. In this regard, the Company has arranged appropriate protection measures for the reporters. Each year, the Company has arranged trainings for employees who are interested in, or working in relevant departments, to acknowledge the importance of, and have understanding on, the anti-corruption policy and procedures, as well as the risk assessment on corruption actions.

### **D) The Infringement of intellectual property and license policy**

The Company set the policy and guideline of The Infringement of intellectual property and license as followings:

- The Company's employees must give respect and not to infringe the intellectual property and license of others. If the employees see the behavior of Infringement of intellectual property and license, they must report to their supervisors.
- Check the intellectual property or license of things before receiving or using internally in order to reduce Infringement of intellectual property.
- The employees have to report to supervisors when facing the breach of such infringement of intellectual property
- In working process, the employees must protect the intellectual property of the Company, such as data, program and process and not to reveal to others outside the Company without the Company's permission.

#### Caution

- 1) To copy adapt or apply any electronically equipment, data, or Information Technology without reasonable cause.
- 2) To use confidential data without owner's permission.
- 3) To make a decision on receiving, using and right protecting of intellectual property without the clear and accurate understanding.

### **E) Measures on Whistle blowing and Protection for Whistle blowers**

The Company has set up a communication channel through its website at [www.leaseit.co.th](http://www.leaseit.co.th) to provide opportunities for shareholders and interested persons to opinion or complain directly to the Board of Directors of the Company in case there is an unfair treatment or a trouble arising from the action of the Company or shareholders can contact Board of Directors directly via;

1. Email to Investor Relation Team : [IR@leaseit.co.th](mailto:IR@leaseit.co.th)
2. Post : To The Audit Committee  
Lease IT Public Company Limited  
1023 MS Siam Tower 29<sup>th</sup> floor, Rama 3 Rd.,  
Chongnonsi, Yannawa, Bangkok 10120

Furthermore, all employees must report an event or a behavior which is unlawful or suspected to be unlawful or violates the good governance of the Company or any rules or laws to their supervisors. The Company has also provided a channel for employees to consult or report directly to the assistant managing director upon becoming aware of or suspecting any conduct which is unlawful or violates the policy and has or may have impact on employees, other stakeholders and the Company.

**Process after receiving Whistle Blowing :** The Internal Audit team is assigned to examine facts, summarize details of such event to report to the Audit Committee for consideration and recommendation to take remedial or legal action towards such offence. The information of the whistle blower and other details received by the Internal Audit team will be kept confidential for the confidence of the whistle blower or employees.

The Company specified the following procedure upon receiving complaints.

1. Accept complaints.
2. Investigate the truth and prepare summary of the event.
3. Report the matter to the Audit Committee for their consideration and recommendation. Come up with solutions or take legal actions in case an offence is committed.
4. Inform the outcome to the Company's Board of Directors including informing the complainant for acknowledgement.

**Measures to protect complainants, whistle blowers or persons providing cooperation.**

1. Complainants, whistle blowers, affected persons or persons providing cooperation in good faith who are involved in all steps of the investigation shall be protected or are guaranteed non-retaliation.
2. The Company shall not divulge information on complainants, whistle blowers or involved persons. The matter shall be treated confidentially.
3. Complainants or affected persons shall be remedied and redressed in line with the Company's appropriate action steps.

In order to avoid the repeat of ethically-related misconducts, the Company clearly outlined punishment for those who committed such misconducts and the Company will work in order for all employees to be informed, understood and acted accordingly.

## 4. Disclosure and Transparency

One of the major concerns of the Board of Directors is to establish a very complete and accurate disclosure in transparency of the financial reporting, as well as providing general compliance with the rules of the Securities and Exchange Commission. Financial reports include important information that may affect the price and securities of the Company, which eventually affects the decision making process of the related investors. The Company decided to distribute the Company's information (equally and transparently) to shareholders and public via the media disclosure and the Company's website at [www.leaseit.co.th](http://www.leaseit.co.th). The Company also holds an analyst briefing in each quarter to announce its quarterly operating results to shareholders, investor, analysts, fund managers, and other interested persons. The analyst briefing is attended by the management of the Company who will clarify and answer inquiries raised by attending persons.

