



Annual Report 2018  
Lease IT Public Company Limited

Lease IT

# U·MIC



*We Care*  
*Move Forward*  
*Be Unity & Integrity*



# Mission

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)

# Vision

Creating opportunities for all

## 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.

**CG SCORE : Excellent**  
Operating business on basis  
of Good Corporate Governance



Lease IT

U.M.I.C

## 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.



## 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.



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.

Beyond the boundary of SMEs finance

Fast approval

High credit limit

No collateral

# Lease IT



## 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.



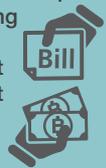
## Trade & Project Backup Finance

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.





## Message to Shareholders



In the past years, businesses must face multifarious challenges, especially financial business which needs to qualify itself to support its consumer behavior that has been changed. With new form of financial innovation which has a greater role in transaction, Lease IT Public Company Limited has prepared for new waves by developing its information technology system in order to capture the new era of financial industry. However, the Company also gives importance to economy, society, and environment as the followings:

**Economy:** In 2019, The Company has a goal to grow for 10-20%, focuses on increasing factoring and loan by expanding new customer base through digital marketing which causes the Company to have more revenue on the low risk. Global economic fluctuation also affects on the nation's economy. Therefore, credit lending should be done more carefully. The Company manage its income structure by reducing credit lending for some industrial sectors, especially construction, which should not over than 30% of portfolio in order to diversify risk.

In the past years, the Company was able to make profit successively. And meanwhile received Outstanding IR Awards for the Market for Alternative Investment (mai) from SET AWARD 2018, this indicates that the Company operates its business by focusing on transparency with Good Corporate Governance and being under the Private Sector Collective Action Coalition Against Corruption.

**Society:** The Company gives priority to its employee who is the valuable resource. The Company supports the employee to have good career path on good welfare and reward, adheres to human rights, supervises occupational health, and working safety, and enhances its employee to attend training for self-development. The Company has jointly shared knowledge on financial tool for SME and startup entrepreneurs regarding funding in the 4.0 age and aims to incessantly provide knowledge in many aspects so the SMEs is able to adjust and operate their businesses sustainably in such fast-paced changing age.

**Environment:** The Company has campaigned and built conscience for every employee to take environmental awareness into account by jointly decreasing electrical energy use, greenhouse emission, water, and paper. Moreover, the Company also has a goal to enhance its customers to considering more about environment.

The Company is committed to operate its business sustainably under the balancing of economic, social, and environmental managements by having each business units to improve their performance in order to generate revenue and reward to every stakeholder under the good governance, regarding social and environmental impacts, as well as driving Lease IT Public Company Limited to be "True Financial Partner", which provides business opportunity for SMEs.

**Mrs. Duangphorn Sucharittanuwat**  
Chairman of Board Director

**Mr. Sompon Aketerajit**  
Managing Director

# Unity

The Company is well aware that “employees” are the most valuable resource and essential to solid foundation of a successful and sustainable organization. **We are ready to walk alongside our employees and encourage teamwork in order to support employees to work together to overcome all obstacles.** Thus the Company is committed to develop employees’ potential thoroughly and provide an opportunity to make progress in working for all employees, to lead the organization to grow steadily and sustainably.





## Board of Directors

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



**Police General Jate Mongkolhutthi**  
Vice Chairman, Independent Director  
and Audit Committee Member



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



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



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



**Ms. Parichatara Laotheerasrivong**  
Senior Executive Director



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



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



# Move Forward

In order to meet the needs of SME customers, we continue to enhance the competitiveness by developing our products and service. Also, we provide opportunities for employees to be a part of the development and join in pushing the organization to increase capabilities in every dimension to drive the Company to meet the goals and keep up with the changes that will occur in the future.

# Integrity

**We are committed to encourage employees to act with integrity and morality.**

Lease IT realizes the importance of Good Corporate Governance and we strongly believe that Good Corporate Governance is crucial to our success and also crucial to build confidence and trust of investor, shareholder, stakeholder as well as all related parties. An effective, transparent systematic management will lead to sustainable growth.



