

# 10 YEARS

LIT

## Grow Together



Continuous Growth of Net Profit



## Vision

Committed to be the business leader of a non-financial (Non Bank) institute for developing financial products continuously in order to satisfy the customer needs with different variety of clients/partners. Especially to support funding throughout the business cycle (Full range services) and all types of product lines (Full range)

Activating alternative funding sources outside the financial sector (Non Bank) so as to create opportunities for entrepreneurs, small and medium enterprises (SMEs) to have access to capital in the business. Ultimately leading to higher levels of relationship as partners (True Financial Partner)



## Mission

## General Information

### Lease IT Public Company Limited

Understanding the small and medium enterprises, facing the limitations to have loans in financial institutions, Lease IT determines to provide financial freedom for businesses & entrepreneurs by offering customers the alternative access to capital in businesses. The company focused on developing wide range of financial services to provide “Total Financial Solution” for entrepreneurs. We offers products in several formats, which are Bid Bond, Letter of Credit (L/C), Project Backup Financing, Leasing and Hire Purchase, Factoring, Supplier Finance in order to enhancing business with customers.

### “Lease-It” not “Lease-IT”

Lease IT, not only serving businesses in IT (Information Technology) sector, but also offers credit to serve any business in every industry. We offer to support competitive financial funding for all business sectors.

### True Financial Partner

With the experienced team of executives, we are confident that we are capable to respond to customer needs effectively with our full range of services. Promptly, we are committed to grow business together with you as the company mission to enhance level of relationship with customers. Because we are “True Financial Partner”

# Lease IT

Beyond the boundary of SMEs finance  
Fast approval  
High credit limit  
No collateral

In order to support Small and Medium Enterprises (SMEs) to access funding source and have liquidity in growing businesses, Lease IT has developed full range of financial products to be total solutions especially for SMEs. Each of our financial products can support our customers in every step to their success, from the beginning to the end of the 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 Finance for payment of imported goods as well.



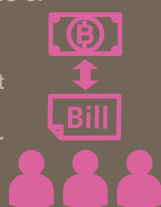
## Leasing & Hire Purchase

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.



## Supplier 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.



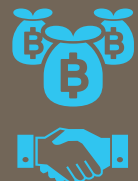
## Bid Bond

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.



## Trade & Project Backup Finance

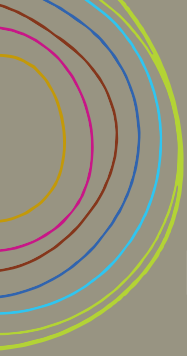
Let Lease IT be a part of your success by offering you Trade Finance, which provide goods for resale or used for your project, and Project Backup Finance, which offer you loan for your business or government project.



## Factoring

The company provides factoring service, which is the purchase of receivables. Approximately we offer 70-95 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.





# Board of Directors



Mr. Thienchai Srivichit  
Vice Chairman

Mrs. Duangphorn Sucharittanuwat  
Chairman of the Board, Independent  
Director and Audit Committee Member

Mr. Prakob Visitkitjakarn  
Chairman of the Audit Committee  
and Independent Director

Police General Jate Mongkolhutthi  
Independent Director and  
Audit Committee Member



Mr. Suthud Khancharoensuk  
Independent Director and  
Audit Committee Member

Mr. Sompon Aketerajit  
CEO and Director

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

Ms. Sitaphatr Nirojthanasarat  
Director & Assistant Managing Director  
- Support



## Message from the President

The people of Thailand mourned and still remains under grief due to the fact that Phra Bat Somdet Phra Paraminthra Maha Bhumibol Adulyadej Mahitalathibet Ramathibodi Chakkrinaruebodin Sayamminthrathirat Borommanatthabophit had passed away, which is a great loss of to the people. With eternal respect and gratitude of Lease IT Public Company Limited (the “Company”), the Company will dedicate and operate business in order to develop economic and social onwands.

With over a decade of experiences in operating financial services, Lease IT Public Company Limited has operated in business of providing financial capital to customers who are small and medium enterprises (SMEs) by offering financial services, such as, leasing, hire-purchase, factoring, project backup financing and other financial services. The Company's business is growing steadily with the increasing number of customers, utilizing our variety of services since operating in 2006. In 2014, the Company was listed in the Market for Alternative Investment (mai) and offered Initial Public Offerings (IPO). More than 10 years, the Company has received the trust from investors, customers and business partners. This is an important step forward of the Company to grow firmly. The Company continuously launched many kinds of financial products to meet the need of our customers and business partners, and also expand its SMEs customer base. Moreover, the Company promote regarding the use of products for the existing customers in order to increase the number of our service.

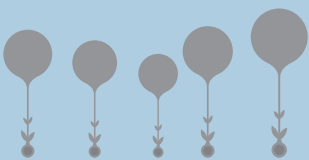
In 2016, the Company has encountered challenge, resulting from the slowdown of Thai economy. However, the Company has growth continuously. Also, the Company manages its risk from every angles effectively. With our commitments to developing new financial products in order to response customer needs and to continue striving for sustainable growth, led to profit growth of 43% in 2016, comparing to the last year.

Furthermore, the Company emphasizes the important of doing business on basis of good Corporate Governance to maintain benefits to all stakeholders. The Company also implements anti-corruption policy since 2015 along with monitoring and evaluation of performing to comply with the policy as defined. The Company has determined direction for corporate social responsibility (CSR) apparently. In 2016, the Company organized CSR campaign namely "A Legacy found by the father, continued by us" at Khaonampu Nature and Wildlife Education center, Amphoe Si Sawat, Kanchanaburi Province. To continue his royal projects by planting forest and building dam to help restore forest ecosystems to become more abundant, to creating awareness for employees aware of the importance of natural resources by using resources wisely and make the Company always be a part of caring and developing for the good society.

On behalf of the Board of Directors, we would like to thank our shareholders, investors, customers, business partners both in government and private sectors, financial institutions, management team and employees who continuing support the operating of the Company.



**Mrs. Duangphorn Sucharittanuwat**  
Chairman of Board Director  
Lease IT Public Company Limited





# Executives Team



Mrs. Runghapa Ogas  
Assistant Managing Director  
- Operation



Mr. Sompon Aketerajit  
CEO and Director



Ms. Sitaphatr Nirojthanasarat  
Assistant Managing Director  
- Support



Mr. Teerawat Khammuang  
Assistant Managing Director  
- Sale & Marketing



Ms. Piyanan Mongkol  
Assistant Manager  
- Credit and Legal contract

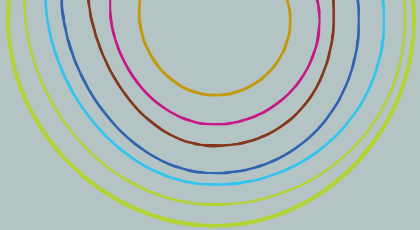


Mrs. Chonticha Supaluxmetha  
Assistant Manager  
- Finance and Accounting



Ms. Prapapan Raktham  
Assistant Manager  
- General Administration





## Message from CEO

I and all executive management team have dedicated to be a main quality leader of Non-bank business, in order to meet the customer's satisfaction and to give appropriate returns to our shareholders as well as to build stability and wealth to our employees. Having been operating this business for 10 years to 25 August 2016 (see graph), the net profit is increasing. For this year (2016), the company profitability has reached 100 million baht. And almost three years since the company listed on the Stock Exchange of Thailand, the company can meet the commitment to shareholders by achieving not less than 30 percent growing in portfolio, revenue and net profit. Also, the company can get new high on net profit in every quarter since the year 2015 onwards.

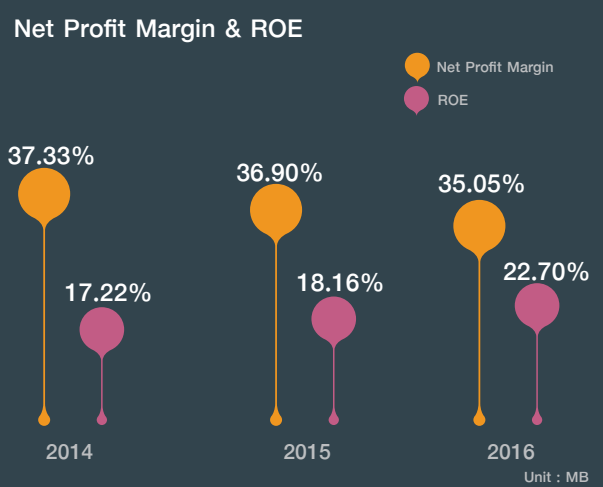
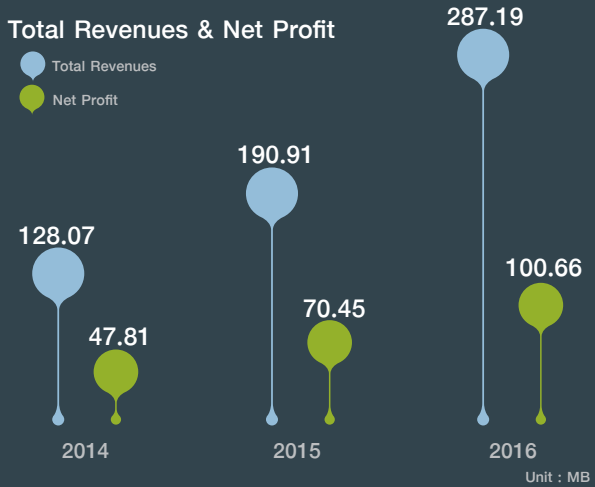
For year 2016, the company generated revenues amounted to 287 million baht, increasing to 50% compared with total revenues in 2015, and generated net profit of 100 million baht, equivalent to earnings per share of 0.50 baht. The main of total revenue are arise from Factoring, which is less risky product and this product give opportunity for the company to select good customer, in order to offer Project Backup Financing and Bid Bond, which can make the higher income for the company. In addition, the Company also focus on the implement of risk management policy strictly in credit approval and financial risk management to ensure that the company will grow sustainably.

In year 2017, the Company has the strategies to expand the customer base and improve our service to be more efficient in order to deliver service excellence to our existing and new customers. The company intended to develop our technology information system to keep pace with the growing of today's world of financial technology. The year 2017 is another year the company believes to grow steadily in the current economic conditions. The executive management and all employees will dedicate our competency in order that the company will be a main leader of Non-bank business with stability and sustainability, and the company consider to return to society that lead to sustainable growth.

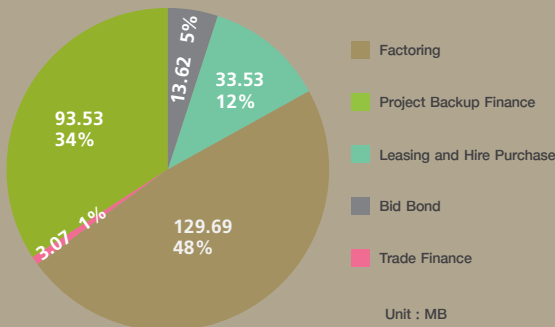
**Mr. Sompon Aketerajit**  
CEO and Director



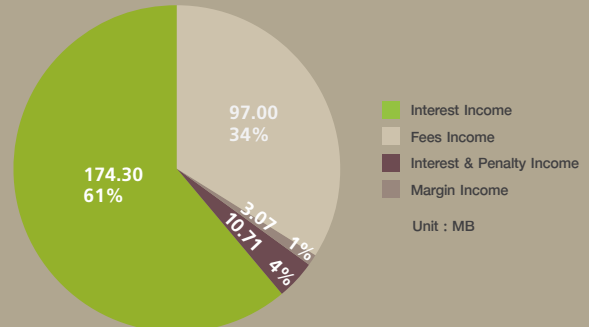
# Financial Highlights



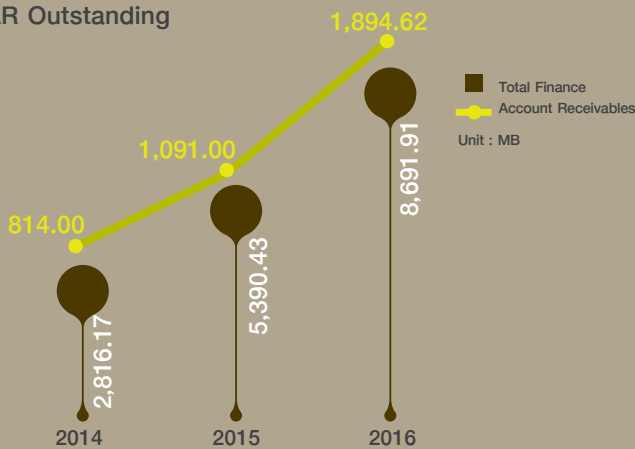
### Product Contribution



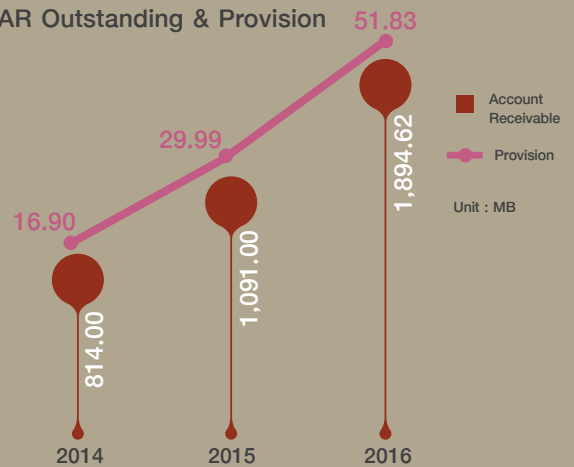
### Revenue Contribution



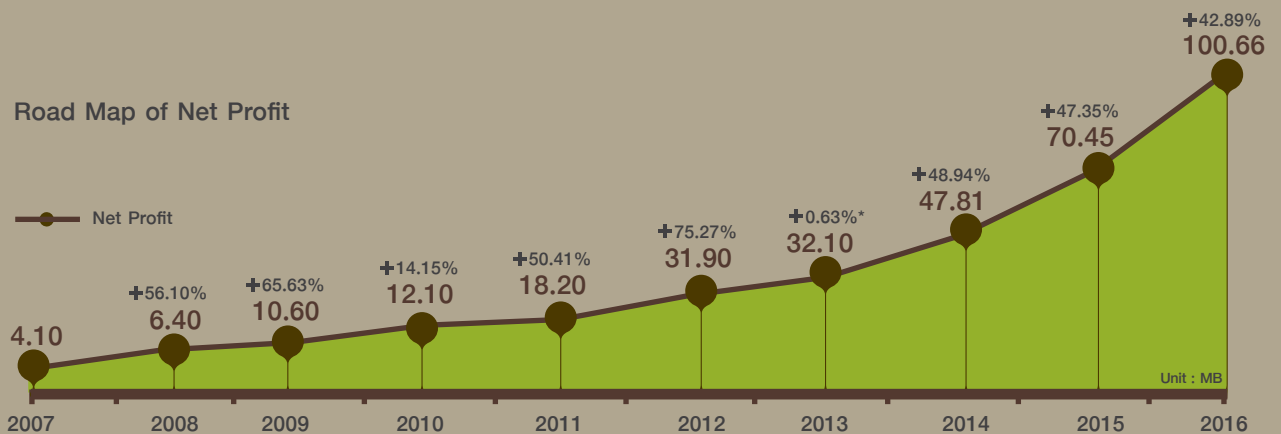
### Financing Amount & AR Outstanding



### AR Outstanding & Provision



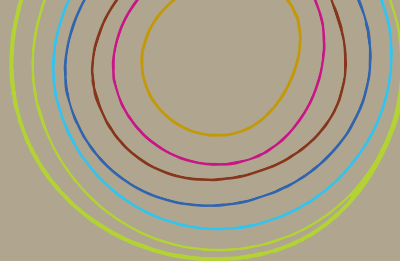
### Road Map of Net Profit



\* Changing in accounting policy for revenue recognition



# Key Financial Ratio



<b>Profitability Ratio</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
Net Profit Margin (%)	37.33%	36.90%	35.05%
Return on Equity (%)	17.22%	18.16%	22.70%
Rate of interest on revenue <b>(Include Fee and Service Income) (%)</b>	15.90%	19.48%	18.67%
Rate of interest on financial cost (%)	5.36%	8.19%	6.33%
Interest Rate Spread (%)	10.54%	11.29%	12.34%
Rate of interest on revenue <b>(Exclude Fee and Service Income) (%)</b>	11.86%	13.33%	12.00%
Rate of interest on financial cost (%)	5.36%	8.19%	6.33%
Interest Rate Spread (%)	6.50%	5.14%	5.67%
<b>Efficiency Ratio</b>			
Interest Income to Asset Ratio (%)	11.08%	14.31%	14.31%
Return on Assets (%)	6.18%	6.93%	6.36%
Current Ratio (Times)	0.17	0.19	0.18
<b>Financial Ratio</b>			
Debt to Equity Ratio (Times)	1.36	1.85	3.19
Total Credit to Total Financing Ratio (%)	1.70	1.53	1.32
Dividend Payout Ratio (%)	50.20%	51.10%	22.09
(After transferred to statutory reserve)	52.84%	53.79%	23.29
<b>Asset Quality Ratio</b>			
Allowance for Doubtful account to Total Credit Ratio (%)	2.03	2.83	2.68
Bad Debt to Total Credit to Total Credit Ratio (%)	-	-	0.11

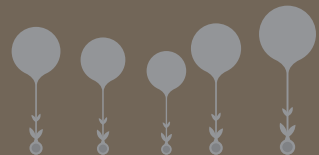
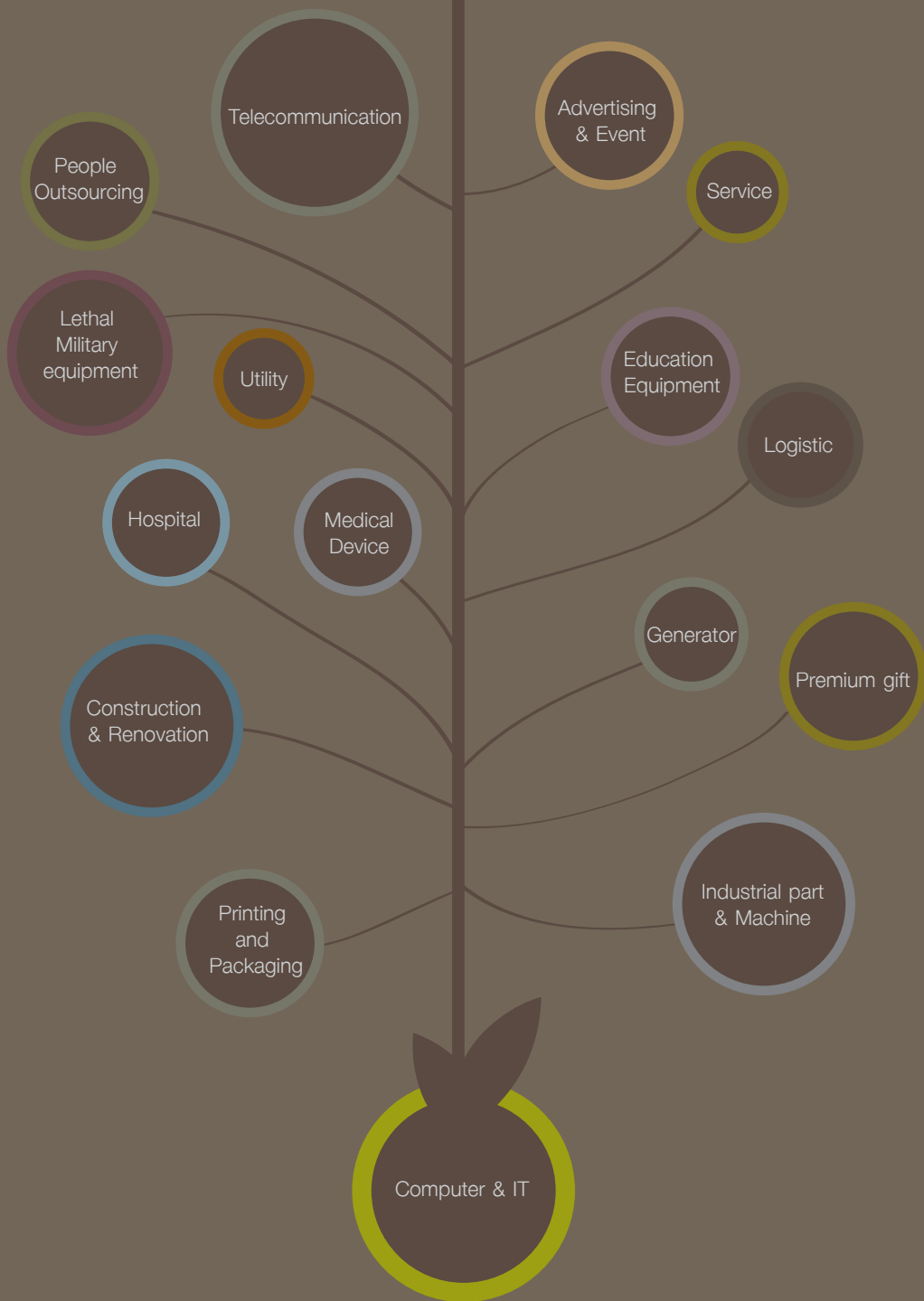
\*\* The Board of Directors' Meeting No. 3/2017 of Least IT Public Company Limited (Company) held on 15 February 2017 resolved to approve the issuances of stock dividend and cash dividend as follows:

- stock dividend in the amount of not exceeding 20,000,000 ordinary shares with the par value of Baht 1 each to the existing shareholders at the ratio of 10 existing shares per 1 new share (stock dividend), totaling 20,000,000.00 Baht, being dividend pay-out rate of 0.10 Baht per share. In case of fraction of new share (stock dividend), the Company will pay cash at the rate of Baht 0.10 per share in lieu of such fraction of share.
- cash dividend at the rate of 0.0112 Baht per share.