The Board of Directors have approve a policy on reporting the purchase / sale of securities of the Company to the Board of Directors which covered the use of inside information illegally (Insider Trading) with respect to those individuals involved, including directors, executives and employees as well as spouses and minor children of all persons involved. For instance, the provided information includes the penalties imposed on the Company, or any disclosure of the information which show adopting policies in order to prevent exploitation of inside information by the Company for their own benefit. Obviously, accomplishing such a great task need to educate directors and management level of the Company regarding the obligation to report full details about their spouses and underage children as well as the change of holding the Securities and Exchange Commission under Section 59 and penalty provisions under the Securities and Exchange Act of Year 1992. However, The Board of Directors and executives have to report the purchase / sale of securities of the Company to the Board meeting by quarter.

Board of Directors was well aware of the crucial responsibility towards the financial statements, therefore their main emphasis was to provide accurate and complete information which are true and reasonable. Accordingly, the financial statements of the Company were prepared in accordance with generally accepted accounting standards. By choosing the appropriate accounting policies and practices regularly (and implementing cautious discretions including adequate disclosure in the financial statements notes), the Board has managed to establish and maintain an effective internal control system in the financial office. All these transitions, let the Company to ensure reasonably that the accounting records are maintained property (with accurate, complete, and sufficient information) leading to identify weaknesses and flaws in order to prevent fraud or abnormal operation significantly. The appointed audit committee consisted of non-executive directors to serve on the audit of financial reports. Finally, the audit committee will report transactions and internal audits to the Board of Directors in terms of reports and surveys.



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## Charter of Audit Committee

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In order to manage Lease IT PCL efficiently, transparently, verifiable, in line with good corporate governance policy and create confidence among the shareholders, involved parties including the public to support sustainable growth and development, the BOD appointed the Audit Committee as a mechanism in business supervision. The scope, duty, responsibility and authority of the Audit Committee are clearly specified.

### 1. Definition

“The Audit Committee” means the Audit Committee of Lease It PCL.

“Audit directors” mean the directors who are members of the Audit Committee.

“Review” means the review or evaluation of performance, method, conditions, events or other items.

“Conflict of Interest” means any type of relationship that prevents the organization from achieving the maximum benefits that can be obtained. Such conflict of interest may cause the involved person to become biased and unable to perform his/her duty fairly.

### 2. Objectives

2.1 To enable the Audit Committee to perform its duty efficiently.

2.2 It is an important mechanism in supporting the Company’s performance so it is managed under good corporate governance principles especially in respect of financial reporting, internal control, auditing process, risk management and in complying with the laws and related regulations.

### 3. Composition and qualifications

The Audit Committee is composed of not less than 3 individuals but no more than 5 consisting of the chairman of Audit Committee and 4 committee members, all of whom must be independent directors and meet the requirements of an Audit Committee in line with the SEC’s criteria, as follows:

3.1 Appointed by the Company’s BOD or at the shareholder’s meeting.

3.2 Not a director assigned by the BOD to make decisions in managing the Company, the parent company, subsidiaries, affiliated companies, a major shareholder or a person with the authority to control the Company.

3.3 Has the duties as prescribed by the SET and the Company.

3.4 Has adequate knowledge and experience to perform his/her duty as a member of the Audit Committee. Note that at least 1 member of the Audit Committee must be knowledgeable about finance and accounting with sufficient experience to review the reliability of the financial statements.

The Audit Committee shall appoint the Audit Committee secretary and appoint external consultant as deemed appropriate.

#### 4. Terms of service

- 4.1 The Audit Committee member's term is 3 years and can be re-elected.
- 4.2 The Audit Committee member vacates his/her directorship position upon:
- a. The term has expired.
  - b. Pass away.
  - c. Resign.
  - d. The Board of Director approves his/her removal from the committee.
  - e. Lacking the necessary qualifications of the Audit Committee according to the SEC's criteria.
- 4.3 An Audit Committee member who wishes to resign prior to the expiry of his/her term must inform the Company 1 month in advance with reasons.
- 4.4 In the event that a member of the Audit Committee leaves before the expiry of his/her term, the Company must inform the SET with reasons immediately for the information of shareholders and investors. Note that such director can also explain the reasons of his leaving to the SEC.