## Management Teams



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



**Ms. Sitaphatr Nirojthanarat**  
Assistant Managing Director - Support



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



**Mrs. Chonticha Supaluxmetha**  
Chief Financial Officer



**Ms. Piyanan Mongkol**  
General Manager  
Credit and Legal Contract



**Mrs. Prapapan Raktham**  
General Manager  
General Administration





# Care

As our slogan goes **“True financial partner is more than just a financial service provider”**, we helps SMEs to make their dream come true and also provides **an equal quality of life for all employees**. Moreover, Lease IT participated in creating dream and sharing happiness, the drawing competition under the “16<sup>th</sup> the card for children” project on the topic of “Amazing Thailand” organized by the better Thailand foundation. We provided the opportunity for disabled and underprivileged children to demonstrate their painting skills on New Year cards.



# Awards & Recognitions

The Company won the awards and recognitions from the leading organizations which brought the success and pride to the organization.



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



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



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



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

by Category, organized by Business+ Magazine together with The University of the Thai Chamber of Commerce

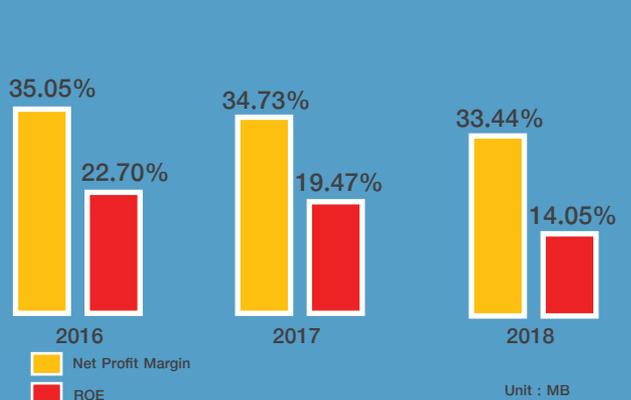
**"Excellent"** Corporate Governance Rating  
By the Thai Institute of Directors Association

# Financial Highlights

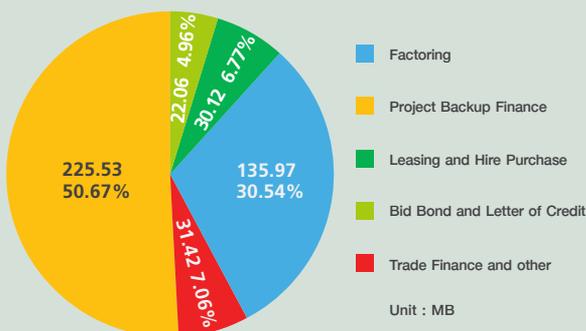
### Total Revenues & Net Profit



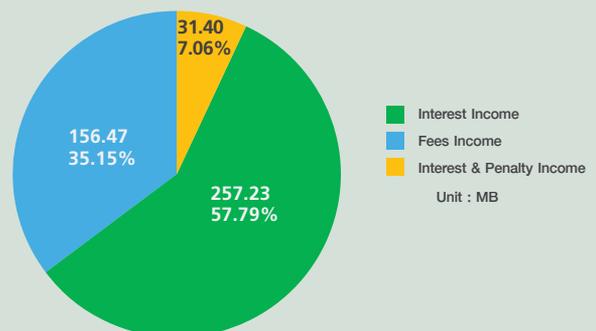
### Net Profit Margin & ROE



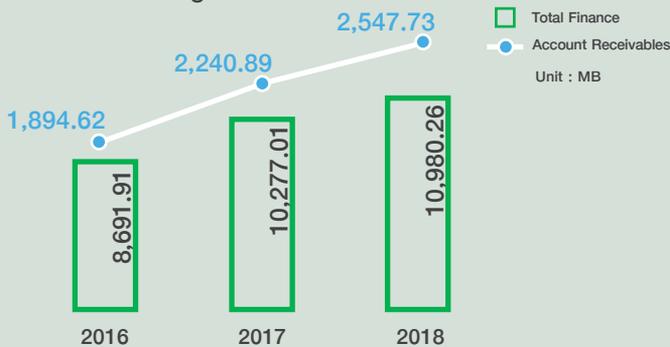
### Product Contribution



### Revenue Contribution



### Financing Amount & AR Outstanding



### AR Outstanding & Provision



### Road Map of Net Profit



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# 1

## Policies and Overall Business Operations

### History

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

The significant growth of the information technology in businesses (“Information Technology” or “IT”) made the IT products to be so versatile and diverse in terms of different products in different markets. Meanwhile, due to the fact that SVOA was originally focused on some market products,

the Company turned to financing of goods outside the SVOA group as well as expanding credit facility beyond IT products in order to manage and compete with the same type of business competitors more effectively.