# “Lease It not only lease I.T.”

We offer financial services  
not only to IT business  
but also to all types  
of business.  
No matter what kind  
of business you are in.



# Contents



Chapter 1	Policies and Overall Business Operations	10
Chapter 2	Nature of Business	17
Chapter 3	Risk Factors	23
Chapter 4	Stock Information, Shareholder and Dividend Policy	26
Chapter 5	Management Structure	27
Chapter 6	Board of Directors	28
Chapter 7	Governance	32
Chapter 8	Director & Executive Profile	46
Chapter 9	Corporate Social Responsibility (CSR)	54
Chapter 10	Internal Control and Risk Management	57
Chapter 11	Connected Transactions	59
Chapter 12	Financial Position and Results of Operations	60
Chapter 13	Description, Analysis, Results of Operations and Financial Position	65
Chapter 14	Independent Auditor's Report	75
Chapter 15	Financial Statements	78
Chapter 16	Notes to financial statements	85
Chapter 17	General information & other important information	112

# 1. Policies and Overall Business Operations

## 1.1 History and Significant Developments

Lease IT 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.



## Key Developments of the company

2007

- Registered capital has increased from 60 million Baht to 100 million Baht and fully paid up.
- Providing credit facilities for those retail customers of SVOA such as students and staffs of the Christian University.

2009

- Originally, the company is SVOA's Financial Arm. The company has changed the objective to profit base which lead to the starting point (milestone) in presenting new financial products to customers.
- 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.

2010

- Starting Bid Bond facility by acting as an intermediary between the bank (guarantees) and those customers who were entrepreneurs.
- Gradually reducing the credit facility to retail customers due to the high cost and risk.

2012

- 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.
- Moving the office from 32<sup>nd</sup> floor to 21<sup>st</sup> floor, IT Professional Building in order to facilitate the expansion of the business.



## 2013

- 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.
- Becoming a public company.
- Changing the par value of shares from 5.00 Baht per share to 1.00 Baht per share.
- 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.

## 2014

- 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. 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.
- 27 March 2014, Mr. Min Intanate has voluntarily resigned from the board in order to have the company operate more independently and effectively.
- 24 June 2014, Board of Directors has approved the issuance and the offering of Bill of Exchange with the total face value limit of 200 million Baht to private placement limited to 10 volumes that will enable companies to reduce financial costs.

**Note:** \*Though the current company demands for capital for business expansion, yet SVOA does not have a policy to expand the investment in non-core companies. Therefore it was necessary to find a new investor. Dr. Prasit Kanjanasakchai was the owner of 3 construction materials companies, as well as potential investors in the funds. He is able to invest with the company in a reasonable period of time relating to the financial requirement of the company. By investing, Dr. Prasit becomes a shareholder and does not participate in the management of the company.



## 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.
- 6 March 2015, Board of Directors has approved 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-April 2018). During the program, if employee is not eligible for joining but is going to be eligible before the program ends, the employee can show the intention to joining on every 1 April each year. The back office employee who want to join the program will be deducted 5% of base salary and front office employee will be deducted 5% of the sum of base salary and incentive maximum 100,000 Baht. (Note: Base salary is not including position allowance, living allowance, Fuel/Gasoline/Mileage allowance and other income) The company will give payment at the same amount of that salary deduction of employee to the program.
- 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 150,000,000.00 baht, the redemption date in year 2018, rate 5.25%
- 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%
- 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%
- 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.



## 1.2 Overview of the Business

The company provides credit services to customers who are entrepreneurs in small and medium enterprises (SMEs) who face limitations in having loans from financial institutions. Such services were divided into 7 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 70-95 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.

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 the counterparty. After delivering and being approved, the transaction will be financed in the form of financial leasing, hire purchase or factoring.





## 1.3 Revenue Structure

Type of Income	2014		2015		2016	
	MB	Percent	MB	Percent	MB	Percent
<b>Interest income</b>						
• Financial lease contracts	27.14	21.19	20.95	10.97	19.84	6.91
• Hire-purchase contracts	8.33	6.50	8.86	4.64	13.18	4.59
• Factoring contracts	24.08	18.80	53.94	28.25	85.95	29.93
• Loan contracts	20.41	15.94	35.95	18.83	55.33	19.27
Total interest income	79.96	62.43	119.69	62.69	174.30	60.70
<b>Fees and service income<sup>1)</sup></b>						
• Financial lease contracts	0.26	0.21	0.30	0.16	0.39	0.14
• Hire-purchase contracts	0.18	0.14	0.15	0.08	0.12	0.04
• Factoring contracts	8.61	6.72	21.03	11.02	43.74	15.23
• Loan contracts	14.50	11.33	25.67	13.45	38.21	13.30
• Guarantees	3.64	2.84	8.10	4.24	14.54	5.06
Total fees and service income	27.19	21.24	55.26	28.95	97.00	33.77
<b>Other income :</b>						
Trade Finance	6.42	5.01	3.19	1.67	3.07	1.07
Interest income	0.28	0.22	0.05	0.03	0.33	0.11
Other income <sup>2)</sup>	14.21	11.10	12.72	6.66	12.49	4.35
Total other income	20.91	16.33	15.96	8.36	15.89	5.53
<b>Total income</b>	<b>128.07</b>	<b>100.00</b>	<b>190.91</b>	<b>100.00</b>	<b>287.19</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 of right
- Buying claims refers to the amount of fees and service charges.
- Factorings may refer to the service fee.

2) Other incomes, such as interest income from late payment and Bank's interest income.



## 1.4 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 IT 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.



## 2. Nature of Business

### 2.1 Character of Products or Services

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. Usually, the loan is divided into 8 categories:

#### 2.1.1 Leasing

- **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.

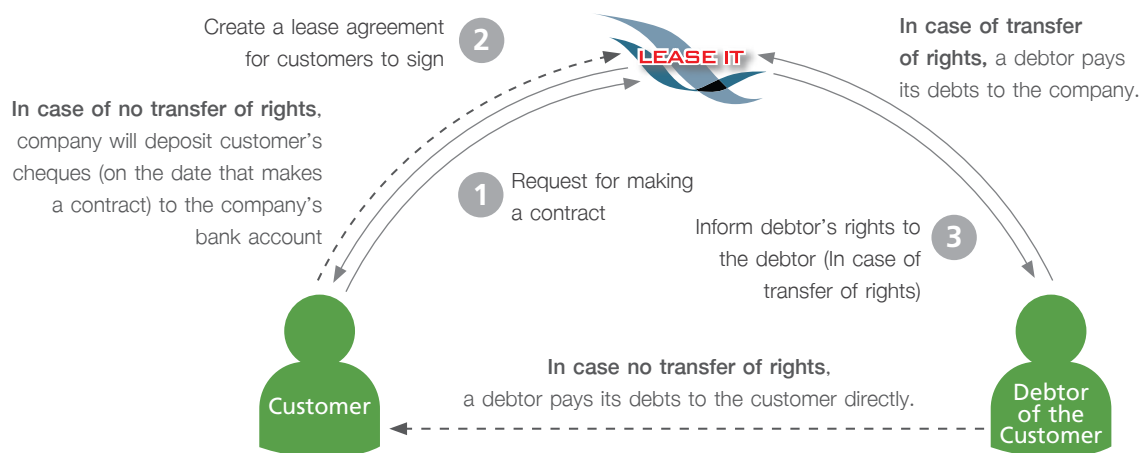
#### 2.1.2 Hire Purchase

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 by the company will last no more than 3 years. Installment contracts will be made in the same manner as financial lease.

- **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

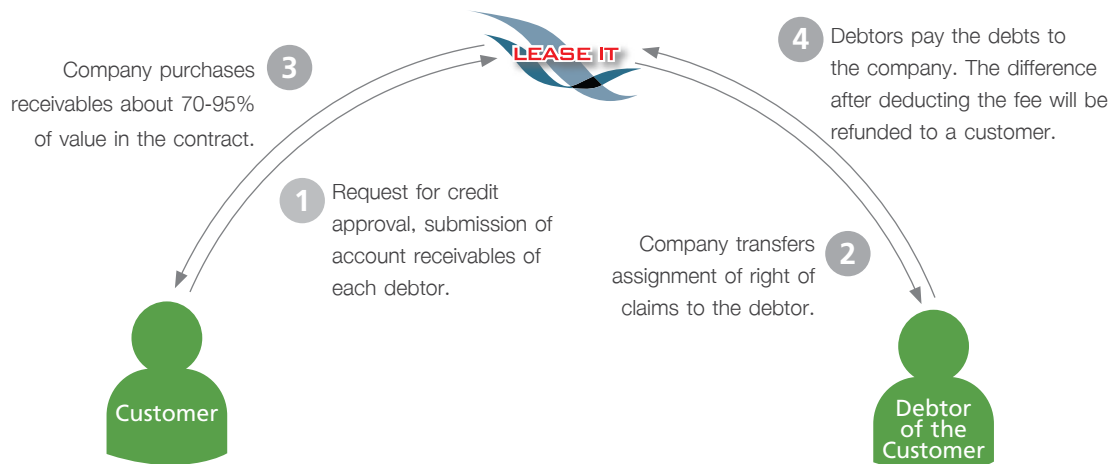
Feature	Leasing	Hire Purchase
The purpose of lease	Long-term assets, or nearly throughout its lifetime	To asset owners
Proprietary	Belong to the lessor until the end of the lease agreement At the end of the financial lease agreement, the lessee has the right to purchase the property.	Belong to the company 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

### 2.1.3 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. 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 70-95 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.



### 2.1.4 Bid Bond

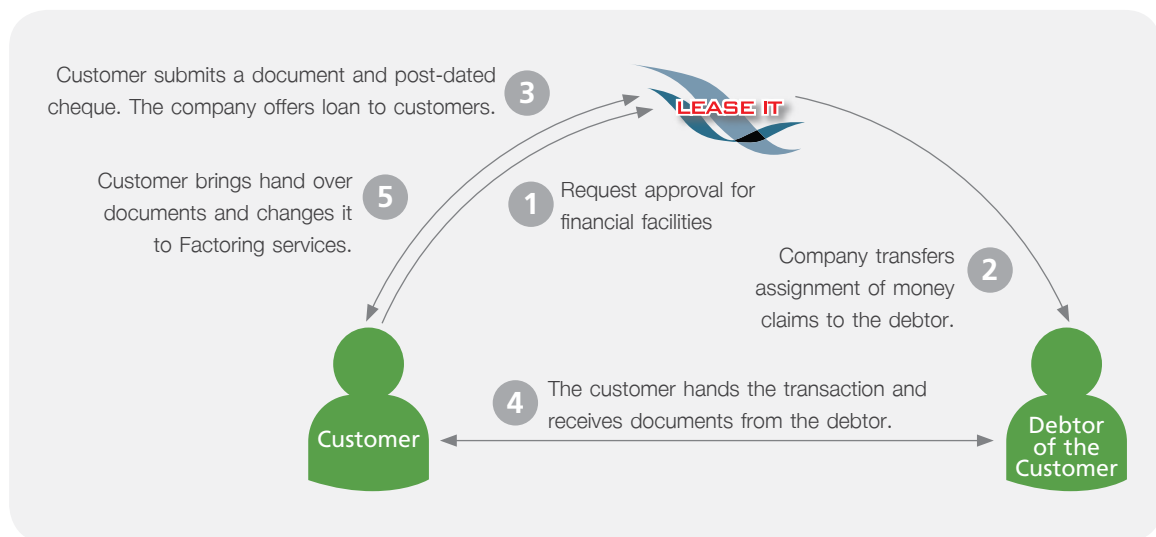
The company started its business of providing Bid Bond in year 2010. The main goal was to support the issuance of a bank guarantee to those customers and operators who wish to bid in projects of the government agencies and state enterprises. The company provides loans credit in accordance with the bid 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.



### 2.1.5 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.

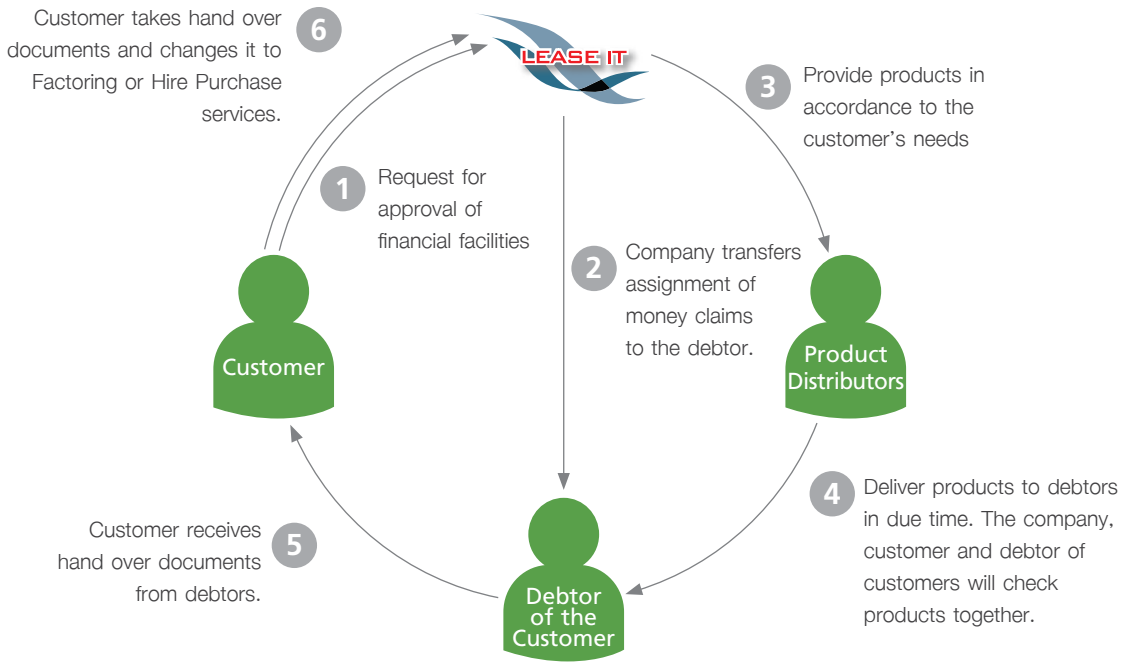


### 2.1.6 Trade Finance

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

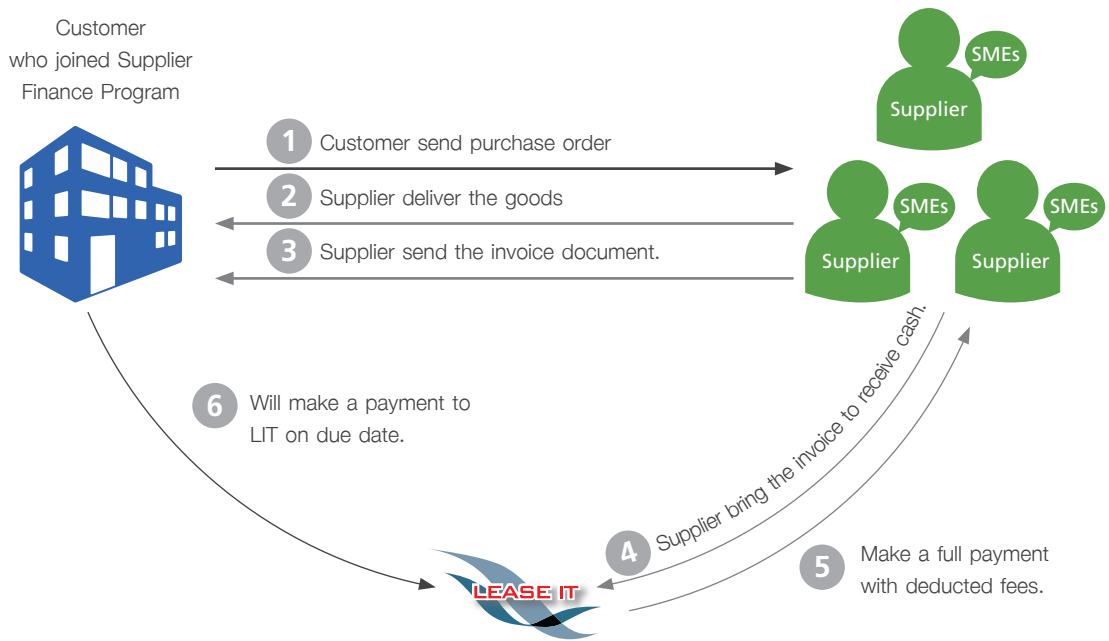
payment of amounts supported by the company or having a written authorization from the company. In most of the case, after the company has provided products for the customer and the customer has delivered them to the debtor and also received the approval document, the customer may request for factoring 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.





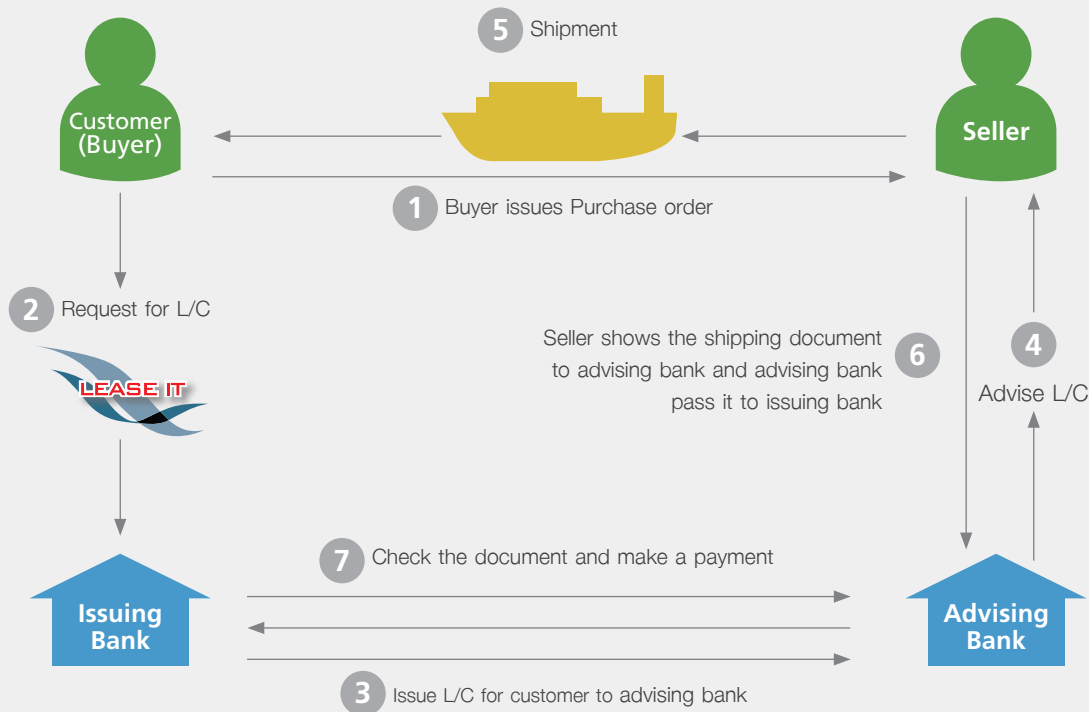
### 2.1.7 Supplier Finance

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.



## 2.1.8 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 used to guarantee the payment of the buyer. By using a Letter of Credit, the seller will receive payment after delivering goods, and the buyer will pay after receiving goods.





## 3. Risk Factors

### 3.1 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. Because the company specializes in IT so that the company provides business loans for the IT business sectors. The company is able to check the quality of goods and services before granting credit to customers. According to the policies, the company relies on the quality of customers, account receivable including products and services to be delivered. In addition, the company focuses more on transactions with account receivables relating to the government agencies or state enterprises in order to reduce risk at a certain level. In year 2014, 2015 and year 2016, the company's allowance for bad debts were 16.90 million baht, 29.99 million baht and 51.83 million baht respectively, which accounted for 2.03 percent, 2.68 percent and 2.81 percent of total loans outstanding by the end of year 2014, 2015 and 2016.

### 3.2 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.

### 3.3 Liquidity Risk

As of December 31, 2016, the company has many financial institutions that give financial support, the total amount of 1,465.00 million Baht. Main financial amount (short-term financial amount) was 895.00 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, 2014, the company's ratio of debt to equity was equal to 1.36 times. As at 31 December 2015, the company's ratio of debt to equity share was 1.85 times. As of December 31, 2016, the company has debt to equity ratio of 3.19 times.

### 3.4 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.

### 3.5 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. The company has allocated 4,200,000 shares of common stock to its directors and employees at IPO price. To enhance moral support and motivation for the personnel to work in the company for longer term. Furthermore, the company has a policy to develop its ability through working via a team (teamwork) rather than being attached to each individual effort or performance. This reduces the risk of dependence on an individual particularly. Accordingly, based on past records of the company, the turnover of the personnel in key positions has been very low, which reflects the loyalty of employees to the organization. This can bring great confidence toward the potential of the organization success. 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-April 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.



### 3.6 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 2016, SVOA reduced the allocation of shares to 39.9%. However the major shareholders still 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. 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 5 independent committee members to the audit committee (from a total of 7 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.