#### 5. Meetings

- 5.1 The meeting agenda consists of:
- Specifying the date, time and place for the meeting together with the issues to be discussed (agenda). A guideline for the meeting must be submitted to the directors of not less than 3 days before the meeting together with sufficient documents.
- 5.2 The Audit Committee secretary or a person assigned by the Audit Committee shall record the minutes of the meeting and submit the minutes together with the summary of major issues to the Company's BOD for their knowledge or consideration as appropriate.
- 5.3 The minutes of the meeting must be archived for each meeting.
- 5.4 The Audit Committee must organize a meeting of not less than once every quarter.
- 5.5 A meeting of Audit Committee must compose of not less than half of all the Audit Committee members to satisfy the quorum requirement.
- In the event the chairman of the Audit Committee position becomes vacant and no replacement has been appointed or is absent or he/she is not in a position to perform the duty, the meeting members are to select one of the colleagues present at the meeting to chair the meeting.
- The Audit Committee may invite the internal auditor, the management, the administrators or concerned individuals to join the meeting to provide relevant information.
- 5.6 In a voting, any director with conflict of interest has no rights to vote. Each director has 1 vote on each agenda. Any judgement shall be decided according to the majority votes. In case of equal number of votes, the chairman of the meeting's vote decides the outcome.

## 6. Authority of the Audit Committee

- 6.1 It is a requisite that a shared understanding along the same direction be reached among the auditor, the Company's BOD and the internal Audit Department.
- 6.2 Has the authority to invite the management, the administrators, the internal Audit Department or any concerned employee to join the meeting to give comments or submit documents requested by the Audit Committee including having access to required information at every level in the organization.
- 6.3 Has the authority to inspect/audit any concerned individual and issues within the authority and responsibility of the Audit Committee.
- 6.4 Consult with the specialists or the Company's consultant (if any) or hire an external expert in case of necessity at the Company's expense.

## 7. Duty and responsibility

- 7.1 Review the financial statements of the Company and subsidiaries to ensure reliability and adequate disclosure.
- 7.2 Review and ensure that the Company and subsidiaries have appropriate internal control and audit systems that are efficient and provide opinions on the adequacy and suitability of the internal control and risk management systems that are appropriate and effective.
- 7.3 Consider and provide opinions in the appointment, transfer, performance evaluation, remove, terminate and consider compensation package of the head of internal audit department.
- 7.4 Review and ensure that the Company abides by the securities and securities market laws, the SET's regulations and the laws concerning the Company's business.
- 7.5 Consider and appoint a person with independence to audit the Company's accounts and financial statements including his/her suitable compensation. Participate in the meeting with the auditor without the presence of the management of at least once a year.
- 7.6 Coordinate with the auditor to let him/her understand the work process and the scope of audit responsibility that is beneficial to the Company.
- 7.7 Consider the audit report and suggestions made by the internal inspector, the auditor, supervisory agency and instruct concerned individuals to implement accordingly including monitor for compliance with such suggestions.
- 7.8 Consider connected transactions or transactions with conflict of interest elements at the Company or at subsidiaries to ensure they follow the SET's laws and regulations and make sure that such transactions (if any) are reasonable and are for the best interest of the Company.
- 7.9 Prepare the annual audit report of the Audit Committee signed by the chairman of the Audit Committee for inclusion in the Company's annual report. Such report must at least contain the following information.
  - (a) Opinions on the correctness, completeness and the reliability of the Company's financial statements.
  - (b) Opinions on the adequacy of the Company's internal control system.
  - (c) Opinions on compliance with the laws concerning securities and securities markets, the SET's regulations or the laws with regards to the Company's business.
  - (d) Opinions on the suitability of the auditor.

- (e) Opinion on transactions that may have elements of conflict of interest.
- (f) The number of meetings of the Audit Committee and the participation of each Audit Committee members.
- (g) Opinions or overall observations of the Audit Committee gathered while performing their charter duty.
- (h) Other items that the shareholders and general investors should know under the scope of duty and responsibility assigned by the Company's BOD.

7.10 If there is any doubt or discovery of the followings which may materially affect the Company's financial position and performance, the Audit Committee must report to the BOD to take necessary actions within the timeframe deemed appropriate by the Audit Committee.

- (a) Any conflict of interest transaction.
- (b) Fraudulent transaction or if there is something wrong or there is an important shortfall in the internal control system.
- (c) Violation of the laws concerning securities and securities market, the SET's regulations or any laws concerning the Company's business or any laws concerning SET's listed company.

If the Company's BOD or the management fails to take actions to remedy the situation within the agreed timeframe, any member of the Audit Committee may report such item or transaction to the SEC or the SET and disclose such incident in the annual report.

7.11 Support and ensure that the Company has efficient risk management system in place.

7.12 Support and provide recommendations including follow up to ensure that the Company has good corporate governance policy in place.

7.13 Consider to review the Audit Committee charter of at least once a year. If there is any change required, present to the Company's BOD to approve.