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

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

## 2017

- 14 February 2017, Board of Directors has approved the issuance and offering of debenture with the limit of 1,000 million Baht, which proposed to the Annual General Meeting No.4/2017 on 20 March 2017, and the meeting had consensus voted to issue and offer debenture of the Company with the limit of 1,000 million Baht.
- 15 February 2017, Board of Directors has approved the issuance of not more than 160,000,000 units of warrants to purchase ordinary shares in the Company to the Company's existing shareholders by way of rights issue at the ratio of 5 ordinary shares to 4 unit of Warrants with the offering price at Baht 2.5, which proposed to the Annual General Meeting No.4/2017 on 20 March 2017, and the meeting had consensus voted to issue of not more than 160,000,000 units of warrants to purchase ordinary shares in the Company (LIT-W1).
- 3 April 2017, the Company has amended to the Company's Memorandum of Association so as to increase the Company's registered capital for another Baht 100,000,000 divided into 100,000,000 shares at the par value of Baht 1 each, from the existing registered capital of Baht 200,000,000 to be new registered capital Baht 300,000,000 divided into 300,000,000 shares at the par value of Baht 1 each. The allotment are the follows:
  - 1.) 20,000,000 new shares be allotted to reserve for the distribution of stock dividend; and
  - 2.) 80,000,000 new shares be allotted to reserve for the exercise of the Warrants (LIT-W1), which are issued and offered to the existing shareholders by way of rights issue. Any new shares remaining due to non-exercise of the Warrants will be subject to the consideration of the shareholders' meeting.
- During 17-21 April 2017, the Company has offered to sell the warrant (LIT-W1) to the Company's existing shareholders by way of rights, in total amount of 160 million unit of warrants with the offering price at Baht 2.5. And the Stock Exchange of Thailand approved the warrant (LIT-W1) and began trading on 3 July 2017.
- 19 April 2017, the Company has distributed the dividend to the Company's shareholders in form of cash and stock dividend as follows:
  - a. stock dividend in total amount of 19,999,532 ordinary shares with the par value of Baht 1.
  - b. cash dividend at the rate of 0.0112 Baht per share.
- 2 May 2017, Issuance the Name-Registered Non-Subordinated Unsecured Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 85,000 units. Face value per Unit 1,000 Baht, total issue amount 85,000,000 Baht, the redemption date in year 2020, rate 5.75%, name that "Debentures of Lease IT Public Company Limited No.1/2560 (2017) due B.E. 2563 (2020)".
- The warrants (LIT-W1) were exercised as detail follows:

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

- 22 August 2017, Issuance the Name-Registered Non-Subordinated Unsecured Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 300,000 units. Face value per Unit 1,000 Baht, total issue amount 300,000,000 Baht, the redemption date in year 2020, rate 6.00%, name that "Debentures of Lease IT Public Company Limited No.2/2560 (2017) due B.E. 2563 (2020)".

- 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.

## 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.
- 9 July 2015, Issuance the Name-Registered Non-Subordinated Unsecured, Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 200,000 units, Face value per Unit 1,000 Baht, total issue amount 200,000,000.00 Baht, the redemption date in year 2017, rate 5.30% "Debenture of Lease IT Public Company Limited No.2/2558(2015) due B.E. 2560 (2017)", paid in July 11, 2017
- 16 October 2015, the Company launch new financial product, which is Letter of Credit (L/C) with the cooperation with Krungthai Bank PCL.

## 2016

- 15 November 2016, Board of Directors has approved the issuance and offering of Bill of Exchange, not over 270 days, with the total face value limit of 900 million Baht in form of general offering or limited to institutional investors and/or high net worth investors or limited face value at 10 bills at a time. The filing and prospectus to offer Bill of Exchange has been approved by the Office of the Securities and Exchange Commission on 2 December 2016 for working capital.