### 3.7 The Risk of the Conditions Set by Loan Agreement by a Financial Institution

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. The 3 financial institutions that offer loan to the company has defined the loan agreement terms and conditions that SVOA must hold the share not less than 47 percent. Although all shares hold by SVOA must be banned for sale for 12 months since the date the shares were sold in the stock market. After 6 months the shares of the company were sold in the stock market, the SVOA can sell 25 percent of the banned shares and another 75 percent after 12 months. In March 2015, 3 financial institutions considered to adjust the condition of shares held by SVOA to 39.5 percent. Therefore there is the potential risk of breach of the loan agreement of 3 financial institutions if SVOA sell its share to less than 39.5 percent.

### 3.8 The Risk of Exchange rate

The company exchange rate risk is related to the transactions guaranteed purchases in foreign currencies. According to the agreement of buying foreign currency with customers, the company require customers to take risk from exchange rate by themselves. If a customer need to sign fixed rate agreement in order to purchase foreign currency, the Company will make currency forward contract with the bank with the same rate as the customer wants.

As of 31 December 2016, the company has no contract to buy US dollars in advance.

## 4. Stock Information, Shareholder and Dividend Policy

### 4.1 Securities of the Company

As of 31 December 2016, the authorized capital and paid up capital of the company was as follows:

Capital	: 200,000,000 baht
Paid	: 200,000,000 baht
Shares	: 200,000,000 shares
Par value per share	: 1 baht

The company listed its common shares in the Stock Exchange of Thailand on 25<sup>th</sup> March 2014.

### 4.2 Top 10 Major Shareholders by March 3, 2016

#### Major shareholders

March 3, 2016: the shareholders of the company were as follows.

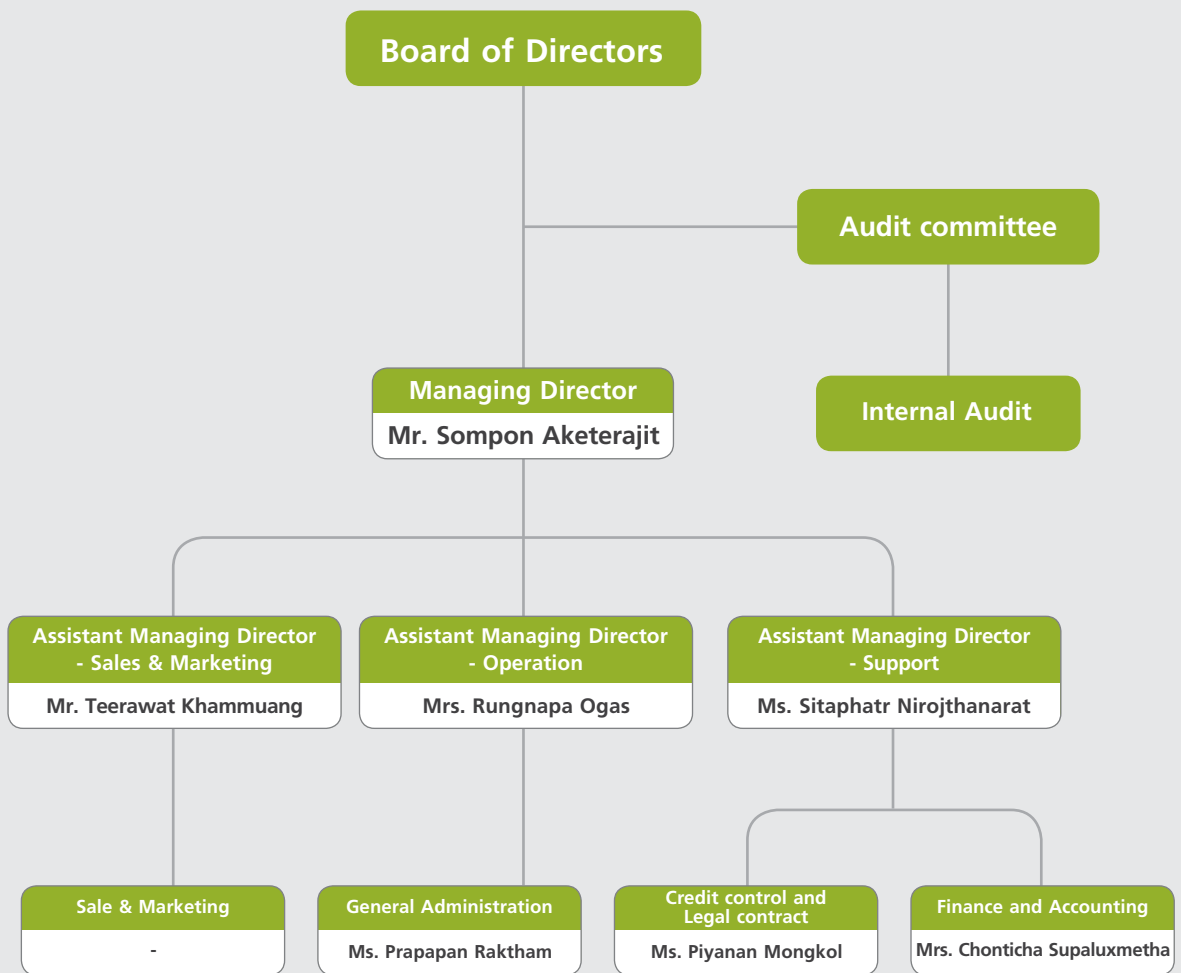
	List of Shareholders	Shares	Percent
1	SVOA Company Limited	79,799,965	39.90
2	Mr. Min Intanate	6,420,237	3.21
3	Mr. Santi Kovitjindachai	5,014,000	2.51
4	Mr. Chatchaval Taechameekiatchai	3,452,400	1.73
5	Mr. Jittiporn Jantararat	3,400,000	1.70
6	Mr. Sompon Aketerajit	2,827,823	1.41
7	Mr. Warin Srikuracha	2,344,900	1.17
8	Mr. Boonserm Wanthanasupamas	2,179,000	1.09
9	Mrs. Panee Srisuwat	2,167,300	1.08
10	Mr. Vichien Srimuninnimitr	2,000,000	1.00
	Other Investors	90,394,375	45.20
<b>Total shares</b>		<b>200,000,000</b>	<b>100.00</b>

### 4.3 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. It depends on turnover, liquidity, economy and the need of net working capital for the company's management and business expansion.

# 5. Management Structure

## Organizational Structure



# 6. Board of Directors

## 6.1 Board of Directors

In general, the management structure of the company consists of the board of directors and a sub-committee member as the Audit Committee (Due to the company is a small organization, the Audit Committee also in charge of the remuneration committee, the nomination committee and the

corporate governance committee as well. The board of the company is made up of a group of audit executives and directors whose qualification is compatible with Section 68 of the companies' Act 2535, and Notification of the Capital Market Act. More details about the management structure of the company are demonstrated as follows:

The board of directors consists of 8 persons.

Name	Position
1. Mrs. Duangphorn Sucharittanuwat	Chairman of the Board and Independent Director
2. Mr. Thienchai Srivichit	Vice Chairman
3. Mr. Sompon Aketerajit	Director & Managing Director
4. Police General Jate Mongkolhutthi	Independent Director
5. Mr. Prakob Visitkitjakarn	Independent Director
6. Mr. Suthud Khancharoensuk	Independent Director
7. Associate Professor Dr. Suda Suwannapirom *	Independent Director
8. Ms. Sitaphatr Nirojthanarat	Director & Assistant Managing Director

**Remark** \* Associate Professor Dr. Suda Suwannapirom was appointed to be a director by the Board Committee Meeting No. 11/2016 on 14 October 2016 replaced Mrs.Nitnirun Suwannaked that resigned on 30 September 2016.

### Committee members with signing authority

Committee members with signing authority of the company are Mr. Thienchai Srivichit, Mr. Sompon Aketerajit and Ms. Sitaphatr Nirojthanarat sign and seal of the company.

## 6.2 The Audit Committee

The audit committee of the company is comprised of 5 persons.

Name	Position
1. Mr. Prakob Visitkitjakarn*/**	Chairman of the Audit Committee
2. Police General Jate Mongkolhutthi	Audit Committee Member
3. Mrs. Duangphorn Sucharittanuwat*	Audit Committee Member
4. Mr. Suthud Khancharoensuk	Audit Committee Member
5. Associate Professor Dr. Suda Suwannapirom ***	Audit Committee Member

**Remark** \* The members must have sufficient knowledge and experience in order to serve and verify the reliability of the financial statements. Mrs. Duangphorn Sucharittanuwat is a Certified Public Accountant (CPA). She has great experience from several financial institutions such as BT Securities Company and CIMB Thai Bank Public Company Limited. Mr. Prakob Visitkitjakarn holds a Master degree in Business, Finance and Treasury. In addition, he has had enormous experience in the field of finance from Bank of Ayudhya Public Company Limited. (For more details refer to the attached document no. 1 which explains more about the executives and the authorized persons of the company). Ms. Peerapa Piumudomsuk is acting secretary of the audit committee.

\*\* Mr. Prakob Visitkitjakarn has been approved by Board of Directors to be Chairman of the Audit Committee on March 6, 2015

\*\*\* Associate Professor Dr. Suda Suwannapirom was appointed to be a director by the Board Committee Meeting No. 11/2016 on 14 October 2016 replaced Mrs.Nitirun Suwannaked that resigned on 30 September 2016.

## 6.3 Nomination Committee, Remuneration Committee and Corporate Governance Committee

Due to the company is a small organization, the Audit Committee has been assigned to look after the nomination committee, remuneration committee and corporate governance committee as follows:

Name	Position
1. Mr. Prakob Visitkitjakarn	Chairman of the Nomination Committee, Remuneration Committee and Corporate Governance Committee
2. Police General Jate Mongkolhutthi 3. Mrs. Duangphorn Sucharittanuwat 4. Mr. Suthud Khancharoensuk 5. Associate Professor Dr. Suda Suwannapirom	Nomination Committee, Remuneration Committee and Corporate Governance Committee



## 6.4 Company Secretary

Based on the board meeting on 19 December 2012 (13/2555), the board committee appointed **Mrs. Rungnapa Ogas** as the secretary of the company in order to comply with Section 89/15 of the Securities Exchange Act of 2535 and amendments of Securities and Exchange Act (No. 4) BE 2551. Mrs. Rungnapa will attend the CSP program during 3 - 4 February 2014.

## 6.5 Executives

The company's executive management consists of 7 persons.

Name	Position
1. Mr. Sompon Aketerajit	Managing Director
2. Mrs. Rungnapa Ogas	Assistant Managing Director - Operation
3. Mr. Teerawat Khammuang	Assistant Managing Director - Sale & Marketing
4. Ms. Sitaphatr Nirojthanarat	Assistant Managing Director - Support
5. Ms. Piyanan Mongkol	Assistant Manager - Credit and Legal contract
6. Mrs. Chonticha Supaluxmetha	Assistant Manager - Finance and Accounting
7. Ms. Prapapan Raktham	Assistant Manager - General Administration





## 6.6 Remuneration of Directors and Executives

- Monetary compensation

### Remuneration Committee

Directors' remuneration for the year 2016 are detailed as below:

(Unit: Baht)

Name	Numbers in attending the meeting/ Total meetings 2016	Remuneration Committee 2016 and sub-committee
1. Mrs. Duangphorn Sucharittanuwat	13/13	1,870,000
2. Mr. Thienchai Srivichit	13/13	540,000
3. Mr. Sompon Aketerajit*	13/13	-
4. Police General Jate Mongkolhutthi	12/13	665,000
5. Mr. Prakob Visitkitjakarn	13/13	925,000
6. Mr. Suthud Khancharoensuk	13/13	670,000
7. Mrs. Nitirun Suwannaked	10/10	500,000
8. Associate Professor Dr. Suda Suwannapirom	2/2	165,000
9. Ms. Sitaphatr Nirojthanarat*	9/9	-
<b>Total</b>		<b>5,335,000</b>

**Remark** \* Mr. Sompon Aketerajit and Ms. Sitaphatr Nirojthanarat have intention not to receive monthly remuneration as a director because they receive a monthly salary as the managing director and Assistant Managing Director of the company.

\*\* The Board of Directors' Meeting No. 2/2016 held on February 11, 2016, resolved to approve the proposed of bonus in the amount of 750,000 Baht (except Managing Director) from the result of year 2016 to the Annual General Meeting of Shareholders No. 3/2016 on April 7, 2016. However, such bonuses are not included in remuneration for 2015 above.

### Executive Compensation

In 2016, the company paid remuneration to executives as 15.81 million Baht. Such a compensation amount included salary, bonus, and any other contribution to provident fund.

Year	Number of Executives	Amount of Compensation (Baht)
2016	8	15,811,091.81



# 7. Governance

The company considers governance as an important mechanism leading to the efficient management transparency and accountability. Therefore, the main focus of the company is on good governance. This will help the company to build trust and confidence amongst 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 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 as follows:

## Section 1: The Rights of Shareholders

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 seven days in advance, specifying the date, time, place and agenda while handling the documents related to the matter entirely.
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 2016 Annual General Meeting of Shareholders on 7 April 2016 at ASIC meeting room, IT Professional Tower 34<sup>th</sup> floor, Bangkok, Thailand. There were 11 directors and management attending the 2016 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 2016 Annual General Meeting of shareholders during 11 November – 31 December 2016. 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. Audit Committee Chairman, 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 2014 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.

Board of Directors of the company held 4.40 Percent of shares the company issued. (As of 31 December 2016)

## Section 2: 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 based on the amount of shares held by each shareholder whereby one share was equal to one vote.

During 25 November – 31 December 2016, the Company provided opportunities for the shareholders to propose matters that they considered necessary for inclusion in the agenda of the 2015 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. Therefore, the Board has used some measures in order to prevent 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.

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.

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.



## Section 3: The Role of Stakeholders

### a) The rights of stakeholders

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. Rights of Employees:

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. In addition, the company is in the process of studying the EJIP to employees savings and investment returns over the long term and participate in the ownership of the company.

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.

#### 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 as follows:

- **Creating the relations among the employee**  
The company organized activity by building relations among employee which can be work together as a team (Team Building) and also engage long-term relationship between the employee and the company. The details as follow:
  - a. Organized team building activity for executives and for company's group at Phetchaburi Province
  - b. Organized team building activity for employees at Kanchanaburi Province



- **Training Course for the employee**

The company place high important for developing and training employee in each position from director lever, executive level and operation level in order to be the guideline for developing personnel accordance with our vision. To enhance competitive ability, the company organized training in each position as follow:

- a. Director Level Training**

1. Mrs. Sitaphatr Nirojthanarat, Director, enrolled in Director Accrediation Program (DAP), organized by IOD
2. Associate Professor Dr. Suda Suwannapirom, Independent Director & Audit Committee Member, enrolled in Director Orientation Program

- b. Management Level Training**

1. Mr. Sompon Aketerajit, Managing Director, enrolled in IFRS9, IFRS7 and IAS32 program by Federation of Accounting Professions of Thailand
2. Mrs. Chonticha Supaluxmetha, Chief Financial Officer, enrolled in IFRS9, IFRS7 and IAS32 program by Federation of Accounting Professions of Thailand and enrolled in CFO in Capital Market 2/2016 by Stock Exchange of Thailand (SET)

In 2016, the company has invited qualification professor from University of the Thai Chamber of Commerce to train both management level and employee level, categorized into 2 levels:

- c. Management Level Training Course**

- Business Plan Development & Risk Identification and Prevention Program
- Leadership Program
- Advance Human Resource Planning Program
- Finance and Accounting for Top Management Program
- Accounting for Non Accounting Program
- Risk and Change Management Program
- Problem Solving Program

- d. Employee Level Training Course**

- HR for Non-HR Program
- Presentation Skill Program
- Selling Techniques I Program
- Service Excellent Program
- Introduction to Modern Marketing Techniques Program
- Negotiation Skills Program
- Business Ethic and Social Responsibility Program
- Business Writing Program

Moreover, the company has organized In-house training 1 course and 18 Public Training course. The number of personnel who take course can divided into 3 level:

- Director: 2 Persons (calculate 25%)
- Executive: 6 Persons (calculate 86%)
- Employee: 2 Persons (calculate 24%)

In 2016, the number of hours of training for employees and executives as below

Levels of employee	The average number of training (Hour/Person)
Director Level	1.5
Management Level	31.0
Employee Level	4.6

- 2. Rights of Business Partners:**

The Company treats its 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.

**2.1 Customers:** Company provides a very transparent policy and practical guidance to customers acknowledging the fair conditions toward 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.



**2.2 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 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.

### 3. 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.

### 4. Society, communities and the environment:

The Board of director has a policy to focus 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 can be found under Section "Social Responsibility".

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 addition, 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".

## c) Anti-corruption and Bribery Policy

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 in appropriate 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.





### **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
- 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 Board of directors  
Lease IT Public Company Limited  
900/17 Rama 3 Rd. Bangpongpan,  
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.

## Section 4: 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 is attended by the management of the company who will clarify and answer inquiries raised by attending persons.

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 properly (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.

The company also emphasize the importance of customer satisfaction by appointing employee who have no conflict of interest with the customers in order to survey customer satisfaction, and also check corruption issue. The results are as followings;

1. Customer Satisfaction Survey: is open ended question. Our company has compiled survey results in order to improve our services by connecting all departments to do one best in serving the new customer in 2017. With the restructuring of services to new customers in 2017 are linked to the sales. Credit Operations department as well as Chief Financial Officer.
2. Corruption Survey : the results found that no corruption and bribery.

**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 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 2686 3229 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 Chief Executive Officer and Assistant Accounting Manager that acts as a direct information provider in regard to shareholders, analysis and agencies.

## Section 5: Responsibilities of the Board of Directors

### 1. Structure of the Board

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. Three 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. There is no director holding more than five directorship positions publicly in listed companies. (Not calculated a consultant in listed company.)

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 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. Role, Duties and Responsibilities of the Board of Directors

The company assigns the duties to the Board to follow the Code of Best Practices according to guidelines provided by the Stock Exchange of Thailand. The Board of Directors of the company approves the vision, missions, strategies, business direction and operational policy, business plan and annual budget of the company, and directs the management to perform in compliance with the established policies and business plans in accordance with applicable laws, objectives and Articles of Association of the company, and resolutions of the Board of Directors' and shareholders' meetings, taking into account the utmost benefits of the company and the stakeholders, in order to build sustainable growth of the company and increase long-term value for the shareholders. The Board of Directors will review and approve the vision, mission, strategies, business direction and operational policy on an annual basis in order to adapt to the changing situation and business conditions. The Board of Director necessarily must understand and be aware of their assigned roles as well as responsibilities. Similarly, the Board must act according to objectives, laws and regulations of the company. They have to handle the decisions (made in shareholders' meetings) with integrity and take it into account all the interests of the company and major shareholders.

### 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 independent 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 Annual Report Form (Form 56-1) and annual reports (Form 56-2). These forms have been audited or reviewed by the auditors of the company.

### Internal control

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 company is aimed to target all the business operations clearly in terms of measurable operational tasks. To do this, management level compares the actual performance (of the sections) with the defined goals on a monthly basis. Moreover, there will be an assessment of the risk factors, both externally and internally, within the operational tasks. The company also determines, analyzes, and tracks all the risk factors including measures to reduce risk as well. Sometimes the company may hire and assign the relevant agencies to identify the risks by making progress reports to the Board at the end.

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 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. In 2016, the Board Directors held one meeting without the presence of the executive director and the management on 7 October 2016.

### 3. Meeting of the Board

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 years 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.

In 2016, the company held 13 Board of Directors' Meeting; (excluding the Board of Directors' meeting without the executive committee and executive managements attended) the attendance of each director is as follows:

List of Committee Names	Position	Numbers inattending the meeting/Total meetings 2016
1. Mrs. Duangphorn Sucharittanuwat	Chairman of board and Independent director	13/13
2. Mr. Thienchai Srivichit	Vice Chairman	13/13
3. Mr. Sompon Aketerajit	Director and Managing Director	13/13
4. Police General Jate Mongkolhutthi	Independent director	12/13
5. Mr. Prakob Visitkitjakarn	Independent director	13/13
6. Mr. Suthud Khancharoensuk	Independent director	13/13
7. Mrs. Nitnirun Suwannaked	Independent director	10/10
8. Associate Professor Dr. Suda Suwannapirom*	Independent director	2/2
9. Ms. Sitaphatr Nirojthanarat	Director and Assistant Managing Director	9/9

**Remark** \* Associate Professor Dr. Suda Suwannapirom was appointed to be a director by the Board Committee Meeting No. 11/2016 on 14 October 2016 replaced Mrs.Nitnirun Suwannaked that resigned on 30 September 2016.



### ***Audit Committee***

The Audit Committee consists of five 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 2016 Annual General Meeting of shareholders, which was held on 7 April 2016, Ms. Somjai Khunpasut, certified public accountant No.4499, Ms. Ratana Jala, certified public accountant No.3734, Ms. Rachada Yongsawadvanich, certified public accountant No.4951, all from EY Office Limited were appointed as the auditors of the company.