7.14 Arrange to evaluate the performance of the Audit Committee every year.

7.15 Perform any other duty assigned by the Company's BOD and consented by the Audit Committee or by virtue of the Company's Article of Association and the laws.

7.16 The independence nature of the Audit Committee enable them to voice their opinions or report freely without having to be concerned about any interest (hidden or otherwise).

In performing the abovementioned duty, the Audit Committee is directly accountable to the Company's BOD which in turn is accountable, in properly managing the Company, to external parties.

The Audit Committee is agreeable to the draft amendment of the Audit Committee charter on 7 November 2018 which is to become effective from 1 January 2019 onwards after being approved by the Company's BOD in its meeting no.12 on 9 November 2018.

Chairman of Audit Committee  
Lease IT Public Company Limited

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## Annex 6 Audit Committee Supervision Report Year 2020

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To All Shareholders

The Audit Committee of Lease IT Public Company Limited (Lease IT) currently consist of 4 independent directors who are seniors in various fields such as accounting, financing, economic, statistic and business administration. The current Audit Committee are :

- |   |                                 |
|---|---------------------------------|
| 1. Mr. Pongsak Chewcharat                   | Chairman of the Audit Committee |
| 2. Mr. Suthud Khancharoensuk                | Audit Committee Member          |
| 3. Associate Professor Dr.Suda Suwannapirom | Audit Committee Member          |
| 4. Mrs. Wasara Chotithammarat               | Audit Committee Member          |
- Ms. Wichuda Kaewsaitien is the Secretary of the Audit Committee

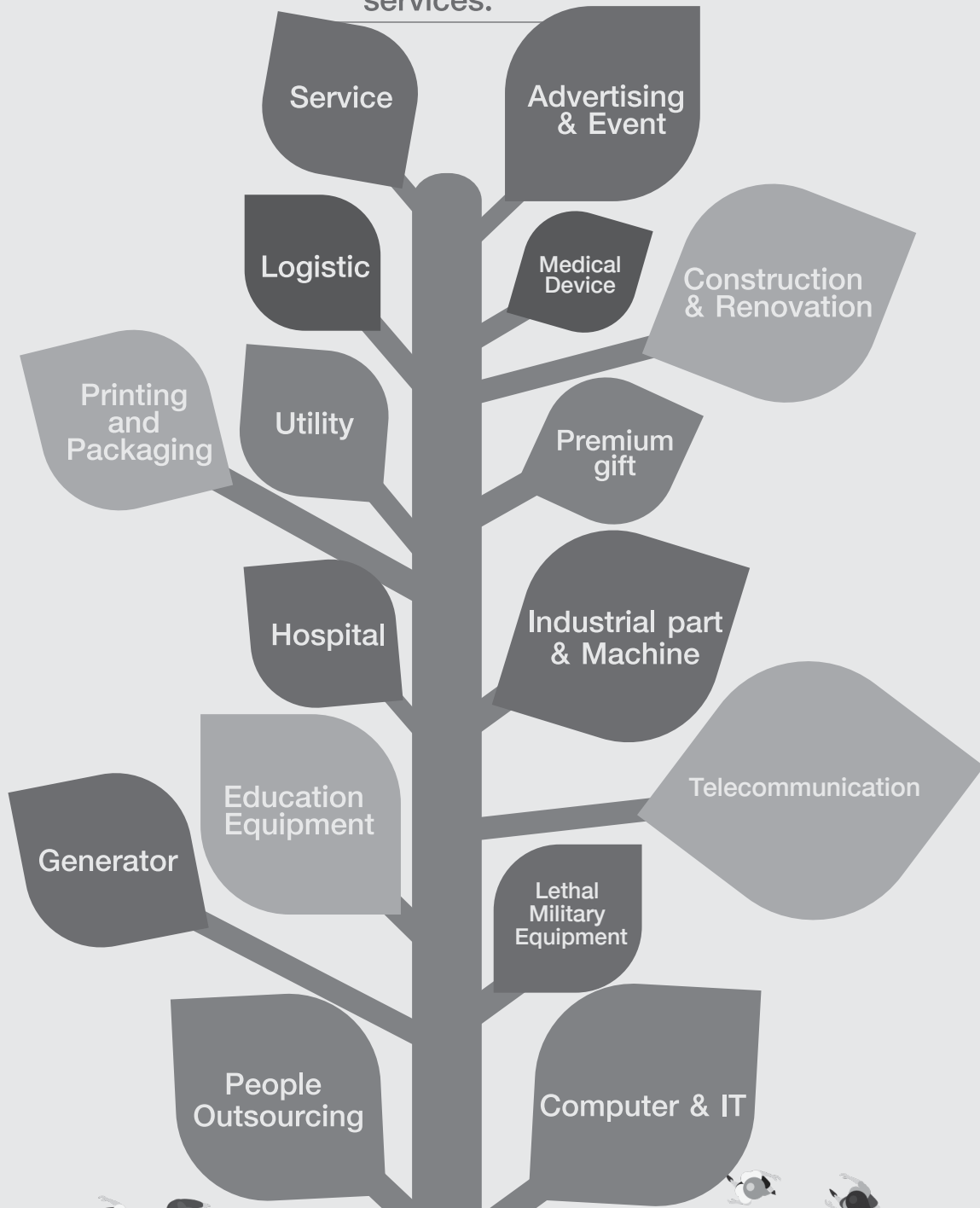
The Audit Committee oversees the financial statements and reports to be accurate and reliable. Its role is to provide an appropriate and efficient internal control system including appointing auditor(s) for the Company as well as performing other duties and responsibilities as assigned by the Board of Directors, in accordance with the requirements of the Stock Exchange of Thailand.