## 2017

- 14 February 2017, Board of Directors has approved the issuance and offering of debenture with the limit of 1,000 million Baht, which proposed to the Annual General Meeting No.4/2017 on 20 March 2017, and the meeting had consensus voted to issue and offer debenture of the Company with the limit of 1,000 million Baht.
- 15 February 2017, Board of Directors has approved the issuance of not more than 160,000,000 units of warrants to purchase ordinary shares in the Company to the Company's existing shareholders by way of rights issue at the ratio of 5 ordinary shares to 4 unit of Warrants with the offering price at Baht 2.5, which proposed to the Annual General Meeting No.4/2017 on 20 March 2017, and the meeting had consensus voted to issue of not more than 160,000,000 units of warrants to purchase ordinary shares in the Company (LIT-W1).
- 3 April 2017, the Company has amended to the Company's Memorandum of Association so as to increase the Company's registered capital for another Baht 100,000,000 divided into 100,000,000 shares at the par value of Baht 1 each, from the existing registered capital of Baht 200,000,000 to be new registered capital Baht 300,000,000 divided into 300,000,000 shares at the par value of Baht 1 each. The allotment are the follows:
  - 1.) 20,000,000 new shares be allotted to reserve for the distribution of stock dividend; and
  - 2.) 80,000,000 new shares be allotted to reserve for the exercise of the Warrants (LIT-W1), which are issued and offered to the existing shareholders by way of rights issue. Any new shares remaining due to non-exercise of the Warrants will be subject to the consideration of the shareholders' meeting.
- During 17-21 April 2017, the Company has offered to sell the warrant (LIT-W1) to the Company's existing shareholders by way of rights, in total amount of 160 million unit of warrants with the offering price at Baht 2.5. And the Stock Exchange of Thailand approved the warrant (LIT-W1) and began trading on 3 July 2017.
- 19 April 2017, the Company has distributed the dividend to the Company's shareholders in form of cash and stock dividend as follows:
  - a. stock dividend in total amount of 19,999,532 ordinary shares with the par value of Baht 1.
  - b. cash dividend at the rate of 0.0112 Baht per share.
- 2 May 2017, Issuance the Name-Registered Non-Subordinated Unsecured Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 85,000 units. Face value per Unit 1,000 Baht, total issue amount 85,000,000 Baht, the redemption date in year 2020, rate 5.75%, name that "Debentures of Lease IT Public Company Limited No.1/2560 (2017) due B.E. 2563 (2020)".
- The warrants (LIT-W1) were exercised as detail follows:

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

- 22 August 2017, Issuance the Name-Registered Non-Subordinated Unsecured Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 300,000 units. Face value per Unit 1,000 Baht, total issue amount 300,000,000 Baht, the redemption date in year 2020, rate 6.00%, name that "Debentures of Lease IT Public Company Limited No.2/2560 (2017) due B.E. 2563 (2020)".

## 2018

- 1 February 2018, Issuance the Name-Registered Non-Subordinated Unsecured Non-Convertible Short-Term Debenture Certificate with no debenture holders' representative divided into 315,000 units. Face value per Unit 1,000 Baht, total issue amount 315,000,000 Baht, the redemption date in year 2020, rate 6.00%, name that "Debentures of Lease IT Public Company Limited No.1/2561 (2018) due B.E. 2563 (2020)".
- 9 February 2018, Board of Directors has approved the issuance and offering of debenture with the limit of 2,000 million Baht, which proposed to the Annual General Meeting No.5/2018 on 29 March 2018, and the meeting had consensus voted to issue and offer debenture of the Company with the limit of 2,000 million Baht.
- 8 March 2018, Board of Directors has approved the Employee Joint Investment Program No.2 (EJIP No.2) which Phillip Securities (Thailand) Public Company Limited is the program management agent. The program lasts for 3 years (April 2018 – March 2021). 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 10% of base salary and front office employee will be deducted 10% 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
- 10 May 2018, the meeting of the Company's Board of Directors No.5/2018 approved to establish a new subsidiary company "LIT Service Management Co., Ltd" with registered share capital of Baht 5 million, holding 100% interest and appointment Mrs. Chonticha Supaluxmetha as Chief Executive Officer. The principal business operations of the subsidiary are providing the data information and credit analysis include the project management. The subsidiary was registered with the Ministry of Commerce on 23 May 2018 and the Company had fully paid its share on 15 June 2018.
- 27 June 2018, Mr. Thienchai Srivichit has resigned from the Director and the Vice President of Board Director and appointed Ms. Parichatara Laotheerasirivong to be the Senior Executive Director in replacement of Mr. Thienchai Srivichit, who resign before the end of term, effective date on June 28, 2018.