A meeting of the Audit Committee is held approximately every quarter, In 2016, the company held 4 Audit Committee meetings as the follows:

List of Audit Committee Names	Position	Numbers inattending the meeting / Total meetings 2016
1. Mr. Prakob Visitkitjakarn	Chairman of Audit Committee	4/4
2. Police General Jate Mongkolhutthi	Audit committee	4/4
3. Mrs. Duangphorn Sucharittanuwat	Audit committee	4/4
4. Mr. Suthud Khancharoensuk	Audit committee	4/4
5. Mrs. Nitnirun Suwannaked	Audit committee	3/3
6. Associate Professor Dr. Suda Suwannapirom*	Audit committee	1/1

**Remark** \* Associate Professor Dr. Suda Suwannapirom was appointed to be a director by the Board Committee Meeting No. 11/2016 on 14 October 2016 replaced Mrs.Nitnirun Suwannaked that resigned on 30 September 2016.

### ***Remuneration Committee***

The Remuneration Committee of the company consists of five independent directors. The remuneration committee is 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.

#### **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 by 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 2016 Annual General Meeting of shareholders, the meeting approved the remuneration of the Board of Directors and the subcommittees as follows:

Position	Monthly Allowance	Meeting Allowance
Chairman of the boards and Independent Directors	140,000.-	5,000.-
Chairman of the Audit Committee	35,000.-	5,000.-
Director & Independent Director	40,000.-	5,000.-
Audit Committee	10,000.-	5,000.-

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.

#### ***Nomination Committee***

The Nomination Committee of the company consists of 5 independent directors. The nomination committee is 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.

#### ***Corporate Governance Committee***

The Corporate Governance Committee consists of five independent directors. The Corporate Governance Committee is 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.

#### ***Risk Assessment Committee***

The Risk Assessment Committee consists of five independent directors. The Risk Assessment Committee is 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.

### **4. Development of Directors and Executives**

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. The company has provided training to directors and executives as follow:

1. Mr. Sompon Aketerajit has enrolled Hearing Seminar in IFRS9, IFRS7 and IAS32 program by Federation of Accounting Professions of Thailand
2. Ms. Sitaphatr Nirojthanarat has enrolled in Director Accrediation Program (DAP) organized by IOD
3. Mrs. Chonticha Supaluxmetha has enrolled in IFRS9, IFRS7 and IAS32 program by Federation of Accounting Professions of Thailand and has enrolled in CFO in Capital Market 2/2016 by Stock Exchange of Thailand (SET)



## 5. Monitoring the Use of Internal information

1. 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.
2. 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.
3. 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.
4. 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.

## 6. Personnel

- Number of employees as of 31 December 2016 (exclude management team 7 persons)

The detailed as below:

Department	Number of Employees
1. Sales and Marketing	17
2. Accounting and Service	4
3. Credit and Legal Contract	7
4. Operation	21
5. Internal Audit	1
<b>Total</b>	<b>50</b>

- Labor dispute  
N/A



## 8. Director & Executive Profile



### Mrs. Duangphorn Sucharittanuwat

Chairman of the Board,  
Independent Director and  
Audit Committee Member

Age 65 years

#### Qualifications

- Master of Business Administration, Thammasat University
- Bachelor of Accountancy, Chulalongkorn University (Second Class Honors)
- Certified public Accountant
- Director Certification Program (DCP) (8/2001)
- Refresher Course DCP (DCP) (3/2006)
- Role of the Chairman Program (RCP) (19/2008)
- Audit Committee Program (ACP) (38/2012)
- Director Certification Program Update2 (DCPU2/2014), IOD
- Capital Market Academy (CMA8)
- Top Executive Program in Commerce and Trade (TEPCoT3)
- Advanced Security Management Program (ASMP2)
- ASEAN Economic Community Program (AEC2)

Relationship with the Executive Management -none-

#### Working Experience for the last 5 Years

- 2012 - Present Chairman of the Board, Independent Director and Audit Committee, LEASE IT PCL.
- 2012 - Present Audit Committee and Independent Director, I.C.C. INTERNATIONAL PCL.
- 2014 - Present Audit Committee and Independent Director, Sena Development PCL.
- 2015 - Present Director, Aspiration One Co., Ltd.
- 2013 - Present Director, The Foundation of The 50<sup>th</sup> Anniversary MahavajiralongKorn Hospital
- 1997 - 2014 Director, Thailand Management Association
- 2002 - 2012 President, CIMB Thai Bank PCL.

Shareholding -none-





**Mr. Thienchai Srivichit**  
 Vice Chairman  
 (Authorized Director to be tied to the company)

**Age** 85 years

**Qualifications**

- FCA, Fellow of The Institute of Chartered Accountants in England & Wales, (U.K.)
- Director Accreditation Program (DAP) (36/2005)
- Role of the Chairman Program (RCP) (18/2008)
- National Defence College
- Honorary Doctorate Degree in Accounting, Ramkhamhaeng University

**Relationship with the Executive Management -none-  
 Working Experience for the last 5 Years**

2012-Present Vice Chairman, LEASE IT PCL.  
 1997-Present Director IT CITY PCL  
 1993-Present Chairman of the Board SVOA PCL.

**Shareholding** 1/1/2016 300,000 Shares  
**Changing during the year :** - Shares  
**Shareholding** 31/12/2016 300,000 Shares



**Mr. Sompon Aketerajit**  
 Chief Executive Officer and Director  
 (Authorized Director to be tied to the company)

**Age** 55 years

**Qualifications**

- Master of Science in Accounting  
Thammasat University
- BA, Accounting (Costing), Chulalongkorn University
- Director Accreditation Program (DAP) (15/2004)
- IFRS 9, IFRS 7 and IAS 32 Thai Financial Reporting standards seminar, The Stock Exchange of Thailand

**Working Experience for the last 5 Years**

2006-Present Chief Executive Officer and Director,  
 LEASE IT PCL.  
 2007-2012 Chief Executive Officer, SVOA PCL.

**Shareholding :** 1/1/2016 2,447,032 Shares  
**Changing during the year :** Buy 3,951,200 Shares  
 Sell 1,486,300 Shares  
**Shareholding :** 31/12/2016 4,911,932 Shares\*

**Relationship with the Executive Management -none-**



## Mr. Prakob Visitkitjakarn

### The Chairman of Audit Committee and Independent Director

Age 77 years

#### Qualifications

- Master of Business Administration (Finance), Indiana University, USA
- Chartered Director Class (R-CDC) (3/2008)
- Directors Certification Program (DCP)(33/2003)
- Role of the Chairman Program (RCP) (5/2001)
- Monitoring Fraud Risk Management (MFM) (1/2009)
- Monitoring of the Quality of Financial Reporting (MFR) (8/2009)
- Audit Committee Program (ACP) ( 27/2009)

Relationship with the Executive Management -none-

#### Working Experience for the last 5 Years

- 2012-Present Independent Director and Chairman of Audit Committee, LEASE IT PCL.
- 2009-Present Independent Director and Chairman of Audit Committee, ARIP PCL.
- 1997-Present Vice Chairman, Independent Director and Chairman of Audit Committee, Sri Trang Agro-Industrial PCL.
- 1999-2011 Independent Director and Chairman of Audit Committee, Siam City Cement PCL.

Shareholding 1/1/2016	15,000 Shares
Changing during the year :	- Shares
Shareholding 31/12/2016	15,000 Shares



## Police General Jate Mongkolhutti

### Independent Director and Audit Committee Member

Age 64 years

#### Qualifications

- Master's degree, Faculty of law, Chulalongkorn University
- Director Accreditation Program (DAP) (8/2004)
- Audit Committee Program (ACP) (14/2006)
- Finance for Non-Finance Directors (FND) (30/2006)
- Directors Certification Program (DCP) (117/2009)

Relationship with the Executive Management -none-

#### Working Experience for the last 5 Years

- 2012-Present Audit Committee, LEASE IT PCL.
- 1999-Present Audit Committee, Sino-Thai Engineering & Construction PCL.
- 1999-Present Audit Committee, STP & I PCL.
- 2013-Present Independent Director & Audit Committee, Southeast Insurance PCL.
- 2013-Present Independent Director & Audit Committee, Southeast Life Insurance PCL.
- 2013-Present Consultant, SVOA PCL.
- 2013-Present Consultant, Data One Asia Co.,Ltd.
- 2011-Present Advisor to the Board National Credit Bureau (NCB)

Shareholding 1/1/2016	150,000 Shares
Changing during the year :	- Shares
Shareholding 31/12/2016	150,000 Shares





## Mr. Suthud Khancharoensuk

Independent Director and  
Audit Committee Member

Age 58 years

### Qualifications

- Master of Business Administration, Thammasat University
- Director Accreditation Program (DAP) (15/2004)

Relationship with the Executive Management -none-

### Working Experience for the last 5 Years

2013-Present Audit Committee, LEASE IT PCL.

1996-Present Director, RPCG PCL.

1991-Present Director, Petro Instruments Co.,Ltd.

Shareholding : 1/1/2016 1,850,000 Shares

Changing during the year : - Shares

Shareholding : 31/12/2016 1,850,000 Shares

## Associate Professor Dr. Suda Suwannapirom

Independent Director and  
Audit Committee Member



Age 58 years

### Qualifications

- DBA. Doctor of Business, Burapha University
- Master of Commerce, Chulalongkorn University
- Master of Business Practice, University of South Australia
- Bachelor of Science in Business Administration, Kasetsart University
- Diploma, National Defence College, The joint State-Private Sector Course Class 20
- Certificate in Personnel Management Practice Asian Productivity Organization

Relationship with the Executive Management -none-

### Working Experience for the last 5 Years

2016-Present Independent Director & Audit Committee, LEASE IT PCL.

2016-Present Associate Professor and Vice Chancellor, Nakhon Phanom University

Shareholding -none-





## Ms. Sitaphatr Nirojthanarat

Director and Assistant Managing Director - Support  
(Authorized Director to be tied to the company)

Age 35 years

### Qualifications

- 2004-2005 MSc in Marketing Management  
Aston Business School, Aston University, UK
- 2001-2004 Bachelor of Arts,  
English major (2<sup>nd</sup> class honors),  
Chulalongkorn University
- Director Accreditation Program (DAP) 131/2016
- Fraud Risk Management and Internal Auditing of  
Financial Institution (7/2016), The Thai Institute of  
Banking and Finance Association

Relationship with the Executive Management -none-

### Working Experience for the last 5 Years

- 2015-Present Director and Assistant Managing Director,  
LEASE IT PCL.
- 2010-2015 Marketing Department Manager,  
Corporate Marketing,  
Charoen Pokphand Food PCL.

Shareholding 1/1/2016	1,565,000 Shares
Changing during the year : buy	15,000 Shares
Shareholding 31/12/2016	1,580,000 Shares*



## Mrs. Rungnapa Ogas

Assistant Managing Director -  
Operation

Age 54 years

### Qualifications

- Master's degree, Business Administration,  
Ramkhamhaeng University

Relationship with the Executive Management -none-

### Working Experience for the last 5 Years

- 2006-Present Assistant Managing Director, LEASE IT PCL.

Shareholding 1/1/2016	5 Shares
Changing during the year :	- Shares
Shareholding 31/12/2016	5 Shares*





## Mr. Teerawat Khammuang

Assistant Managing Director -  
Sales & Marketing

Age 45 years

**Qualifications**

- Bachelor's degree, Marketing, Ramkhamhaeng University,
- Dhurakij Pundit University

Relationship with the Executive Management -none-

**Working Experience for the last 5 Years**

2007-2016 Assistant Managing Director LEASE IT PCL.

Shareholding 1/1/2016	5 Shares
Changing during the year :	- Shares
Shareholding 31/12/2016	5 Shares*



## Ms. Piyanan Mongkol

Assistant Manager-  
Credit and Legal contract

Age 44 years

**Qualifications**

- Master's degree, Industrial Economics,  
School of Development Economics, National Institute of  
Development Administration

Relationship with the Executive Management -none-

**Working Experience for the last 5 Years**

2006-Present Assistant Manager - Credit and Legal contract,  
LEASE IT PCL.

Shareholding 1/1/2016	46,700 Shares
Changing during the year :	10,100 Shares
Shareholding 31/12/2016	56,800 Shares*





## Mrs. Chonticha Supaluxmetha

Assistant Manager -  
Accounting and Financial

Age 44 years

### Qualifications

- Bachelor's degree, Accounting, Faculty of Account, Siam University
- Bachelor's degree, Statistics, Faculty of Science, Silpakorn University
- IRCA Lead Assessor (ISO9001:2008)
- IFRS 9, IFRS 7 and IAS 32 Thai Financial Reporting standards seminar, The Stock Exchange of Thailand
- Strategic CFO in Capital Markets (2/2016), SET

Relationship with the Executive Management -none-

### Working Experience for the last 5 Years

- 2014-Present Assistant Manager – Accounting and Financial Control, LEASE IT PCL.
- 2000-2014 ISO Consultant & Trainer, Quality System Development International (Thailand) Co.,Ltd.
- 2011-2014 Independent Accountant

Shareholding -none-



## Ms. Prapapan Raktham

Assistant Manager -  
General Administration

Age 49 years

### Qualifications

- Bachelor's degree, Accounting, Faculty of Account, Sripatum University

Relationship with the Executive Management -none-

### Working Experience for the last 5 Years

- 2008-Present Assistant Manager - General Administration, LEASE IT PCL.


Shareholding 1/1/2016	5 Shares
Changing during the year :	- Shares
Shareholding 31/12/2016	5 Shares*

\* Excluding Share from EJIP Project



## Details of the tenure of the management in related companies

As at 31 December 2016



Name	Company	Related Company			
		1	2	3	4
Mrs. Duangphorn Sucharittanuwat	X,AC				
Mr. Thienchai Srivichit	V	XX	/		
Mr. Sompon Aketerajit	/,*				
Mr. Prakob Visitkitjakarn	AAC,//			AAC,//	
Police General Jate Mongkolhutti	AC,//				
Mr. Suthud Khancharoensuk	AC,//				
Associate Professor Dr. Suda Suwannapirom	AC,//				
Ms. Sitaphtr Nirajthanasat	**				/ (spouse)
Mrs. Rungnapa Ogas	**				
Mr. Teerawat Khammuang	**				
Ms. Piyanan Mongkol	***				
Mrs. Chonticha Supaluxmetha	***				
Ms. Prapapan Raktham	***				

**Remark :** XX = Honorary President  
V = Vice Chairman  
AC = Audit Committee  
// = Independent Director  
\*\* = Assistant Manageing Director

X = The chairman of Board  
AAC= The Chairman of Audit Committee  
/ = Director  
\* = Chief Executive Officer  
\*\*\* = Assistant Manager

### Related Company:

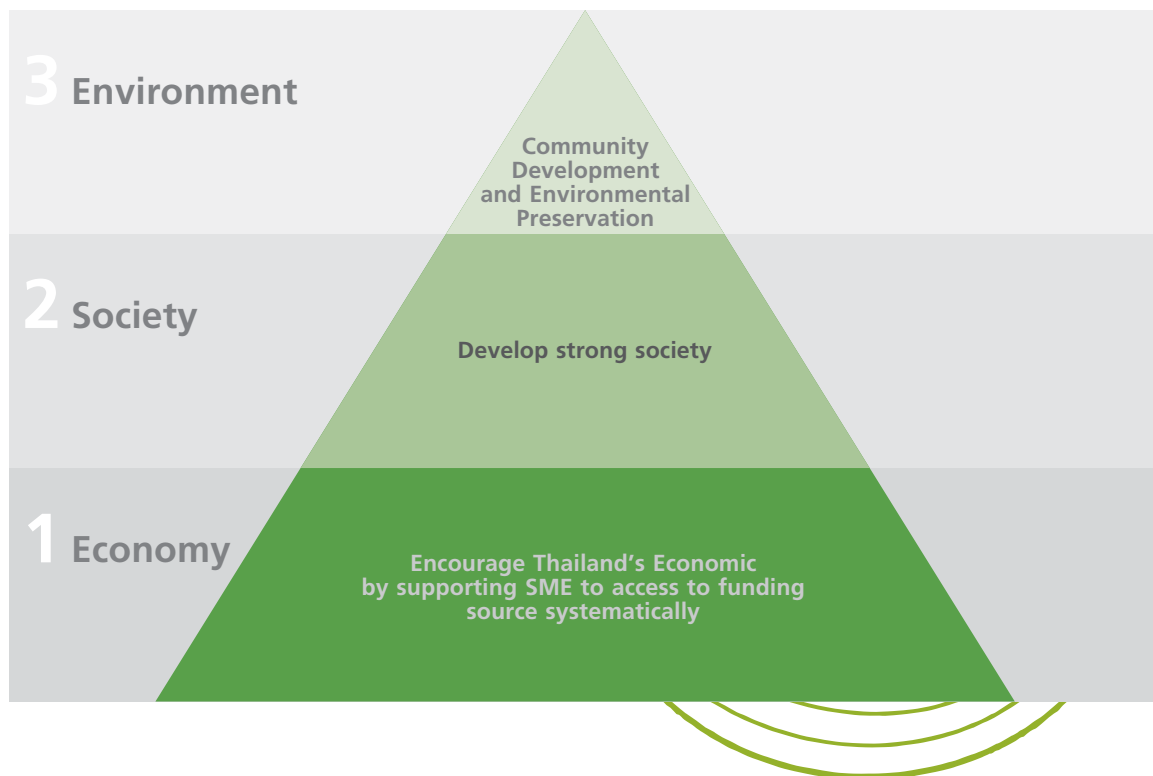
1. SVOA PCL.
2. IT CITY PCL
3. ARIP PCL.
4. Advance Research Group Co., Ltd.



# 9. Corporate Social Responsibility (CSR)

Lease IT Public Company Limited is committed to provide appropriate corporate governance processes (with respect to society and the environment) by setting clear guidelines for managers and employees to conform. In order to attain the principles of appropriate governance, strict ethical transparency need to be verified.

The Company has determined strategic directions for corporate social responsibility to sustainability under 3 core aspects which are followings:



## 1. Economy :

### Encourage Thailand's Economic by supporting SME to access to funding source systematically

The company aims to be a non-financial source of alternative fund for Small and Medium Enterprises (SME) which cannot access to source of funds, not being supported by financial institutions even that those SME have potential to grow. Such businesses normally require funding outside the system (private lender) 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 products/services to provide total financial solutions especially for SME entrepreneurs in order that SME 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 SME customers as "True Financial Partner".





## 2. Society :

### 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;

#### a. 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/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 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.

#### b. International 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.

#### c. Treat all employees fairly.

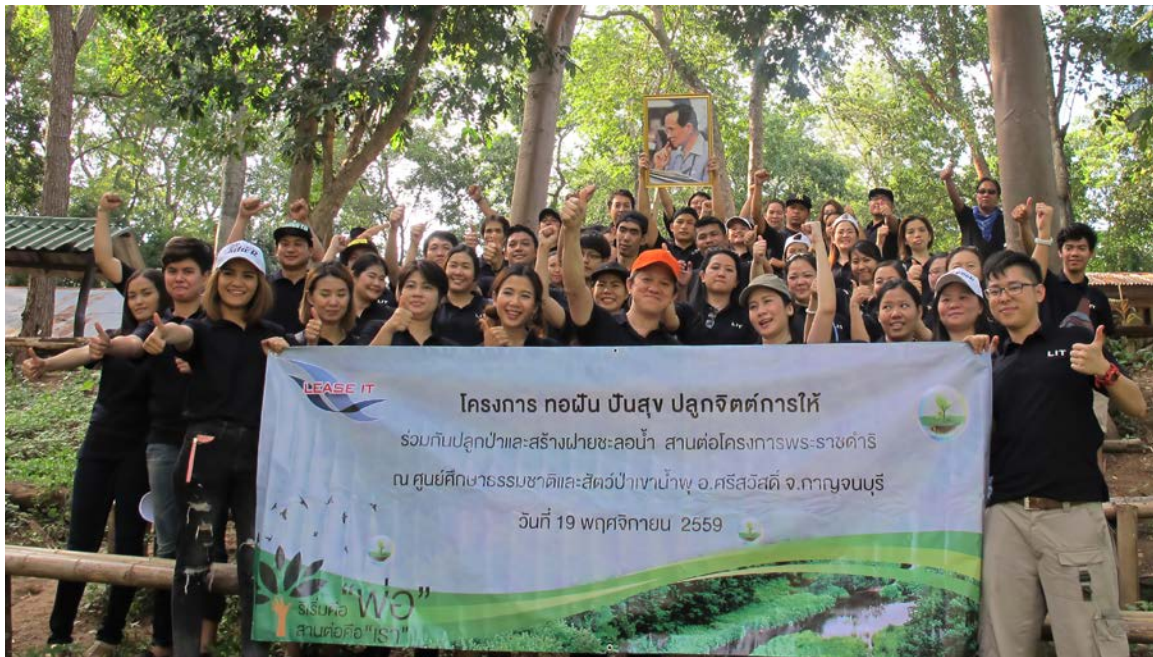
Considering the concept of wage or salary, the company provides an opportunity for employees to grow fairly, without any discrimination or bias throughout the payment process. To achieve such goals, some structural changes were implemented in order to let the company’s point of reference (i.e., including laws and regulations relating to labor regulations) be compatible with the Code of Conduct policy. Consequently, implementation of such values resulted in establishment of a good working environment, providing the appropriate welfare for everyone, in the company.

#### d. Operations with fairness and responsible 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



### 3. Environment : Community Development and Environmental Preservation.



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.

In 2016, the company organized CSR campaign, namely “A Legacy found by the farther, continued by us” at Khaonampu Nature and Wildlife Education center, Amphoe Si Sawat, Kanchanaburi Province. To continue his royal projects by planting forest and building dam to help restore forest ecosystems to become more abundant, to creating awareness for employees aware of the importance of natural resources by using resources wisely and make the company always be a part of creating good society.