In the year 2020 the Audit Committee has held 5 meetings. All the members of the Audit Committee's attended all meetings and where the agendas were related, meetings were also attended by the senior management, manager of the internal audit department, and external auditor. The responsibilities of Audit Committee can be summarized as follows:

1. The auditor from EY Company has the same opinion that (all) the reports and financial statements of the Company are accurate and in accordance with the financial reporting standards.
2. The Company has appropriate and sufficient internal control system.
3. In considering and reviewing the transaction or potential conflict of Interest of the Company, it was found that all are compatible with the rules of the Stock Exchange of Thailand. Thus, the transactions are reasonable and most beneficial to the Company.
4. Nominating and presenting remuneration of auditors, to the Board of Directors in shareholders' meetings, for approval.
5. Consideration of Risk Management of the Company, to prevent or reduce the risk at the acceptable level which can be evaluated, controlled and monitored.
6. Reviewing the practices of the Company with regard to the tasks defined in the system, and following the Securities and Exchange Commission's Act, requirements of the office of the Securities and Exchange Commission, and the Stock Exchange of Thailand as well as other laws related to the business operations of the Company.

(Mr. Pongsak Chewcharat)  
Chairman of the Audit Committee

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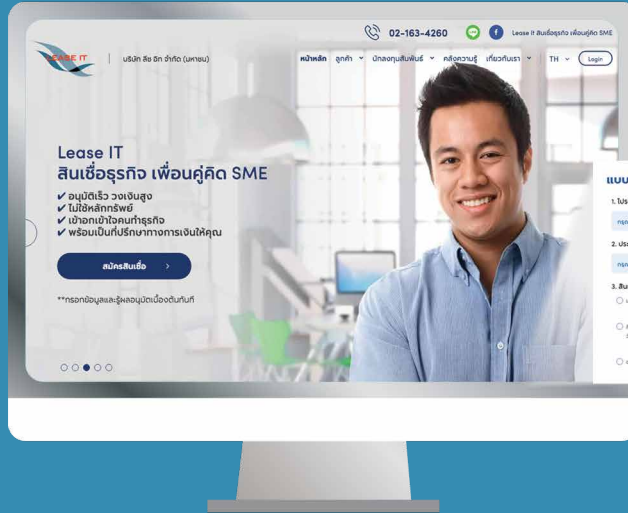
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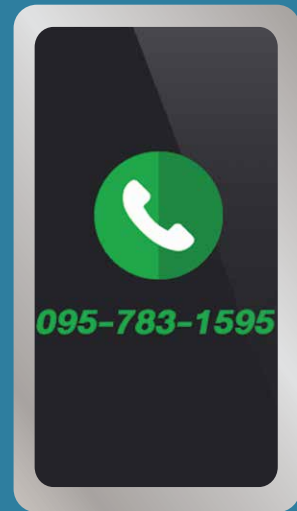
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1. โปรดระบุชื่อบริษัท	2. ประเภทของสาขา	3. บุคลากรในทีม	4. ระบุขนาด	5. ผลิตภัณฑ์	6. สินค้า
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7. กรุณาระบุผลิตภัณฑ์ที่ท่านต้องการ					
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