## 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 8 main categories:

- 1. Leasing:** credit service in the form of financial lease or contract within a term of more than 3 years, typically dealing with the government agencies, state enterprises, or large private enterprises.
- 2. Hire Purchase:** credit service in the form of an installment contract within a term of less than 3 years, including lease agreements with government agencies, state enterprises, or large private enterprises.
- 3. Factoring:** The transfer of right of claims primarily through a purchase accounts receivable from a group of business operators owed by government agencies, state enterprises, or large private enterprises. The Company purchases the accounts receivable at a discounted price approximately 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.

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

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

## Revenue Structure

Type of Income	Consolidated Financial Statement		Separate Financial Statement					
	2018		2018		2017		2016	
	MB	%	MB	%	MB	%	MB	%
<b>Interest Income</b>								
• Financial lease contracts	17.31	3.89	17.31	4.18	25.17	6.01	19.84	6.91
• Hire-purchase contracts	10.25	2.30	10.25	2.48	13.56	3.24	13.18	4.59
• Factoring contracts	95.58	21.47	95.58	23.10	109.27	26.08	85.95	29.93
• Loan contracts	134.09	30.13	134.09	32.41	117.58	28.06	55.33	19.27
<b>Total Interest Income</b>	<b>257.23</b>	<b>57.79</b>	<b>257.23</b>	<b>62.17</b>	<b>265.57</b>	<b>63.39</b>	<b>174.30</b>	<b>60.70</b>
<b>Fees and service income<sup>1)</sup></b>								
• Financial lease contracts	2.48	0.56	2.48	0.60	0.19	0.05	0.39	0.14
• Hire Purchase contracts	0.08	0.02	0.08	0.02	0.12	0.03	0.12	0.04
• Factoring contract	40.39	9.07	33.61	8.12	44.53	10.63	43.74	15.23
• Loan contracts	91.44	20.54	66.91	16.17	78.06	18.63	38.20	13.30
• Bid Bond contracts	20.70	4.65	20.70	5.01	15.29	3.65	13.59	4.73
• Letter of Credit contracts	1.36	0.31	1.36	0.33	1.40	0.33	0.93	0.32
• Other	0.02	-	0.02	-	0.20	0.05	0.03	0.01
<b>Total fee and service income</b>	<b>156.47</b>	<b>35.15</b>	<b>125.16</b>	<b>30.25</b>	<b>139.79</b>	<b>33.37</b>	<b>97.00</b>	<b>33.77</b>
<b>Other income:</b>								
Trade Finance	-	-	-	-	0.83	0.20	3.07	1.07
Interest Income	0.71	0.16	0.68	0.16	0.55	0.13	0.33	0.11
Other Income <sup>2)</sup>	30.69	6.90	30.69	7.42	12.22	2.92	12.49	4.35
<b>Total other income</b>	<b>31.40</b>	<b>7.06</b>	<b>31.37</b>	<b>7.58</b>	<b>13.60</b>	<b>3.25</b>	<b>15.89</b>	<b>5.53</b>
<b>Total income</b>	<b>445.10</b>	<b>100.00</b>	<b>413.76</b>	<b>100.00</b>	<b>418.96</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