The objectives of this activity are as followings:

- 1) Corporate Social Responsibility - The company executives and employees has planted forests and create artificial food sources for animals for help reforesting ecosystems to make them fertile. To creating awareness for employees aware of the importance of natural resources by using resources wisely and make the company always be a part of creating good society.
- 2) Teambuilding - To establish a good relationship among executives and employees to work together as a team.



# 10. Internal Control and Risk Management

In the board meeting No.2/2016 held 11<sup>th</sup> February 2016, 5 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 work flow 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 uses accounting policy according to general accounting standards, approved in the auditor s' report.

## 5. Monitoring

The company follows up the meeting results every three month 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.

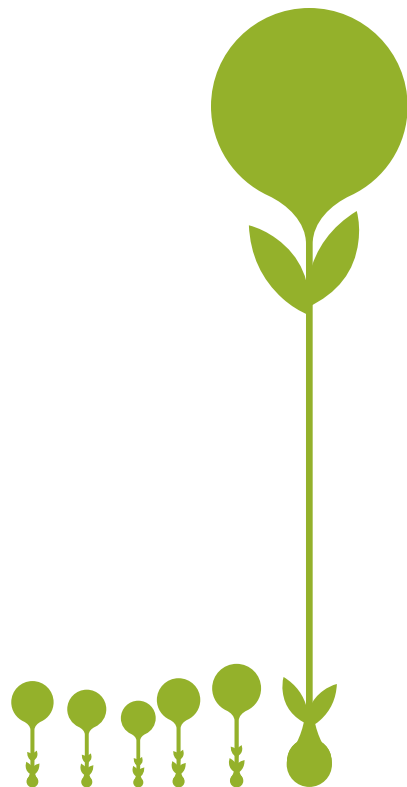


## Observations of Internal Audit on Internal Controls of the Company

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 2016. 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 2016, 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.



# 11. Connected Transactions

## 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 that have been verified or reviewed by the Company's Auditors, annual information reporting form (56-1) and annual report (56-2)





# 12. Financial Position and Results of Operations

## 12.1 Financial Statements

### 12.1.1 The audit report

(a) Fiscal year 2013 audited by Ms.Siriwan Surataepin, CPA No. 4604 of Ernst & Young Company.

The auditor audited the financial statements of the company. The financial statements was reported that as of December 31, 2013 the operations and cash flows for the year end were correct and complete according to the matter of financial statement standards. The explanatory paragraph described about the adoption of accounting report issue number 12, "Income Taxes" for practical, the company edited financial statements in December 31, 2012 and showed the comparative data to reflect changes in accounting policy. In addition the company presented statement of financial position as at January 1, 2012 for a comparison using such accounting policies as well.

(b) Fiscal year 2014 audited by Ms.Siriwan Surataepin, CPA No. 4604 of EY Office Limited.

The auditor audited the financial statements of the company. The financial statements was reported that as of December 31, 2014 the financial performance and cash flows for the year end were correct and complete according to the matter of financial statement standards.

(c) Fiscal year 2015 audited by Ms.Somjai Khunapasut, CPA No. 4499 of EY Office Limited.

The auditor audited the financial statements of the company. The financial statements was reported that as of December 31, 2015 the financial performance and cash flows for the year end were correct and complete according to the matter of financial statement standards.

(d) Fiscal year 2016 audited by Ms.Somjai Khunapasut, CPA No. 4499 of EY Office Limited.

The auditor audited the financial statements of the company. The financial statements was reported that as of December 31, 2016 the financial performance and cash flows for the year end were correct and complete according to the matter of financial statement standards.

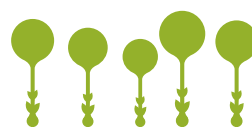


## 12.1.2 Summary of Financial Information

**Lease IT Company Limited**  
**Statements of Financial Position**

(Unit : Million Baht)

	2014		2015		2016	
	MB	Percent	MB	Percent	MB	Percent
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	9.98	1.16	71.47	6.10	78.72	3.95
Trade and other receivables	51.87	6.03	24.09	2.06	25.56	1.28
Current portion of account receivables						
• Financial lease receivables	144.96	16.84	112.98	9.64	111.19	5.58
• Hire-purchase receivables	50.70	5.89	72.54	6.19	80.60	4.05
• Factoring receivables	253.66	29.47	518.31	44.23	846.53	42.51
• Project backup financial receivables	187.34	21.76	202.11	17.25	640.76	32.17
Refundable input tax	1.86	0.22	-	-	2.90	0.15
Property foreclosed	-	-	-	-	2.14	0.11
Other current assets	5.47	0.64	8.26	0.70	7.45	0.37
<b>Total current assets</b>	<b>705.84</b>	<b>82.01</b>	<b>1,009.78</b>	<b>86.17</b>	<b>1,795.85</b>	<b>90.17</b>
<b>Non-current assets</b>						
Restricted bank deposits	16.03	1.86	43.35	3.70	29.94	1.50
Project backup financial receivables - net	14.76	1.72	-	-	-	-
Factoring receivables – net of current portion	1.42	0.16	0.11	0.01	0.91	0.05
Financial lease receivables – net	88.05	10.23	56.69	4.84	111.73	5.61
Hire-purchase receivables – net	21.24	2.47	44.56	3.80	28.66	1.44
Equipment	7.78	0.90	9.72	0.83	10.17	0.51
Intangible assets	1.23	0.14	1.33	0.11	3.63	0.18
Deferred tax assets	4.43	0.51	6.31	0.54	10.67	0.54
<b>Total non-current assets</b>	<b>154.95</b>	<b>17.99</b>	<b>162.06</b>	<b>13.83</b>	<b>195.71</b>	<b>9.83</b>
<b>Total assets</b>	<b>860.78</b>	<b>100.00</b>	<b>1,171.84</b>	<b>100.00</b>	<b>1,991.56</b>	<b>100.00</b>
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Bank overdrafts and short-term loans from banks	366.20	42.54	313.18	26.73	843.84	42.37
Current portion of Bank overdrafts and short-term loans						
• Current portion of long-term loans from banks	23.88	2.77	9.19	0.78	20.26	1.02
• Current portion of undue output tax	13.88	1.61	-	-	-	-
• Current portion of debenture	-	-	-	-	199.78	10.03
Trade and other payables	8.38	0.97	0.66	0.06	2.43	0.12
Current portion of liabilities under	0.38	0.04	0.43	0.04	0.49	0.02
Income tax payable	6.29	0.73	9.99	0.85	13.84	0.69
Cash receipt awaiting for return to factoring receivables and financial lease receivables	30.85	3.58	42.91	3.66	58.90	2.97
Other current liabilities	24.73	2.87	29.19	2.49	39.87	2.00
<b>Total current liabilities</b>	<b>474.58</b>	<b>55.13</b>	<b>405.56</b>	<b>34.61</b>	<b>1,179.40</b>	<b>59.22</b>



**Lease IT Company Limited**  
**Statements of Financial Position (Cont.)**

(Unit : Million Baht)

	2014		2015		2016	
	MB	Percent	MB	Percent	MB	Percent
<b>Non-current liabilities</b>						
Long-term loans from banks – net of current portion	8.75	1.02	1.11	0.09	31.90	1.60
Guarantee received from factoring receivables	-	-	-	-	-	-
Liabilities under finance lease agreement – net of current portion	1.56	0.18	1.13	0.09	0.65	0.03
Debentures	-	-	349.03	29.78	299.47	15.04
Provision for long-term employee benefits	3.12	0.36	3.89	0.33	4.36	0.22
Undue output tax – net of current portion	7.83	0.91	-	-	-	-
<b>Total non-current liabilities</b>	<b>21.27</b>	<b>2.47</b>	<b>355.17</b>	<b>30.31</b>	<b>336.38</b>	<b>16.89</b>
<b>Total liabilities</b>	<b>495.85</b>	<b>57.60</b>	<b>760.72</b>	<b>64.92</b>	<b>1,515.78</b>	<b>76.11</b>
<b>Shareholders' equity</b>						
Share capital						
Registered	200.00	23.23	200.00	17.07	200.00	10.04
Issued and fully paid-up	200.00	23.23	200.00	17.07	200.00	10.04
Share premium	70.72	8.22	70.72	6.03	70.72	3.55
Retained earnings						
Appropriated – statutory reserve	8.16	0.95	11.68	1.00	16.85	0.85
Unappropriated	86.06	10.00	128.71	10.98	188.21	9.45
Other elements of the shareholders	-	-	-	-	-	-
<b>Total shareholders' equity</b>	<b>364.94</b>	<b>42.40</b>	<b>411.11</b>	<b>35.08</b>	<b>475.78</b>	<b>23.89</b>
<b>Total liabilities and shareholders' equity</b>	<b>860.78</b>	<b>100.00</b>	<b>1,171.84</b>	<b>100.00</b>	<b>1,991.56</b>	<b>100.00</b>

**Statement of Comprehensive Income**

(Unit : Million Baht)

	2014		2015		2016	
	MB	Percent	MB	Percent	MB	Percent
Interest income*	79.96	62.44	119.69	62.69	174.30	60.69
Fees and service income	27.19	21.23	55.26	28.95	97.00	33.78
Other income	20.91	16.33	15.96	8.36	15.89	5.53
<b>Total revenues</b>	<b>128.07</b>	<b>100</b>	<b>190.91</b>	<b>100</b>	<b>287.19</b>	<b>100</b>
Expenses	11.75	9.17	15.75	8.25	28.41	9.89
Selling expenses	30.48	23.80	43.19	22.62	63.26	22.03
Administrative expenses	5.5	4.29	13.30	6.97	23.75	8.27
<b>Total expenses</b>	<b>47.73</b>	<b>37.27</b>	<b>72.24</b>	<b>37.84</b>	<b>115.42</b>	<b>40.19</b>
<b>Profit before finance cost and Income tax expenses</b>	<b>80.34</b>	<b>62.73</b>	<b>118.68</b>	<b>62.17</b>	<b>174.77</b>	<b>60.86</b>
Finance cost	21.47	16.76	29.57	15.49	45.02	15.68
<b>Profit before income tax expenses</b>	<b>58.87</b>	<b>45.97</b>	<b>89.11</b>	<b>46.68</b>	<b>126.76</b>	<b>44.14</b>
Income tax expenses	11.06	8.64	18.66	9.77	26.09	9.08
<b>Profit for the year</b>	<b>47.81</b>	<b>37.33</b>	<b>70.45</b>	<b>36.90</b>	<b>100.66</b>	<b>35.05</b>





## Statement of Cash Flows

(Unit : Million Baht)

	2014	2015	2016
<b>Cash flows from operating activities</b>			
Profit before tax	58.87	89.10	126.76
<b>Adjustment to reconcile profit before tax to net cash provided by (paid from)</b>			
Operating activities:			
Depreciation and amortization	1.33	1.94	2.34
Allowance for doubtful trade and other receivables (reversal)	5.5	13.09	23.75
Provision for long-term employee benefits	0.39	0.42	0.47
Loss on disposal of fixed assets	-	(0.004)	(0.003)
Interest expenses	21.47	29.57	44.38
Amortisation of deferred interest income under the financial lease and hire-purchase agreements	(35.48)	(29.81)	(33.02)
Amortisation of debenture issuing expenses	-	-	0.64
<b>Profit from operating activities before change in operating assets and liabilities</b>	<b>52.08</b>	<b>104.32</b>	<b>165.32</b>
<b>Operating assets (increase) decrease</b>			
Trade and other receivables	7.70	29.07	(0.11)
Factoring receivables	(112.90)	(272.55)	(343.98)
Financial lease and hire-purchase receivables	38.10	40.14	(13.05)
Project backup financial receivables	(78.22)	2.66	(447.39)
Properties Foreclosed	-	-	(2.14)
Other current assets	1.37	(0.92)	(2.84)
<b>Operating liabilities increase (decrease)</b>			
Trade and other payables	1.37	(7.72)	1.77
Other current liabilities	10.62	(0.93)	25.90
Other non-current liabilities	(10.82)	(7.83)	-
<b>Cash flows from (used in) operating activities</b>	<b>(90.70)</b>	<b>(113.78)</b>	<b>(616.51)</b>
Cash paid for interest expenses	(22.84)	(25.46)	(43.43)
Cash paid for corporate income tax	(9.55)	(16.76)	(26.60)
<b>Net cash flows used in operating activities</b>	<b>(123.09)</b>	<b>(155.99)</b>	<b>(686.55)</b>
<b>Cash flows from investing activities</b>			
Increase in restricted bank deposits	3.34	(27.32)	8.31
Purchase of equipment and intangible assets	(1.25)	(3.99)	0.01
<b>Net cash flows used in investing activities</b>	<b>2.09</b>	<b>(31.30)</b>	<b>8.32</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in bank overdrafts and short-term loans from banks	9.79	(53.02)	530.65
Cash received from long-term from banks	(14.33)	(22.94)	41.25
Cash received from issuance of debentures	-	348.74	149.57
Cash received from additional ordinary shares	145.60	-	-
Dividend paid	(20.00)	(24.00)	(36.00)
<b>Net cash flows from financing activities</b>	<b>121.06</b>	<b>248.80</b>	<b>685.48</b>
<b>Net decrease in cash and cash equivalents</b>	<b>0.06</b>	<b>61.50</b>	<b>7.25</b>
Cash and cash equivalents at beginning of the year	9.91	9.97	71.47
<b>Cash and cash equivalents at end of the year</b>	<b>9.97</b>	<b>71.47</b>	<b>78.72</b>



### 12.1.3 Summary of Key Financial Ratios.

Financial Ratio	2014	2015	2016
<b>Profitability Ratio :</b>			
Net Profit Margin (%)	37.33%	36.90%	35.05%
Return on Equity (%)	17.22%	18.16%	22.70%
Rate of interest on revenue (Include Fee and Service Income) (%)	15.90%	19.48%	18.67%
Rate of interest on financial cost (%)	5.36%	8.19%	6.33%
Interest Rate Spread (%)	10.54%	11.29%	12.34%
Rate of interest on revenue (Exclude Fee and Service Income) (%)	11.86%	13.33%	12.00%
Rate of interest on financial cost (%)	5.36%	8.19%	6.33%
Interest Rate Spread (%)	6.50%	5.14%	5.67%
<b>Efficiency Ratio :</b>			
Interest Income to Asset Ratio (%)	11.08%	14.31%	14.31%
Return on Assets (%)	6.18%	6.93%	6.36%
Current Ratio (Times)	0.17	0.19	0.18
<b>Financial Ratio :</b>			
Debt to Equity Ratio (Times)	1.36	1.85	3.19
Total Credit to Total Financing Ratio (%)	1.70	1.53	1.32
Dividend Payout Ratio (%)	50.20%	51.10%	22.09
Dividend Payout Ratio (%) (After transferred to statutory reserve)	52.84%	53.79%	23.29
<b>Asset Quality Ratio :</b>			
Allowance for Doubtful account to Total Credit Ratio (%)	2.03	2.83	2.68
Bad Debt to Total Credit to Total Credit Ratio (%)	-	-	0.11

\*\* The Board of Directors' Meeting No. 3/2017 of Least IT Public Company Limited (Company) held on 15 February 2017 resolved to approve the issuances of stock dividend and cash dividend as follows:

- a) stock dividend in the amount of not exceeding 20,000,000 ordinary shares with the par value of Baht 1 each to the existing shareholders at the ratio of 10 existing shares per 1 new share (stock dividend), totalling 20,000,000.00 Baht, being dividend pay-out rate of 0.10 Baht per share. In case of fraction of new share (stock dividend), the Company will pay cash at the rate of Baht 0.10 per share in lieu of such fraction of share.
- b) cash dividend at the rate of 0.0112 Baht per share.

# 13. Description, Analysis, Results of Operations and Financial Position

## 13.1 Overview of Operating Results

A business cycle includes a wide range of financial products line. As a result, the operating outcomes of the company have been growing steadily. The total income of the company has increased from 190.91 million Baht in year 2015 reached to 287.19 million Baht in year 2016, representing a growth rate of 49.07 percent and 50.43 respectively.

### (a) Revenue

The company's revenue in 2016 consisted of interest income, fees and service income, and other sources of income which accounted to 60.69 percent, 33.78 percent, and 5.53 percent, respectively. Interest income is the main source income for the company. According to our strategic plans for the year 2016 expanding client base of government into the large private sector from 20 percent to 30 percent. And encouraging current customers to use upstream and middle stream financial product which provide higher marginal returns. As a result, the company's revenue increased from Factoring, Project Backup financing, Bid Bond and Front End Fee. Year 2016, the company has focused on expanding its market share by focusing on new customer base. The Company will get increase our revenue on a low risk and can extend loans to the upstream loan product in the future.

**Interest income** consists of extending loans, finance leases, hire purchase, factoring, and project backup financing services. As shown:

Interest Income	2016		2015		Change	
	Thousand Baht	Percent	Thousand Baht	Percent	Thousand Baht	Percent
• Financial lease	19,842	11.38	20,951	17.50	-1,109	-5.29
• Hire purchase	13,179	7.56	8,856	7.40	+4,323	+48.41
• Factoring	85,947	49.31	53,937	45.06	+32,010	+59.35
• Project Backup Financing	55,329	31.75	35,949	30.04	+19,380	+53.91
<b>Total Interest Income</b>	<b>174,297</b>	<b>100.00</b>	<b>119,693</b>	<b>100.00</b>	<b>+54,604</b>	<b>+45.62</b>

As shown in the above table, in year 2016 the ratio of interest income in terms of long-term loans consisted of the financial leases (11.38 percent) and the hire purchase (7.56 percent). Total of interest income in terms of long-term loans was 18.94 percent. Interest income in terms of short-term loans consisted of the factoring (49.31 percent) and the project backup financing (31.75 percent). Total of interest income in terms of short-term loans was 81.06 percent. In year 2015, the ratios of interest income in terms of long-term loans and short-term loans were 24.90 percent and 75.10 percent, respectively.



Even though interest income from financial leases was decreased from the previous year, interest income from financial lease and hire purchase were increased represent to 10.78 percent. Because of the Company has strategy to expand customer base by increasing customers in other businesses outside IT. The company will enable to continue maintain its ability to make revenue. Interest income obtained from factoring service in 2016 was increased to 59.35 percent due to the company's strategy that will accelerated expand the client base by starting at the lower risk product such as Factoring. In the above table you would see that the interest income from project backup financing has grown noticeably (i.e., it increased to 53.91 percent from a year earlier) because there was a new product launched since the year 2012 and has been serving the needs of customers more efficiently. However, loans to support projects still are at high risk. Therefore, almost all customers of project backup financing service always contact with the company and they have had a good payment record. This way the company is able to reduce those types of risks. As a result of all these changes and policies, the total interest income in year 2016 faced a significant growth rate increasing to 45.62 percent compared to year 2015.

**Fees and service income** consists of extending loans, finance leases, hire purchase, factoring, and project backup and bid bond services. The table below shows the changes of the fee and service income for year 2015 and 2016.

Fee Income/ Service Income	2016		2015		Change	
	Thousand Baht	Percent	Thousand Baht	Percent	Thousand Baht	Percent
● Leasing	386	0.40	300	0.54	+86	+28.67
● Hire purchase	122	0.13	149	0.27	-27	-18.12
● Factoring	43,743	45.09	21,031	38.06	+22,712	+107.99
● Project Backup Finance	38,203	39.38	25,668	46.45	+12,535	+48.84
● Bid bond	13,592	14.01	8,095	14.65	+5,497	+67.91
● Letter of Credit	932	0.96	0	0	+932	N/A
● Others	26	0.03	18	0.03	+8	+44.44
<b>Total</b>	<b>97,004</b>	<b>100.00</b>	<b>55,261</b>	<b>100.00</b>	<b>+41,743</b>	<b>+75.54</b>

From the table above, in 2016 the proportion of fee income and service income from long-term financial lease of leasing and hire purchase are 0.40 and 0.13 respectively. The proportion of the fee income and service income of short-term credit of factoring service, project backup financing, bid bond and letter of credit are 45.09, 39.38, 14.01 and 0.96 percent, respectively. The proportion of fee income mainly comes from providing short-term credit to 99.47 percent.

Fee and service income from short-term loans, as the factoring were increased by 107.99 percent compared with the previous year due to the increasing of front end fee of new customer. Moreover, the project backup financing were increased by 48.84 percent compared with the year due to credit to support a new product by the company. So the growth rate was quite high in line with income. The fee income of the bid bond grew sharply in 2016, represent by 67.91 percent. Due to the company has developed a system providing E-Bidding according to the government's policy thus increase the chances of bidding for the company's customers.



**Other sources of revenue** consisted of providing products and other income. However, other forms of income mainly comprised of interest income and default payment reaching to 19.30 percent and 80.70 percent, respectively, in year 2016.