## 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.

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## 2

# Nature of Business

## Product and Service of Lease IT Public Company Limited

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

### 1. 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. Hire Purchase

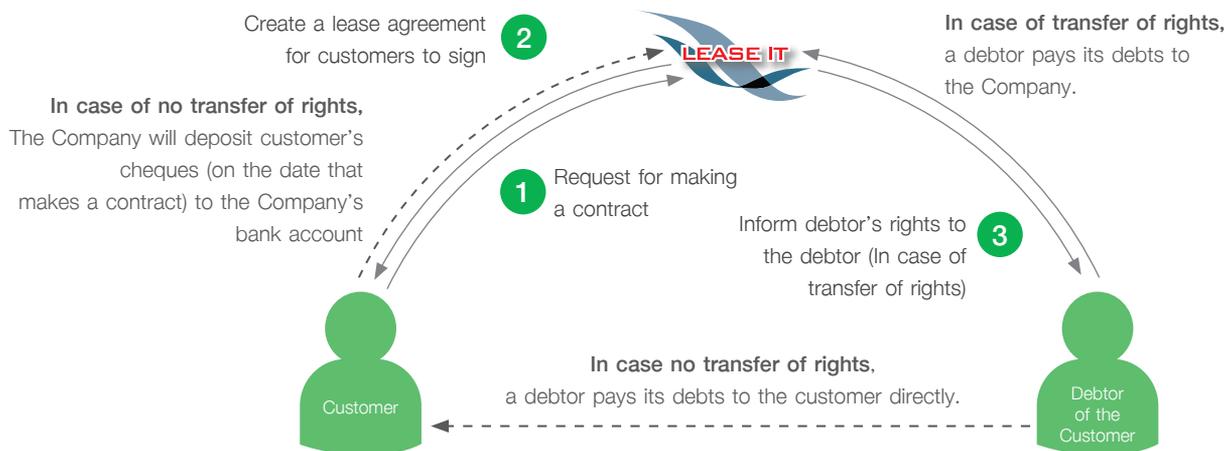
The Company provides hire purchase to entrepreneurs, who want to buy assets such as computer devices, software, IT devices, appliances, including the equipment for education that has a lease agreement with the state enterprises or large private enterprises. The Company will buy assets from customers 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

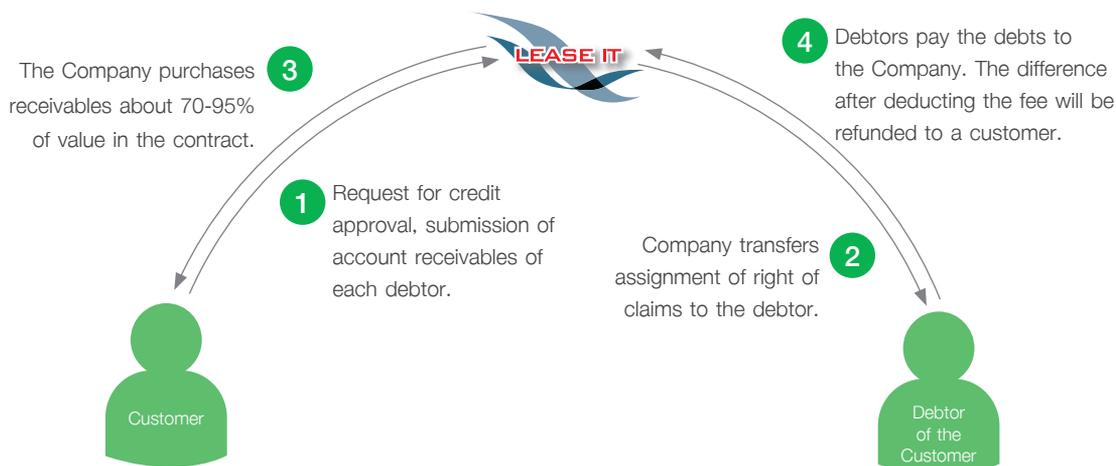
**3. Factoring**

The Company provides factoring (short term credit) for working capital for entrepreneurs. The Company typically purchases receivables without having collateral but there is a transfer of commercial debt claims on customers to the Company. Transfer of rights (with recourse) means that the Company would have right to claim the customer. In case the debtor does not pay on time. The Company will focus on providing service to entrepreneurs, small and medium enterprises who need cash to current operations and business of trading goods and services without complexity in the context of the accounts receivable. For example, purchasing and selling in general,

commodities or maintenance services of IT equipment, general office equipment. The Company usually avoids buying commercial debts by way of complex delivery terms because the goods and services might contain complicated disputes in terms of the integrity of commercial debt (i.e., such as trade debt which results from the development of an IT system, or debt trades in the construction sector). As a result of that, the Company would focus on the purchase of accounts receivable mainly from the government agencies and state enterprises including large private enterprises. In most cases, the Company would purchase receivables less than 90 days

all the way through the accounts receivable of approximately 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.