Other Income	2016		2015		Change	
	Thousand Baht	Percent	Thousand Baht	Percent	Thousand Baht	Percent
• Margin (Trade Finance)	3,066	19.30	3,187	19.97	-121	-3.80
• Others	12,823	80.70	12,774	80.03	+49	+0.38
<b>Total</b>	<b>15,889</b>	<b>100.00</b>	<b>15,961</b>	<b>100.00</b>	<b>-72</b>	<b>-0.45</b>

**(b) Expenses** consist of cost of sales, administrative expenses, and the financial cost

Expense	2016		2015		Change	
	Thousand Baht	Percent	Thousand Baht	Percent	Thousand Baht	Percent
Cost of sales	28,406	17.71	15,752	15.47	+12,654	+80.33
Administrative expenses	87,010	54.23	56,487	55.48	+30,523	+54.04
Financial expenses	45,019	28.06	29,570	29.05	+15,449	+52.25
<b>Total</b>	<b>160,435</b>	<b>100.00</b>	<b>101,809</b>	<b>100.00</b>	<b>+58,626</b>	<b>+57.58</b>

#### **Cost of sales**

In year 2016 the cost of sales increased by 80.33 percent (compared with the previous year) because of the growth of credit expansion. The rate of growth in sales incentives also increased positively and in the same direction.

#### **Administrative expenses**

In 2016, administrative expenses were increased by 54.04 percent (compared with the previous year). Mainly due to the increasing of relevant tax expenses and provisions for doubtful accounts.

#### **Financial costs**

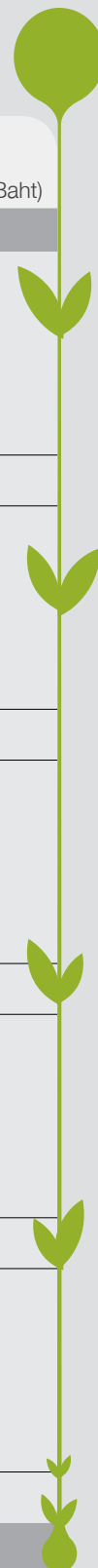
In 2016, financial cost was decreased by 52.25 percent (compared with the previous year). This is in line with the increase in AR account Portfolio. It's cause to have to increase the use of funds from various financing sources for working capital.



### Allowance for doubtful accounts

The table below shows more details about the allowance for doubtful accounts (for year 2015 and year 2016) for each financial product.

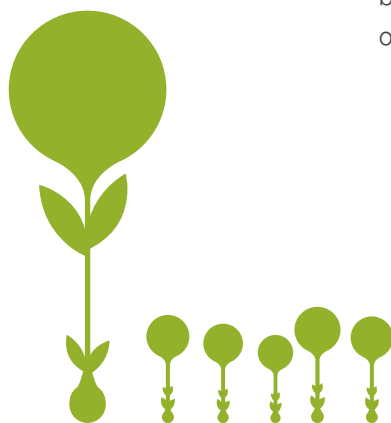
(Unit : Thousand Baht)		
Financial Products/Services	2016	2015
<b>Products and Services</b>		
Brought forward	2,076	3,368
Plus : Allowance for doubtful accounts	-1,364	-1,292
Minus : Doubtful accounts	-	-
Carry forward	712	2,076
<b>Leasing</b>		
Brought Forward	6,784	558
Plus : Allowance for doubtful accounts	-6,738	6,228
Minus : Doubtful accounts	-	-
Carry forward	46	6,784
<b>Hire Purchase</b>		
Brought Forward	1,667	37
Plus : Allowance for doubtful accounts	7,392	1,630
Minus : Doubtful accounts	-	-
Carry forward	9,059	1,667
<b>Factoring</b>		
Brought Forward	19,225	10,014
Plus : Allowance for doubtful accounts	14,962	9,211
Minus : Doubtful accounts	-2,125	0
Carry forward	32,062	19,225
<b>Loan Agreement</b>		
Brought Forward	242	2,926
Plus : Allowance for doubtful accounts	8,745	-2,684
Minus : Doubtful accounts	-	-
Carry forward	8,987	242
<b>Total</b>	<b>50,866</b>	<b>29,994</b>



In year 2016, the company's allowance for doubtful accounts amounting to 50.87 million Baht, which showed 69.62 percent increase compared with the previous year due to the company has a policy of bad debt reserves classified by aging as the basic backup. In this year, the company has changed the way to present aging of accounts receivable (Leasing & Hire Purchase) from presenting just only receivables payment overdue by installments to presenting the whole contract of accounts receivable payment overdue. This is the company's intention to uplift the company's standard of aging classification. In consequence, the company has to add provisions to be in line with the provisions policy on aging classification. However, the company believes that there will be no problems in debtor's payment because most debtors are in public sector, which usually delays payment. As of December 31, 2016, the company has reserved representing 2.68 percent of net of outstanding account receivables.

### (c) Net Profit

During the years 2015 - 2016, the Company has a net profit of 70.45 million Baht and 100.66 million Baht, respectively. The increase represents a net profit margin of 35.05 percent which was a result of the boost in lending through adding various financial products (i.e., such as bid bond, providing products, hire purchase, factoring, or project backup financing services). The launch of project backup finance focused on the integrated services, making the total revenues for the company increased continuously. The results show that the company's net profit growth did well every year.



## 13.2 Financial Status

### (a) Assets

At the end of the year 2015 - 2016, the company's total assets increased from 1,171.84 million Baht to 1,991.56 million Baht. The company's receivables from loans accounted for 88.02 percent, 92.69 percent of total assets, respectively.

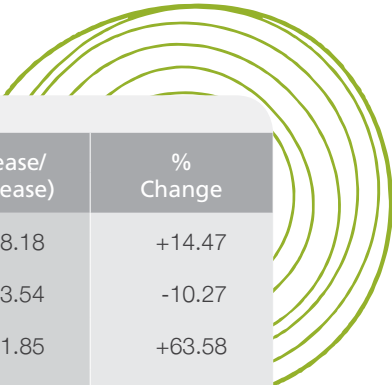
Current assets of the years 2015 - 2016 were 1,009.78 million Baht and 1,795.85 million Baht, respectively. Current assets included receivables based on current portion of leasing and hire purchase receivables, current portion of factoring receivables, and current portion of loan receivables (project backup financing) which accounted for 9.63 percent, 42.51 percent and 32.17 percent of total assets in 2016.

Non-current assets of the years 2015 - 2016 were 162.06 million Baht and 195.71 million Baht, respectively. Non current assets included receivables based on leasing and hire purchase (net of current portion) and receivables based on factoring (net of current portion) accounted for 7.05 percent and 0.05 percent of total assets in 2016

### Quality of Assets

The company has set guidelines to control the quality of the receivables. As mentioned earlier, accounts receivable is an asset which is the major proportion of the company in regard to the amount of loans. There is the policy for issuing various types of credit to the debtors of the company in order to achieve high quality debtors.

In addition, there is no significant concentration because of diversification of customers and number of customers.



Debtor	2016	2015	Increase/ (Decrease)	% Change
	Million Baht	Million Baht		
Financial lease	222.97	194.79	+28.18	+14.47
High purchase	118.32	131.86	-13.54	-10.27
Factoring	879.50	537.65	+341.85	+63.58
Loan	649.75	202.36	+447.39	+221.09
Account receivable	24.08	18.92	+5.16	+27.27
<b>Total</b>	<b>1,894.62</b>	<b>1,085.58</b>	<b>+809.04</b>	<b>+74.53</b>

\*\*Receivables from the table above show the amount before deducting allowance for doubtful accounts.

In the years 2015-2016, receivables (under the factoring) has increased from 537.68 million Baht to 879.50 million Baht, respectively, representing an increase of 63.58 percent. The cause of the accelerated expansion of the customer base and the factoring in the private sector increased.

The company began offering project backup financing services in 2012. By the expansion of the debtor Year 2015-2016, receivable under the project backup financing reached 202.36 million Baht and 649.75 million Baht, respectively. The cause is for supporting existing customers who have used the company's main products.

Trade in supplier services (within the years 2015 - 2016) amounted to 18.92 million Baht and 24.08 million Baht, having a increase of 27.27 percent. This is because the company has switched to alternative products. (Project backup financing)

## (b) Liquidity

	(Unit : Million Baht)	
	2016	2015
	Million Baht	Million Baht
Cash flows from (used in) operating activities	(686.55)	(155.99)
Cash flows from (used in) investing activities	8.32	(31.30)
Cash flows from (used in) financing activities	685.48	248.79
<b>Cash and cash equivalents at end of the year</b>	<b>7.25</b>	<b>61.50</b>

In 2016, the company's cash flow from used in operating activities such as receivables from loans amounted to 686.55 million Baht. Accordingly, cash flow received from investing activities amounted to 8.32 million Baht. Moreover, cash flow received from financing activities amounted to 685.48 million Baht.





### (c) Source of funds

As at 31 December 2015 and 2016, the company has a detailed list of financial liabilities, equity shareholders, and the ratio of financial liabilities to equity shareholders as follows:

Item	2016	2015	Increase/(Decrease)	% Change
<b>Financial Debts</b>				
Short-Term Loan from financial institutions	843.84	313.18	+530.66	+168.44
Long-Term Loan	52.16	10.30	+41.86	+406.41
Total liabilities	896.00	323.48	+575.52	+176.99
Total shareholders' equity	475.78	411.11	+64.67	+15.73
Net cash flows	1,371.78	734.59	+637.19	+86.74
Debt to Equity Ratio (Times)	1.89	0.79		

The major capital resource of the company came from short-term loans from financial institutions. The company was at risk of interest rate fluctuations in market. However, considering short-term credit, factoring, bid bond, project backup financing, and trade finance, the company was able to adjust the interest rate or fee based on the change in financial costs. The company offered a fixed interest rate to customers for leasing and hire purchase loans. The difference between costs and interest rates offered to customers to compensate the risk of interest rate fluctuation.

#### 1. Liability

As at 31 December 2015 and 2016, the company had total liabilities of 760.72 million Baht and 1,515.78 million Baht, respectively. The company's liabilities included bank overdrafts and short-term loans from banks. The increase in total liabilities was result of the expansion of credit to the company.

As at 31 December 2015 and 2016, the company's ratio of loans per loan was 1.53 times and 1.32 times, respectively. This shows that the loan will be applied to all almost loans.

#### 2. Equity Shareholders

Due to the company offers various types of credit and meet the financial needs of clients in the business which enabled the company to provide a more comprehensive market coverage and product/service diversification. As a result, the company's revenues and profits were increased every year, resulting in higher retained earnings to the company in the shareholders' equity On 31 December 2015 and 2016 with a total of 411.11 and 475.78 million Baht, respectively.

In terms of returns to shareholders, during the years 2015 - 2016, the company make a profit for its shareholders at the rate of 18.16 percent and 22.70 percent respectively.

#### 3. Appropriate Capital Structure

For year 2015 – 2016, the company's debt to equity ratio was equal to 1.85 times and 3.19 times, respectively. It is seen that the company has a debt ratio of debt to equity shareholders increased due to the growth of business, the company requires more funding to make the return to the company.

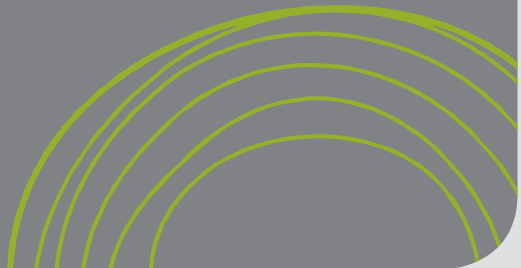


### 13.2.1 Factors Affecting the Future Operating Results

Adequate and diverse funding sources will be the key in driving the business to be more or less for returns. In 2015, the company has adjusted capital structure from the borrowing from a bank into raising funds through debt in various forms. The company has issued the Bill of Exchange (B.E) up to 625 million Baht. Meanwhile, the Board of Directors approved the issuance of bonds to be offered to the public. And will be presented to The Annual General Meeting No.2/2015 for consideration. If such resolution is approved, the company will have additional funding sources and be able to manage funds more efficiently.

### 13.2.2 Remuneration of Auditors

On December 31, 2015, the company paid a remuneration disclosure to the auditors of the company (Audit Fee) (as well as auditors of the EY office Limited) in the amount of 900,000 Baht. The 2016 Annual General Meeting of Shareholders approved the remuneration for the auditors for the year 2016 in the amount of 1,120,000 baht (increasing 220,000 baht) out-of-pocket expense such as accommodation, travelling expense, fax and photocopying charge are to be reimbursed by the Company at actual cost. In return, the company has no other obligation to pay the auditors of the Office of Auditing, or any other parties related to the auditors.



# Report of the Audit Committee

## To All Shareholders

The Audit Committee of Lease IT Public Company Limited (Lease IT) currently consist of 5 independent directors who are seniors in various fields such as accounting, financing, economic, and law. The current Audit Committee are :

- |  |  |
|--|--|
| 1. Mr. Prakob Visitkitjakarn                 | Chairman of the Audit Committee                  |
| 2. Mrs. Duangphorn Sucharittanuwat           | Chairman of the Board and Audit Committee Member |
| 3. Police General Jate Mongkolhutthi         | Audit Committee Member                           |
| 4. Mr. Suthud Khancharoensuk                 | Audit Committee Member                           |
| 5. Associate Professor Dr. Suda Suwannapirom | Audit Committee Member                           |
- Ms. Peerapa Piumudomsuk is the acting Secretary of the Audit Committee.

On October 1, 2016 Associate Professor Dr. Suda Suwannapirom was appointed as member of Audit Committee and on October 4, 2016 Ms. Peerapa Piumudomsuk was appointed as acting Audit Committee's secretary.

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 2016, 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. Prakob Visitkitjakarn)  
Chairman of the Audit Committee

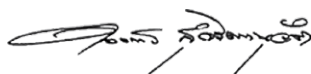


## Committee's Responsibility to Prepare Financial Report for the Year 2016

The Board of Directors realizes the duties and responsibilities of the committee members of the company listed on the Stock Exchange of Thailand. The duties are to oversee the financial statements of the company, in the year 2016, to be as adequate, transparent, and complete as possible. Moreover, the committee members are in charge of maintaining the assets of the company away from unusual operations (i.e., fraud protection) via following appropriate accounting standards and practices regularly throughout the business processes. In preparing the Company's Annual Report for fiscal year 2016, the committee members do their best to make judgment and estimates that are reasonable and prudent in terms of financial statements and financial information.

In order to make the stakeholders have confidence in the financial report of the company, the Board of Directors has appointed as Audit Committee comprising of independent directors who are qualified in accordance with the terms of the Stock Exchange of Thailand. They serve to review and verify the company's financial report and operations accurately and sufficiently. Disclosure should be made and conflict of interest of the company must be adequate, transparent, accurate, and complete. Assessing the risk management, internal control system, internal audit and supervision of the company also should be done appropriately and efficiently in accordance with laws, regulations, and other related policies of the Stock Exchange of Thailand.

The Board of Directors of the company has an opinion that (all) the financial statements and cash flows for the financial year 2016 (ended in December 31, 2016) are reviewed by the audit committee with managers, and audited by the auditor were accurate, completed, reliable, reasonable and compatible with generally accepted accounting standards. In addition, accounting policies were appropriate and able to be practiced and disclosed regularly. Transparency was sufficient, and able to be practiced in relation to laws and related regulations.



(Mrs. Duangphorn Sucharittanuwat)  
Chairman of the Board  
and Audit Committee Member



(Mr. Sompon Aketerajit)  
Managing Director



# 14. Independent Auditor's Report

## To the Shareholders of Lease IT Public Company Limited

### Opinion

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

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

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in my professional 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.

#### ***Allowance for doubtful accounts for receivables***

As discussed in Note 4.5 to the financial statements, the estimation of allowance for doubtful accounts for each type of receivable was based on estimates of possible loss from uncollectible receivables which were generally made on the basis of collection experiences and analysis of debt aging, and various assumptions. The management is required to exercise judgement in estimating the allowance for losses expected to be incurred when debtors are unable to repay principal and interest, and in determining the timing of the recognition of such allowance. Furthermore, the estimate of allowance for doubtful accounts is significant because, as at 31 December 2016, the Company had significant amounts of trade and other receivables, loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables amounting to Baht 1,897 million (the amount represents 95 percent of total assets), and allowance for doubtful accounts of Baht 52 million. Therefore, I addressed the adequacy of the allowance for doubtful accounts for receivables as a key audit matter.



I gained an understanding of the internal controls relevant to collection of debt, loan receipt, and debtor aging, the setting aside of allowance for doubtful accounts and the recording of accounting entries by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also assessed the information, assumptions and methods used by the Company in calculating the allowance for doubtful accounts by reviewing the credibility of key information to its sources. In addition, I evaluated the consistency of the application of assumptions, performed sampling tests on the completeness and correctness of the data used in calculation of the allowance, and tested the calculation of debtor aging and allowance for doubtful accounts for each type of account receivable.

#### **Revenue recognition on interest**

The Company's policy on the recognition of interest income is discussed in Note 4.1 to the financial statements. In 2016, the Company's revenue mainly consisted of interest income from provision of loans amounting to Baht 174 million (representing 61 percent of total revenue). The revenues were derived from the provision of loans to a large number of customers under various types of agreement. Moreover, the Company applies various methods of recognising interest income since each type of agreement has different terms and conditions, and revenue recognition relies primarily on data processing by information systems. Therefore, I addressed the amount and timing of interest income recognition as a key audit matter.

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

#### **Other Information**

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

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

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

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

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

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

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

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

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



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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

**Somjai Khunapasut**

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 15 February 2017



# 15. Financial Statements

## Lease IT Public Company Limited Statements of financial position As at 31 December 2016

			(Unit: Baht)
	Note	2016	2015
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	78,721,442	71,470,335
Trade and other receivables	8	25,563,747	24,093,203
Current portion of loan receivables	9	640,761,830	202,114,854
Current portion of factoring receivables	10	846,532,067	518,314,760
Current portion of financial lease receivables	11	111,188,925	112,983,477
Current portion of hire-purchase receivables	12	80,598,352	72,540,255
Property foreclosed		2,141,125	-
Other current assets		10,339,645	8,259,189
<b>Total current assets</b>		<b>1,795,847,133</b>	<b>1,009,776,073</b>
<b>Non-current assets</b>			
Restricted bank deposits	14	29,939,538	43,348,695
Factoring receivables - net of current portion	10	908,763	110,345
Financial lease receivables - net of current portion	11	111,734,265	56,686,041
Hire-purchase receivables - net of current portion	12	28,660,912	44,556,236
Equipment	15	10,165,213	9,722,798
Intangible assets	16	3,633,532	1,328,085
Deferred tax assets	17	10,669,329	6,307,606
<b>Total non-current assets</b>		<b>195,711,552</b>	<b>162,059,806</b>
<b>Total assets</b>		<b>1,991,558,685</b>	<b>1,171,835,879</b>

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





Lease IT Public Company Limited  
**Statements of financial position (continued)**  
 As at 31 December 2016

(Unit: Baht)			
	Note	2016	2015
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Bank overdrafts and short-term loans	18	843,838,462	313,184,033
Trade and other payables	19	2,430,727	656,433
Current portion of long-term loans	20	20,258,546	9,191,600
Current portion of debentures	22	199,783,769	-
Current portion of liabilities under financial lease agreement	21	488,492	429,999
Income tax payable		13,836,731	9,995,180
Cash receipt awaiting for return to receivables		58,895,374	42,909,217
Other current liabilities		39,873,293	29,188,937
<b>Total current liabilities</b>		<b>1,179,405,394</b>	<b>405,555,399</b>
<b>Non-current liabilities</b>			
Long-term loans - net of current portion	20	31,902,000	1,114,546
Debentures - net of current portion	22	299,467,079	349,033,605
Liabilities under finance lease agreement - net of current portion	21	648,413	1,133,543
Provision for long-term employee benefits	23	4,359,740	3,886,580
<b>Total non-current liabilities</b>		<b>336,377,232</b>	<b>355,168,274</b>
<b>Total liabilities</b>		<b>1,515,782,626</b>	<b>760,723,673</b>

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



Lease IT Public Company Limited  
**Statements of financial position (continued)**  
 As at 31 December 2016

(Unit: Baht)

	Note	2016	2015
<b>Liabilities and shareholders' equity (continued)</b>			
<b>Shareholders' equity</b>			
Share capital			
Registered			
200,000,000 ordinary shares of Baht 1 each		200,000,000	200,000,000
Issued and fully paid-up			
200,000,000 ordinary shares of Baht 1 each		200,000,000	200,000,000
Share premium		70,718,399	70,718,399
Retained earnings			
Appropriated - statutory reserve	24	16,846,139	11,681,139
Unappropriated		188,211,521	128,712,668
<b>Total shareholders' equity</b>		<b>475,776,059</b>	<b>411,112,206</b>
<b>Total liabilities and shareholders' equity</b>		<b>1,991,558,685</b>	<b>1,171,835,879</b>

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



Lease IT Public Company Limited  
**Statements of comprehensive income**  
 For the year ended 31 December 2016

(Unit: Baht)

	Note	2016	2015
<b>Profit or loss:</b>			
<b>Revenues</b>			
Interest income	25	174,297,499	119,693,154
Fee and service income	26	97,004,433	56,169,005
Other income	27	15,888,798	15,052,699
<b>Total revenues</b>		287,190,730	190,914,858
<b>Expenses</b>			
Selling expenses/Procurement of goods		28,405,763	15,751,619
Administrative expenses		63,259,351	43,191,225
Bad debts and doubtful accounts	13	23,751,045	13,295,796
<b>Total expenses</b>		115,416,159	72,238,640
<b>Profit before finance cost and income tax expenses</b>		171,774,571	118,676,218
Finance cost		(45,019,198)	(29,570,436)
<b>Profit before income tax expenses</b>		126,755,373	89,105,782
Income tax expenses	17	(26,093,104)	(18,659,128)
<b>Profit for the year</b>		100,662,269	70,446,654
<b>Other comprehensive income:</b>			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Actuarial loss		-	(342,226)
Less: Income tax effect		-	68,445
<b>Other comprehensive income for the year (loss)</b>		-	(273,781)
<b>Total comprehensive income for the year</b>		100,662,269	70,172,873
<b>Earnings per share</b>	29		
Basic earnings per share		0.50	0.35

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

Lease IT Public Company Limited  
**Cash flow statements**  
 For the year ended 31 December 2016

(Unit: Baht)

	2016	2015
<b>Cash flows from operating activities</b>		
Profit before income tax expenses	126,755,373	89,105,782
Adjustment to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	2,340,991	1,943,302
Bad debts and doubtful account on receivables	23,751,045	13,091,049
Gain on sales of equipment	(2,532)	(3,507)
Amortisation of deferred interest income under the financial lease and hire-purchase agreements	(33,021,239)	(29,806,858)
Amortisation of debenture issuing expenses	642,655	294,484
Provision for long-term employee benefits	473,160	419,906
Interest expenses	44,376,543	29,275,952
Profit from operating activities before change in operating assets and liabilities	165,315,996	104,320,110
Operating assets (increase) decrease		
Trade and other receivables	(106,310)	29,068,547
Loan receivables	(447,392,409)	2,664,397
Factoring receivables	(343,978,174)	(272,551,042)
Financial lease receivables	(26,673,069)	78,060,490
Hire-purchase receivables	13,624,966	(37,923,175)
Properties forelosed	(2,141,125)	-
Other current assets	(2,837,172)	(926,281)

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



Lease IT Public Company Limited  
**Cash flow statements (continued)**  
 For the year ended 31 December 2016

	(Unit: Baht)	
	2016	2015
Operating liabilities increase (decrease)		
Trade and other payables	1,774,294	(7,722,332)
Other current liabilities	25,898,068	(935,771)
Other non-current liabilities	-	(7,830,491)
Cash flows used in operating activities	(616,514,935)	(113,775,548)
Cash paid for interest expenses	(43,431,696)	(25,462,140)
Cash paid for income tax	(26,604,342)	(16,758,685)
<b>Net cash flows used in operating activities</b>	<b>(686,550,973)</b>	<b>(155,996,373)</b>
<b>Cash flows from investing activities</b>		
Decrease (increase) in restricted bank deposits	13,409,157	(27,316,068)
Cash paid for purchase of equipment and intangible assets	(5,103,249)	(3,986,161)
Proceeds from sales of equipment	16,928	4,673
<b>Net cash flows from (used in) investing activities</b>	<b>8,322,836</b>	<b>(31,297,556)</b>
<b>Cash flows from financing activities</b>		
Increase (decrease) in bank overdrafts and short-term loans	530,654,430	(53,017,028)
Cash received from long-term loans	54,700,000	-
Repayments of long-term loans	(12,845,600)	(22,326,611)
Repayments of liabilities under finance lease agreement	(605,758)	(605,760)
Cash received from issuance of debentures	149,574,588	348,739,121
Dividend paid	(35,998,416)	(24,000,000)
<b>Net cash flows from financing activities</b>	<b>685,479,244</b>	<b>248,789,722</b>
<b>Net increase in cash and cash equivalents</b>	<b>7,251,107</b>	<b>61,495,793</b>
Cash and cash equivalents at beginning of the year	71,470,335	9,974,542
<b>Cash and cash equivalents at end of the year</b>	<b>78,721,442</b>	<b>71,470,335</b>
<b>Supplemental cash flows information</b>		
Non-cash item		
Assets acquired under finance lease agreement	-	2,979,047

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

Lease IT Public Company Limited  
**Statements of changes in shareholders' equity**  
For the year ended 31 December 2016

(Unit: Baht)

	Issued and fully paid-up share capital	Share premium	Retained earnings		Total
			Appropriated - statutory reserve	Unappropriated	
<b>Balance as at 1 January 2015</b>	200,000,000	70,718,399	8,158,806	86,062,128	364,939,333
Dividend paid (Note 30)	-	-	-	(24,000,000)	(24,000,000)
Unappropriated retained earnings transferred to statutory reserve (Note 24)	-	-	3,522,333	(3,522,333)	-
Profit for the year	-	-	-	70,446,654	70,446,654
Other comprehensive income for the year (loss)	-	-	-	(273,781)	(273,781)
Total comprehensive income for the year	-	-	-	70,172,873	70,172,873
<b>Balance as at 31 December 2015</b>	<b>200,000,000</b>	<b>70,718,399</b>	<b>11,681,139</b>	<b>128,712,668</b>	<b>411,112,206</b>
<b>Balance as at 1 January 2016</b>	200,000,000	70,718,399	11,681,139	128,712,668	411,112,206
Dividend paid (Note 30)	-	-	-	(35,998,416)	(35,998,416)
Unappropriated retained earnings transferred to statutory reserve (Note 24)	-	-	5,165,000	(5,165,000)	-
Profit for the year	-	-	-	100,662,269	100,662,269
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	-	100,662,269	100,662,269
<b>Balance as at 31 December 2016</b>	<b>200,000,000</b>	<b>70,718,399</b>	<b>16,846,139</b>	<b>188,211,521</b>	<b>475,776,059</b>

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





Lease IT Public Company Limited  
**16.** Notes to financial statements  
For the year ended 31 December 2016

## 1. General information

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 900/17, 21<sup>st</sup> Floor, IT Professional Tower, Rama III Road, Bang Pong Pang, Yannawa, Bangkok 10120.

## 2. Basis of preparation of the financial statements

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

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

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

## 3. New financial reporting standards

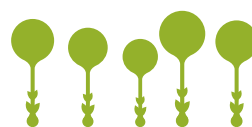
### 3.1 Financial reporting standards that became effective in the current year

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

### 3.2 Financial reporting standard that will become effective in the future

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

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



## 4. Significant accounting policies

### 4.1 Revenue recognition

- a) Interest income on loans receivables and factoring  
The Company recognised interest income from loan receivables and factoring on an accrual basis using the effective interest rate over the period of contracts, except for overdue receivables for more than ninety days, interest are recognised on a cash basis.
- b) Interest income from financial lease and hire-purchase contracts  
Interest income from financial lease and hire-purchase contracts are recognised on an accrual basis using the effective interest rate over the period of contracts, except for overdue receivables for more than ninety days, interest are recognised on a cash basis.
- c) Fees and service income  
Fees and service income are recognised on an accrual basis.

### 4.2 Expense recognition

- a) Interest expenses  
Interest expenses are charged to expenses on an accrual basis.
- b) 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.

### 4.3 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.

### 4.4 Receivables

Receivables, which include trade receivables, loan receivables, factoring receivables, receivables under financial lease contracts and receivables under hire-purchase contracts are stated at net realisable value. Unearned financial lease and hire-purchase income are presented as a deduction from financial lease receivables and hire-purchase receivables, and deferred direct expenses are presented as a deduction from unearned interest income.

### 4.5 Allowance for doubtful accounts

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.





#### 4.6 Property foreclosed

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

#### 4.7 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:

Office equipment	-	5 years
Furniture	-	5 years
Computers	-	3 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

#### 4.8 Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and any accumulated impairment loss (if any).

Intangible assets are amortised as expenses in the profit or loss on a straight-line basis over the economic useful life, as follows:

Computer software	$\frac{\text{Useful lives}}{10 \text{ years}}$
-------------------	--

No amortisation is provided on computer software under installation.

#### 4.9 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

###### Defined benefit plans

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

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, based on actuarial techniques using the projected unit credit method.

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



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

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

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

## 4.12 Related party transactions

Related parties comprise enterprises and individuals 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 which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

## 4.13 Long-term leases

Leases 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.

Leases of 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.

## 4.14 Provisions

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

## 4.15 Fair value measurement

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows



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

## 5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective 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 doubtful accounts

In determining an allowance for doubtful accounts 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 prevailing economic condition.

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

## 6. Related party transactions

During the years, the Company had significant business transactions with its related parties. Such transactions arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. The pricing policies for these related party transactions and list of related parties are summarised as follows:

1. Purchase of goods, service expenses and other services are charged at the agreed prices.
2. Fixed assets are sold and purchased at market price.

Name of related parties	Relationship with the Company
SVOA Public Company Limited	Major shareholder
IT CITY Public Company Limited	Have common director and major shareholder
S P V I Public Company Limited	Have common director and major shareholder
DataOne Asia (Thailand) Company Limited	Have common director and major shareholder
ARIP Public Company Limited	Have common director
Advance Research Group Co., Ltd.	Have common director (Spouse)



During the years, significant transactions between the Company and related parties are summarised below.

(Unit: Thousand Baht)		
	2016	2015
<b><u>Transactions with a major shareholder</u></b>		
(SVOA Public Company Limited)		
Purchases of goods and services	-	755
Other service charge expenses	550	539
Dividend paid	14,364	11,280
Purchases of fixed assets	23	30
<b><u>Transactions with related companies</u></b>		
Other service charge expenses	4,077	2,395
Purchases of fixed assets	-	7

The balance of the accounts as at 31 December 2016 and 2015 between the Company and those related parties are as follows:

(Unit: Thousand Baht)		
	2016	2015
<b><u>Trade and other payables</u></b>		
Major shareholder	64	78
Related companies	2,367	578
<b>Total trade and other payables</b>	<b>2,431</b>	<b>656</b>

#### **Directors and management's benefits**

During the years ended 31 December 2016 and 2015, the Company had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)		
	2016	2015
Short-term employee benefits	20,775	20,730
Post-employment benefits	844	663
<b>Total</b>	<b>21,619</b>	<b>21,393</b>



## 7. Cash and cash equivalents

(Unit: Thousand Baht)		
	2016	2015
Cash	20	20
Bank deposits	78,701	71,450
<b>Total</b>	<b>78,721</b>	<b>71,470</b>

As at 31 December 2016, bank deposits in saving accounts and fixed deposits carried interests rate at 0.4 percent per annum (2015: 0.4 percent per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)		
	2016	2015
<b>Trade receivables - unrelated parties</b>		
Aged on the basis of due dates		
Not yet due	18,489	16,305
Past due		
Up to 1 month	-	541
1 - 3 months	5,278	-
Over 12 months	315	2,071
<b>Total</b>	<b>24,082</b>	<b>18,917</b>
Less: Allowance for doubtful debts	(712)	(2,076)
<b>Total trade receivables - unrelated parties</b>	<b>23,370</b>	<b>16,841</b>
<b>Other receivables</b>		
Other receivables - unrelated parties	2,194	7,252
<b>Total other receivables - unrelated parties</b>	<b>2,194</b>	<b>7,252</b>
<b>Trade and other receivables - net</b>	<b>25,564</b>	<b>24,093</b>

## 9. Loan receivables

(Unit: Thousand Baht)						
	Current portion of loan receivables <sup>(1)</sup>		Long-term portion of loan receivables		Total	
	2016	2015	2016	2015	2016	2015
Loan receivables	649,749	202,357	-	-	649,749	202,357
Less: Allowance for doubtful debts	(8,987)	(242)	-	-	(8,987)	(242)
<b>Loan receivables - net</b>	<b>640,762</b>	<b>202,115</b>	<b>-</b>	<b>-</b>	<b>640,762</b>	<b>202,115</b>

(1) The current portion of loan receivables included receivables for which revenue recognition has ceased



As at 31 December 2016 and 2015, the loan receivables classified by their aging counted from due date were as follows

(Unit: Thousand Baht)		
	2016	2015
<b><u>Aging counted from due date</u></b>		
Not yet due	604,331	189,479
Past due		
Up to 1 month	29,351	12,368
1 - 3 months	12,835	400
3 - 6 months	3,232	-
Over 12 months	-	110
Total loan receivables	649,749	202,357
Less: Allowance for doubtful debts	(8,987)	(242)
<b>Loan receivables - net</b>	<b>640,762</b>	<b>202,115</b>

As at 31 December 2016 and 2015, the rights on debt collection under loan agreements between loan receivables and their counterparties have been transferred to the Company as collateral against loans provided to receivables in full amount

## 10. Factoring receivables

(Unit: Thousand Baht)						
	Current portion of factoring receivables <sup>(1)</sup>		Long-term portion of factoring receivables		Total	
	2016	2015	2016	2015	2016	2015
Factoring receivables	878,594	537,540	909	110	879,503	537,650
Less: Allowance for doubtful debts <sup>(2)</sup>	(32,062)	(19,225)	-	-	(32,062)	(19,225)
<b>Factoring receivables - net</b>	<b>846,532</b>	<b>518,315</b>	<b>909</b>	<b>110</b>	<b>847,441</b>	<b>518,425</b>

(1) The current portion of factoring receivables included receivables for which revenue recognitions has ceased

(2) Total allowance for doubtful debts is presented net of current portion of factoring receivables



The Company has the factoring policy by providing credit at approximate 70 to 95 percent of invoice amount. As at 31 December 2016 and 2015, the factoring receivables classified by their aging counted from due date were as follows:

(Unit: Thousand Baht)		
	2016	2015
<b>Aging counted from due date</b>		
Not yet due	762,500	424,238
Past due		
Up to 1 month	44,873	62,126
1 - 3 months	23,657	21,144
3 - 6 months	26,337	2,418
6 - 12 months	13,810	20,053
Over 12 months	8,326	7,671
Total	879,503	537,650
Less: Allowance for doubtful debts	(32,062)	(19,225)
<b>Factoring receivables - net</b>	<b>847,441</b>	<b>518,425</b>

## 11. Financial lease receivables

As at 31 December 2016 and 2015, financial lease receivables generally have 3 years terms and are payable in equal installments payment, with interest charged at fixed rates throughout the contracts. The balances of financial lease receivables are classified by due date per the contract, as follows:

(Unit: Thousand Baht)						
	Current portion of financial lease receivables <sup>(1)</sup>		Long-term portion of financial lease receivables		Total	
	2016	2015	2016	2015	2016	2015
Financial lease receivables	130,367	133,031	125,209	61,760	255,576	194,791
Less: Unearned financial income	(19,132)	(13,263)	(13,475)	(5,074)	(32,607)	(18,337)
Total	111,235	119,768	111,734	56,686	222,969	176,454
Less: Allowance for doubtful debts <sup>(2)</sup>	(46)	(6,784)	-	-	(46)	(6,784)
<b>Financial lease receivables - net</b>	<b>111,189</b>	<b>112,984</b>	<b>111,734</b>	<b>56,686</b>	<b>222,923</b>	<b>169,670</b>

(1) The current portion of financial lease receivables included receivables for which revenue recognition has ceased

(2) Total allowance for doubtful debts is presented net of current portion of financial lease receivables



As at 31 December 2016 and 2015, financial lease receivables classified by their aging counted from due date (determined based on an individual contract basis, whereby if any installments is overdue, the whole contract balance is considered to be overdue) were as follows:

(Unit: Thousand Baht)		
	2016	2015
<b>Aging counted from due date</b>		
Not yet due	219,629	154,563
Past due		
Up to 1 month	2,079	5,213
1 - 3 months	1,261	9,454
3 - 6 months	-	343
6 - 12 months	-	813
Over 12 months	-	6,068
<b>Total</b>	<b>222,969</b>	<b>176,454</b>
Less: Allowance for doubtful debts	(46)	(6,784)
<b>Financial lease receivables - net</b>	<b>222,923</b>	<b>169,670</b>

The Company has transferred its collection rights under the finance lease agreements to a financial institution as collateral for short-term and long-term loans as discussed in Note 18 and Note 20 to the financial statements. As at 31 December 2016, the balance of the above financial lease receivables that were placed as collateral for such short-term loans totaling Baht 46 million and Baht 81 million for long-term loans (2015: Baht 41 million and Baht 20 million, respectively).

## 12. Hire-purchase receivables

As at 31 December 2016 and 2015, hire-purchase receivables generally have 2 years terms and are payable in equal installments payment, with interest charged at fixed rates throughout the contracts. The balances of hire-purchase receivables are classified by due date per the contract, as follows:

(Unit: Thousand Baht)						
	Current portion of hire-purchase receivables <sup>(1)</sup>		Long-term portion of hire-purchase receivables		Total	
	2016	2015	2016	2015	2016	2015
Hire-purchase receivables	97,723	83,007	31,894	48,853	129,617	131,860
Less: Unearned financial income	(8,066)	(8,800)	(3,233)	(4,297)	(11,299)	(13,097)
<b>Total</b>	<b>89,657</b>	<b>74,207</b>	<b>28,661</b>	<b>44,556</b>	<b>118,318</b>	<b>118,763</b>
Less: Allowance for doubtful debts <sup>(2)</sup>	(9,059)	(1,667)	-	-	(9,059)	(1,667)
<b>Hire-purchase receivables - net</b>	<b>80,598</b>	<b>72,540</b>	<b>28,661</b>	<b>44,556</b>	<b>109,259</b>	<b>117,096</b>

1) The current portion of hire-purchase receivables included receivables for which revenue recognition has ceased

(2) Total allowance for doubtful debts is presented net of current portion of hire-purchase receivables





As at 31 December 2016 and 2015, hire-purchase receivables classified by their aging counted from due date (determined on an individual contract basis, whereby if any installments are overdue the full balance under the contract is considered to be overdue) were as follows:

(Unit: Thousand Baht)		
	2016	2015
<b>Aging counted from due date</b>		
Not yet due	106,080	110,153
Past due		
Up to 1 month	1,932	4,239
1 - 3 months	1,293	899
3 - 6 months	-	430
6 - 12 months	-	3,042
Over 12 months	9,013	-
Total	118,318	118,763
Less: Allowance for doubtful debts	(9,059)	(1,667)
<b>Hire-purchase receivables - net</b>	<b>109,259</b>	<b>117,096</b>

### 13. Allowance for doubtful accounts

Movements of allowance for doubtful accounts of trade and other receivables, loan receivables, factoring receivables, financial lease receivables, hire-purchase receivables and accrued interest for the year ended 31 December 2016 and 2015 are as follows:

(Unit: Thousand Baht)		
	For the years ended 31 December	
	2016	2015
Balance beginning of the year	30,200	16,904
Add: Bad debts and doubtful account increase during the year	23,751	13,296
Less: Bad debts written-off	(2,126)	-
<b>Balance end of the year</b>	<b>51,825</b>	<b>30,200</b>

### 14. Restricted bank deposits

As at 31 December 2016, the Company had bank deposits subject to withdrawal restrictions of Baht 30 million, comprised of Baht 1 million for 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 Baht 29 million that were used to secure bank guarantees issued by banks on behalf of the Company's customer (2015: Baht 43 million, Baht 11 million and Baht 32 million, respectively).



## 15. Equipment

(Unit: Thousand Baht)

	Building improvement	Furniture	Computers	Office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>							
1 January 2015	1,076	646	1,634	919	6,493	-	10,768
Additions	2,231	30	445	1,010	-	-	3,716
Disposals	-	-	(194)	(23)	-	-	(217)
31 December 2015	3,307	676	1,885	1,906	6,493	-	14,267
Additions	218	26	405	1,031	-	920	2,600
Disposals	-	-	(44)	-	-	-	(44)
31 December 2016	3,525	702	2,246	2,937	6,493	920	16,823
<b>Accumulated depreciation</b>							
1 January 2015	434	212	1,270	486	585	-	2,987
Depreciation for the year	468	112	285	259	649	-	1,773
Depreciation for disposals	-	-	(194)	(22)	-	-	(216)
31 December 2015	902	324	1,361	723	1,234	-	4,544
Depreciation for the year	662	114	349	369	649	-	2,143
Depreciation for disposals	-	-	(29)	-	-	-	(29)
31 December 2016	1,564	438	1,681	1,092	1,883	-	6,658
<b>Net book value</b>							
31 December 2015	2,405	352	524	1,183	5,259	-	9,723
31 December 2016	1,961	264	565	1,845	4,610	920	10,165
<b>Depreciation charge for the year</b>							
2015 (Included in administrative expenses)							1,773
2016 (Included in administrative expenses)							2,143

As at 31 December 2015, the Company had motor vehicle, acquired under finance lease agreement, with net book value amounting to Baht 2.2 million.

As at 31 December 2016, certain furniture, computer 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 1.2 million (2015: Baht 1.2 million).

## 16. Intangible assets

(Unit: Thousand Baht)

	Computer software	Computer software under installation	Total
<b>Cost</b>			
1 January 2015	1,699	95	1,794
Additions	270	-	270
31 December 2015	1,969	95	2,064
Additions	90	2,413	2,503
Transferred in (out)	48	(48)	-
31 December 2016	2,107	2,460	4,567
<b>Accumulated amortisation</b>			
1 January 2015	566	-	566
Amortisation for the year	170	-	170
31 December 2015	736	-	736
Amortisation for the year	198	-	198
31 December 2016	934	-	934
<b>Net book value</b>			
31 December 2015	1,233	95	1,328
31 December 2016	1,173	2,460	3,633

As at 31 December 2016, the remaining useful live of computer software are 0.2 - 9.9 years

## 17. Deferred tax assets/Income tax expenses

### 17.1 Deferred tax assets

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

(Unit: Thousand Baht)

	2016	2015
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	10,365	6,041
Provision for long-term employee benefits	872	777
Deferred fees income incurred at the initiation of financial lease and hire-purchase contracts	57	72
Difference of financial leases income	105	200
Total	11,399	7,090
<b>Deferred tax liabilities</b>		
Deferred commission expenses	(580)	(589)
Deferred expense on debentures issuance	(150)	(193)
Total	(730)	(782)
<b>Deferred tax assets - net</b>	<b>10,669</b>	<b>6,308</b>



## 17.2 Income tax expenses

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

(Unit: Thousand Baht)		
	2016	2015
<b>Current income tax:</b>		
Current income tax charge for the year	30,454	20,467
Adjustment in respect of income tax of previous year	-	(3)
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	(4,361)	(1,805)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>26,093</b>	<b>18,659</b>

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

(Unit: Thousand Baht)		
	2016	2015
Deferred tax relating to actuarial loss	-	(68)

The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2016 and 2015 is shown below.

(Unit: Thousand Baht)		
	2016	2015
Accounting profit before tax	126,755	89,106
Accounting profit before tax multiplied by income tax rate (20%)	25,351	17,821
Adjustment in respect of income tax of previous year	-	(3)
Effects of:		
Non-deductible expenses	168	91
Additional expense deductions allowed	(119)	(9)
Others	693	759
Total	742	841
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>26,093</b>	<b>18,659</b>



## 18. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)			
	Interest rate	2016	2015
	(Percent per annum)		
Bank overdrafts	MOR	1,734	40
Short-term loans	5.45 - 6.00, MOR - 1.75, MOR $\pm$ 0.25	220,303	63,144
Bills of exchange	3.85 - 5.00	625,000	250,000
<b>Total</b>		<b>847,037</b>	<b>313,184</b>
Less: Deferred interest on bills of exchange		(3,199)	-
<b>Total</b>		<b>843,838</b>	<b>313,184</b>

As at 31 December 2016, short-term loan from a financial institution of Baht 39 million (2015: Baht 33 million) are secured by the transfer of collection rights under financial lease agreements to the bank as described in Note 11.

Short-term loan agreements contain certain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio at the rate prescribed in the agreements, and the portion of the Company's shares held by the major shareholders.

## 19. Trade and other payables

(Unit: Thousand Baht)		
	2016	2015
Other payables - related parties	2,431	656
<b>Total trade and other payables</b>	<b>2,431</b>	<b>656</b>



## 20. Long-term loans/Current portion of long-term loans

As at 31 December 2016 and 2015, long-term loans from local banks consist of:

No.	Agreement date	Credit facility (Unit: Million Baht)	Outstanding loans (Unit: Thousand Baht)						Significant conditions of the loan agreements			
			Current portion		Long-term portion		Total		Loan period	Principal repayment	Interest payment	Interest rate
			2016	2015	2016	2015	2016	2015				
1	3 December 2013	11.2	-	2,512	-	-	-	2,512	2 years 7 months	Monthly	Monthly	At the rate of MLR per annum
2	3 December 2013	6.5	-	1,460	-	-	-	1,460	2 years 7 months	Monthly	Monthly	At the rate of MLR per annum
3	7 February 2014	4.9	-	980	-	-	-	980	2 years	Semi-annually	Monthly	At the rate of MLR per annum
4	1 April 2014	7.3	196	2,860	-	-	-	196	2 years 9 months	Monthly	Monthly	At the rate of MLR per annum
5	15 December 2014	7.2	1,115	1,380	-	1,114	-	2,494	2 years 11 months	Monthly	Monthly	At the rate of MLR - 0.75 per annum
6	20 April 2016	18.7	6,600	-	8,250	-	-	14,850	2 years 10 months	Monthly	Monthly	At the rate of MLR - 0.75 per annum
7	22 December 2016	36.0	12,348	-	23,652	-	-	36,000	2 years 11 months	Monthly	Monthly	At the rate of MLR - 1 per annum
<b>Total long-term loans</b>			<b>20,259</b>	<b>9,192</b>	<b>31,902</b>	<b>1,114</b>	<b>52,161</b>	<b>10,306</b>				

Loan agreements with banks contain certain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio, to maintain the shareholding percentage in the Company's shares held by the major shareholder, including transfer the right of collection under financial lease agreements as described in Note 11.



Movements in the long-term loans account for the year ended 31 December 2016 were summarised below.

(Unit: Thousand Baht)	
Balance as at 1 January 2016	10,306
Add: Loan increased during year	54,700
Less: Repayment during the year	(12,845)
<b>Balance as at 31 December 2016</b>	<b>52,161</b>

## 21. Liabilities under financial lease agreement

(Unit: Thousand Baht)		
	2016	2015
Liabilities under financial lease agreement	1,319	1,929
Less : Deferred interest expenses	(183)	(365)
<b>Total</b>	<b>1,136</b>	<b>1,564</b>
Less : Portion due within one year	(488)	(430)
<b>Liabilities under financial lease agreement - net of current portion</b>	<b>648</b>	<b>1,134</b>

The Company has entered into the financial lease agreement with a leasing company for rental of motor vehicle for use in its operation, whereby it is committed to pay rental on a monthly basis. The term of agreement is 5 years.

Future minimum lease payments required under the finance lease agreement was as follows:

(Unit: Thousand Baht)			
	2016		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	609	710	1,319
Deferred interest expenses	(121)	(62)	(183)
<b>Present value of future minimum lease payments</b>	<b>488</b>	<b>648</b>	<b>1,136</b>

(Unit: Thousand Baht)			
	2015		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	609	1,320	1,929
Deferred interest expenses	(179)	(186)	(365)
<b>Present value of future minimum lease payments</b>	<b>430</b>	<b>1,134</b>	<b>1,564</b>



## 22. Debentures

(Unit: Thousand Baht)				
No.	Date of issuance	Conditions	2016	2015
1	29 April 2015	Issued name registered, unsecured and unsubordinated debentures without a debentureholders' representative, 3-year debentures at a coupon rate of 5.25% per annum with interest payable every quarter	150,000	150,000
2	9 July 2015	Issued name registered, unsecured and unsubordinated debentures without a debentureholders' representative, 2-year debentures at a coupon rate of 5.30% per annum with interest payable every quarter	200,000	200,000
3	1 June 2016	Issued name registered, unsecured and unsubordinated debentures without a debentureholders' representative, 3-year debentures at a coupon rate of 5.25% per annum with interest payable every quarter	150,000	-
<b>Total</b>			<b>500,000</b>	<b>350,000</b>
Less: Deferred issuing expenses			(749)	(966)
Debentures			499,251	349,034
Less: Current portion due within 1 year			(199,784)	-
<b>Total</b>			<b>299,467</b>	<b>349,034</b>

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

## 23. Provision for long-term employee benefits

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

(Unit: Thousand Baht)		
	For the year ended 31 December	
	2016	2015
<b>Provision for long-term employee benefits at beginning of year</b>	3,886	3,124
Included in profit or loss:		
Current service cost	361	282
Interest cost	113	138
Included in other comprehensive income:		
Actuarial loss (gain) arising from		
Demographic assumptions changes	-	(317)
Financial assumptions changes	-	414
Experience adjustments	-	245
<b>Provision for long-term employee benefits at end of year</b>	<b>4,360</b>	<b>3,886</b>



As at 31 December 2016 and 2015, the weighted average duration of the liabilities for long-term employee benefit is 14 years and 14 years, respectively.

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)		
	2016	2015
Discount rate	2.9%	2.9%
Future salary increase rate	5.5%	5.5%
Employee turnover rate (depending on age of employees)	8.0% - 30.0%	8.0% - 30.0%

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

(Unit: million Baht)				
	2016			
	Rate increase		Rate decrease	
	%	Liability increase (decrease)	%	Liability increase (decrease)
Discount rate	1	(0.3)	1	0.3
Salary increase rate	1	0.4	1	(0.3)
Turnover rate	20 of based assumption	(0.2)	20 of based assumption	0.3

(Unit: million Baht)				
	2015			
	Rate increase		Rate decrease	
	%	Liability increase (decrease)	%	Liability increase (decrease)
Discount rate	1	(0.3)	1	0.3
Salary increase rate	1	0.3	1	(0.3)
Turnover rate	20 of based assumption	(0.2)	20 of based assumption	0.2

## 24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to 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.

In 2016, the Company set aside a statutory reserve totaling Baht 5.2 million (2015: Baht 3.5 million).



## 25. Interest income

(Unit: Thousand Baht)		
	2016	2015
Interest income from		
Loan contracts	55,329	35,949
Factoring contracts	85,947	53,937
Financial lease contracts	19,842	20,951
Hire-purchase contracts	13,179	8,856
<b>Total interest income</b>	<b>174,297</b>	<b>119,693</b>

## 26. Fee and service income

(Unit: Thousand Baht)		
	2016	2015
Fee and service income from		
Loan contracts	38,203	25,668
Factoring contracts	43,743	21,031
Financial lease contracts	386	300
Hire-purchase contracts	122	149
Letter of guarantees	13,592	8,095
Letter of credit	932	908
Others	26	18
<b>Total fee and service income</b>	<b>97,004</b>	<b>56,169</b>

## 27. Other income

(Unit: Thousand Baht)		
	2016	2015
Revenues from sales	50,914	92,595
Cost of sales	(47,848)	(89,408)
Change in revenues and cost	3,066	3,187
Others	12,823	11,866
<b>Total other income</b>	<b>15,889</b>	<b>15,053</b>

The change in revenues and cost is service income from goods procurement and supply to its customers which is presented as net amount of sales and cost of sales, and is shown as other income in the statements of comprehensive income.



## 28. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)		
	2016	2015
Salaries and wages and other employee benefits	56,756	38,105
Bad debts and doubtful accounts	23,751	13,296
Rental expenses from operating lease agreements and services expenses	3,127	2,640
Insurance premium expenses	7,369	1,575
Legal advisor and financial management advisor fee	4,457	2,813
Special business tax	7,534	4,501
Bank fees	2,410	2,003
Depreciation and amortisation	2,341	1,943

## 29. Earnings per share

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

## 30. Dividends

Dividends	Approved by	Total dividends	Dividends per share	Paid date
		Million Baht	Baht	
Final dividends for 2014	Annual General Meeting of the Company's shareholders dated 10 April 2015	24	0.12	April 2015
Final dividends for 2015	Annual General Meeting of the Company's shareholders dated 7 April 2016	36	0.18	April 2016

## 31. Provident fund

The Company and its employees jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. The fund is monthly contributed to by the employees at the rate of 5 percent of their basic salaries and by the Company 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 contributing for the year 2016 amounting to Baht 0.76 million were recognised as expenses (2015: Baht 0.62million).



## 32. Segment information

The Company's principal operations involve a single operating segment in lending business in term of hire-purchase, financial leases, factoring from selling and service, and loans. The Company operates in the single geographical area in Thailand. Segment performance is measured based on operation profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues and operating profits as presented in the statement of comprehensive income and assets as reflected in these financial statements pertain to the aforementioned reportable operating segment and geographical area.

Major customers

For the years 2016 and 2015, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

## 33. Commitments

As at 31 December 2016 and 2015, the Company has commitments other than those disclosed in other notes as follows:

### 33.1 Operating lease commitments and service agreements

The Company has entered into several lease agreements in respect of the lease of office building and other service agreements. The terms of agreements are generally between 1 and 3 years.

Future minimum lease payments required under these non-cancellable operating lease contracts were as follows:

	(Unit: Million Baht)	
	2016	2015
Payable within:		
In up to 1 year	3.4	3.8
In over 1 and up to 3 years	1.6	4.6

### 33.2 Guarantees

As at 31 December 2016, the Company had a commitment of approximately Baht 98 million (2015: Baht 37 million) as a result of its provision of guarantees to banks on behalf of its customer, for bank guarantees issued by the bank as bid bonds for the customer. The Company has pledged deposits of Baht 29 million to secure these bank guarantees

### 33.3 Employee Joint Investment Program

During 2016, the Company has an Employee Joint Investment Program ("the EJIP"), one of the Company's staff welfare benefits, which offers staff of the Company who voluntarily join the EJIP a savings scheme under which for purchase shares of the Company. EJIP members pay monthly contributions in a certain amount and the Company pays contributions on behalf of EJIP members at the same amount at the rate of 5 percent of their basic salaries, but not over than Baht 100,000. The program is entitled for 3 years. During the year, the amount contributed by the Company to EJIP members was presented under the caption of personnel expenses.



## 34. Financial instruments

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

### 34.1 Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables, loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables. The Company manages the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables net of allowance for doubtful accounts as stated in the statement of financial position.

### 34.2 Market risk

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

#### Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

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

(Unit: Million Baht)						
	2016					
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	Over 1-5 years				
<b>Financial assets</b>						(% p.a.)
Cash and cash equivalents	-	-	76	3	79	0.4
Trade and other receivables	-	-	-	26	26	-
Loan receivables	641	-	-	-	641	15
Factoring receivables	846	1	-	-	847	14 - 15
Financial lease receivables	111	112	-	-	223	5.5 - 9.9
Hire-purchase receivables	80	29	-	-	109	5.5 - 8.2
Restricted bank deposits	-	29	1	-	30	0.85 - 1.35
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans	622	-	222	-	844	3.85 - 6.00, MOR, MOR - 1.75, MLR + 0.25
Trade and other payables	-	-	-	2	2	-
Long-term loans	-	-	52	-	52	MLR, MLR - 1.00, MLR - 0.75
Debentures	200	299	-	-	499	5.25 - 5.30
Liabilities under financial lease agreement	-	1	-	-	1	14.20

(Unit: Million Baht)

	2015					
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Interest rate
	Within 1 year	Over 1-5 years				
<b>Financial assets</b>						(% p.a.)
Cash and cash equivalents	-	-	70	1	71	0.4
Trade and other receivables	-	-	-	24	24	-
Loan receivables	202	-	-	-	202	15
Factoring receivables	518	-	-	-	518	14 - 15
Financial lease receivables	113	57	-	-	170	6.8 - 7.8
Hire-purchase receivables	72	45	-	-	117	5.9 - 8.0
Restricted bank deposits	-	32	11	-	43	0.4
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans	250	-	63	-	313	4.2 - 5.0, MOR, MLR
Trade and other payables	-	-	-	1	1	-
Long-term loans	-	-	10	-	10	MLR, MLR - 0.75
Debentures	-	349	-	-	349	5.3
Liabilities under financial lease agreement	-	2	-	-	2	14.2

### Foreign exchange risk

The Company's exposure to foreign currency risk arises mainly from the guarantee of goods imported that are denominated in foreign currencies, the Company seeks to reduce this risk by entering into forward exchange contracts.

As at 31 December 2015, the Company had outstanding foreign exchange contracts to purchase USD 1.08 million at rates of Baht 35.94 - 36.20 per dollar, maturing in January and February 2016. However, as at 31 December 2016, the Company had no assets or liabilities in foreign currency and no obligations under foreign exchange contracts.

### 34.3 Liquidity risk

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



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

(Unit: Million Baht)

Transactions	2016				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	79	-	-	-	79
Trade and other receivables	-	26	-	-	26
Loan receivables <sup>(1)</sup>	-	641	-	-	641
Factoring receivables <sup>(1)</sup>	-	846	1	-	847
Financial lease receivables <sup>(1)</sup>	-	111	112	-	223
Hire-purchase receivables <sup>(1)</sup>	-	80	29	-	109
Restricted bank deposits	-	-	-	30	30
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans	-	844	-	-	844
Trade and other payables	-	2	-	-	2
Long-term loans	-	20	32	-	52
Debentures	-	200	299	-	499
Liabilities under financial lease agreement	-	1	-	-	1

(1) The outstanding balance of loan, factoring, financial lease and hire-purchase receivables which have maturity within 1 year included receivable for which revenue recognised has been ceased

(Unit: Million Baht)

Transactions	2015				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	71	-	-	-	71
Trade and other receivables	-	24	-	-	24
Loan receivables <sup>(1)</sup>	-	202	-	-	202
Factoring receivables <sup>(1)</sup>	-	518	-	-	518
Financial lease receivables <sup>(1)</sup>	-	113	57	-	170
Hire-purchase receivables <sup>(1)</sup>	-	72	45	-	117
Restricted bank deposits	-	-	-	43	43
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans	-	313	-	-	313
Trade and other payables	-	1	-	-	1
Long-term loans	-	9	1	-	10
Debentures	-	-	349	-	349
Liabilities under financial lease agreement	-	-	1	-	1

(1) The outstanding balance of loan, factoring, financial lease and hire-purchase receivables which have maturity within 1 year included receivable for which revenue recognised has been ceased



### 34.4 Fair value of financial instruments

As at 31 December 2016 and 2015, the Company had no financial assets and liabilities that were measured at fair value, but had financial assets and liabilities that measured at cost and have to be disclosed fair value, using different levels of inputs as follows:

(Unit: Million Baht)

	2016				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
<b><u>Assets for which fair value are disclosed</u></b>					
Cash and cash equivalents	79	79	-	-	79
Trade and other receivables	26	-	26	-	26
Loan receivables	641	-	641	-	641
Factoring receivables	847	-	847	-	847
Financial lease receivables	223	-	-	237	237
Hire-purchase receivables	109	-	-	114	114
Restricted bank deposits	30	2	28	-	30
<b><u>Liabilities for which fair value are disclosed</u></b>					
Bank overdrafts and short-term loans	844	-	844	-	844
Trade and other payables	2	-	2	-	2
Long-term loans	52	-	52	-	52
Debentures	499	-	501	-	501
Liabilities under financial lease agreement	1	-	1	-	1

(Unit: Million Baht)

	2015				
	Book value	Fair value			
		Level 1	Level 2	Level 3	Total
<b><u>Assets for which fair value are disclosed</u></b>					
Cash and cash equivalents	71	71	-	-	71
Trade and other receivables	24	-	24	-	24
Loan receivables	202	-	202	-	202
Factoring receivables	518	-	518	-	518
Financial lease receivables	170	-	-	164	164
Hire-purchase receivables	117	-	-	118	118
Restricted bank deposits	43	11	32	-	43
<b><u>Liabilities for which fair value are disclosed</u></b>					
Bank overdrafts and short-term loans	313	-	313	-	313
Trade and other payables	1	-	1	-	1
Long-term loans	10	-	10	-	10
Debentures	349	-	351	-	351
Liabilities under financial lease agreement	2	-	2	-	2

Fair value hierarchy of financial assets and liabilities as at 31 December 2016 and 2015 has been prepared in accordance with Notes 4.15 to the financial statements.





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

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

### 35. Capital management

The primary objective of the Company'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 2016, the Company's debt-to-equity ratio was 3.19 (2015: 1.85:1).

### 36. Event after the reporting period

On 15 February 2017, a meeting of the Company's Board of Directors passed resolutions to propose the following to the Annual General Meeting of Shareholders for approval:

- 1) Payment of a dividend to the shareholders from the net profit of 2016, consisting of a cash dividend of Baht 0.0112 per share and a stock dividend of 20 million shares (to be allocated at a rate of 1 dividend share for every 10 shares held, with any fractions remaining to be paid in cash at Baht 0.10 per share) or equivalent to a total dividend payment of Baht 0.1112 per share.
- 2) Issuance of 160 million ordinary share warrants to shareholders of the Company, to be allocated at a rate of 4 units for every 5 shares held, at a price of Baht 2.50 per warrant.
- 3) An increase of the Company's registered share capital of 100 million ordinary shares, such that the Company's registered share capital is Baht 300 million (300 million ordinary shares of Baht 1 each) to support the payment of the stock dividend and warrant issue.
- 4) Allocation of 20 million shares additional ordinary shares to support the stock dividend and 80 million shares to support the exercise of the warrants.

### 37. Reclassification

The Company reclassified certain amounts in the statement of comprehensive income for the year ended 31 December 2015 to conform to the current year's classification with no effect to previously reported profit or equity.

	(Unit: Baht)	
	For the year ended 31 December 2015	
	As reclassified	As previously reported
Fee and service income	56,169,005	55,260,955
Other income	15,052,699	15,960,749

### 38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 15 February 2017





## 17. General information & other important information

Company Name	Lease IT Public Company Limited
The headquarters	900/17 Rama III Road, Bangpongpan, Yannawa, Bangkok 10120, Thailand
Nature of Business	Leasing, Hire Purchase and Factoring including other financial services such as Bid Bond, Project Backup Financing and Trade Finance
Company Registration Number	0107556000353
Tel.	0-2686-3200-4
Fax	0-2686-3228
Website	<a href="http://www.leaseit.co.th">www.leaseit.co.th</a>

### Reference

Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 93 Ratchadapisek Road, Dindang, Dindang, Bangkok 10400 Tel. : 66(0)-2009-9726 Fax : 66(0)-2009-9807-8 or TSD Call Center 66(0)-2009-9999
Auditor	Ms. Somjai Khunapasut Certified Public Accountant (Thailand) No. 4499  Ms. Ratana Jala Certified Public Accountant (Thailand) No. 3734  Ms. Rachada Youngsawadvanich Certified Public Accountant (Thailand) No. 4951  EY Office Limited 33 <sup>rd</sup> Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road, Klongtoey, Bangkok 10110 Tel. : 66(0)-2264-0777 Fax : 66(0)-2264-0789-90







Grow your  
**SME** Lease IT  
faster with

---

- Beyond the boundary of SME finance
  - Fast approval
  - High credit limit
  - No collateral
- 



True Financial Partner

Lease IT Public Company Limited  
900/17 RAMA III Road, Bangpongpan,  
Yannawa, Bangkok 10120, Thailand  
Tel. 66 2686 3201 Fax 66 2686 3228  
[www.leaseit.co.th](http://www.leaseit.co.th)