#### 4. Bid Bond

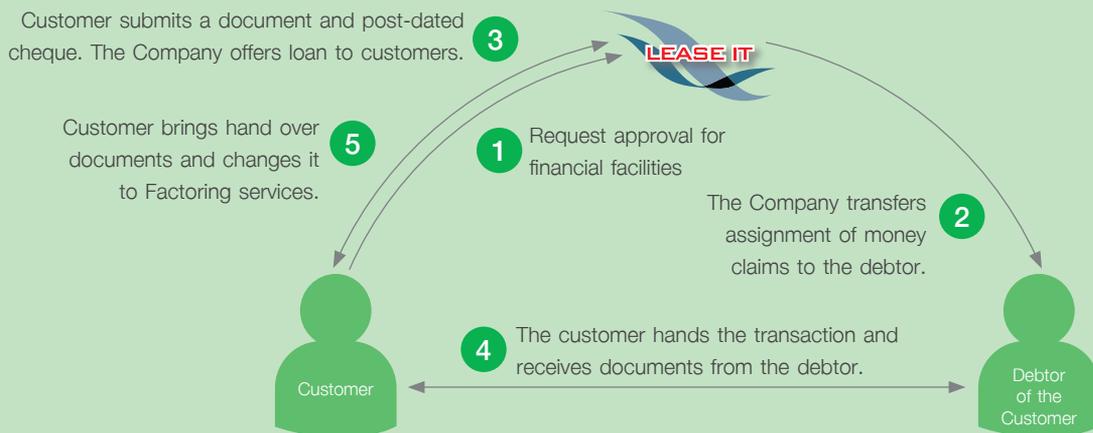
The Company started its business of providing Bid Bond in year 2010. The main goal was to support the issuance of a bank guarantee to those customers and operators who wish to bid in projects of the government agencies and state enterprises. The Company provides loans credit in accordance with the bid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



## 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

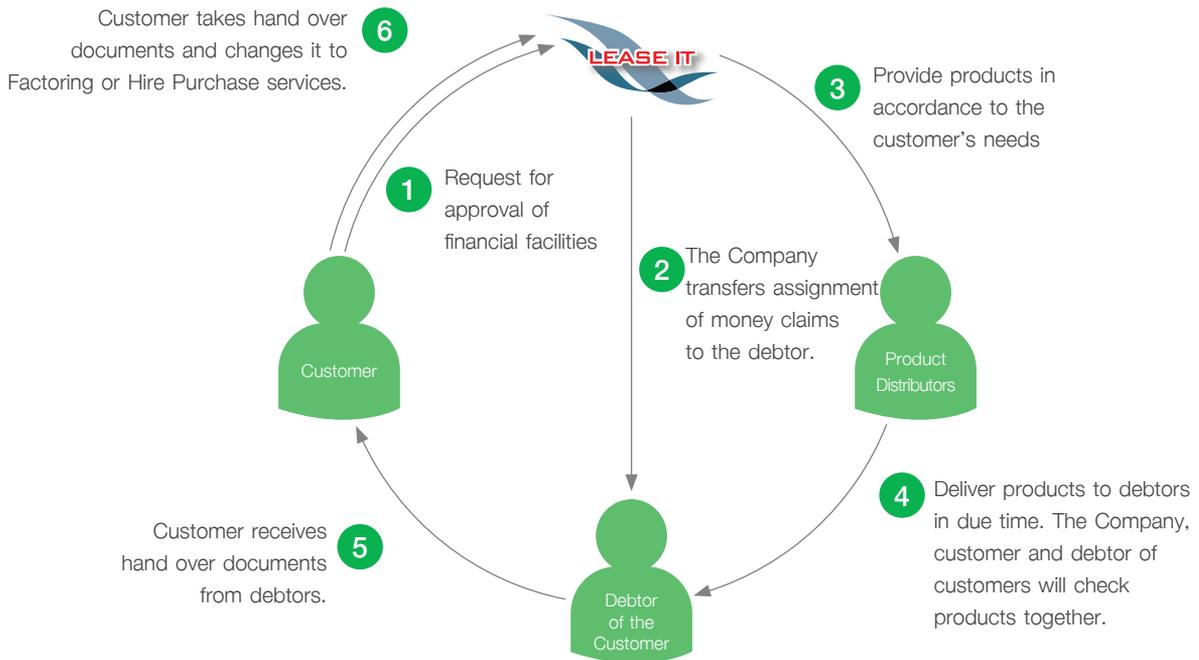
of integrity, it also requires the transfer of right of claims in payment of amounts through the Company. Once the customer has delivered the goods to the debtor and received the approval document. Most customers request for the factoring services with the Company, their intention is primarily to make 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.



## 6. Trade Finance

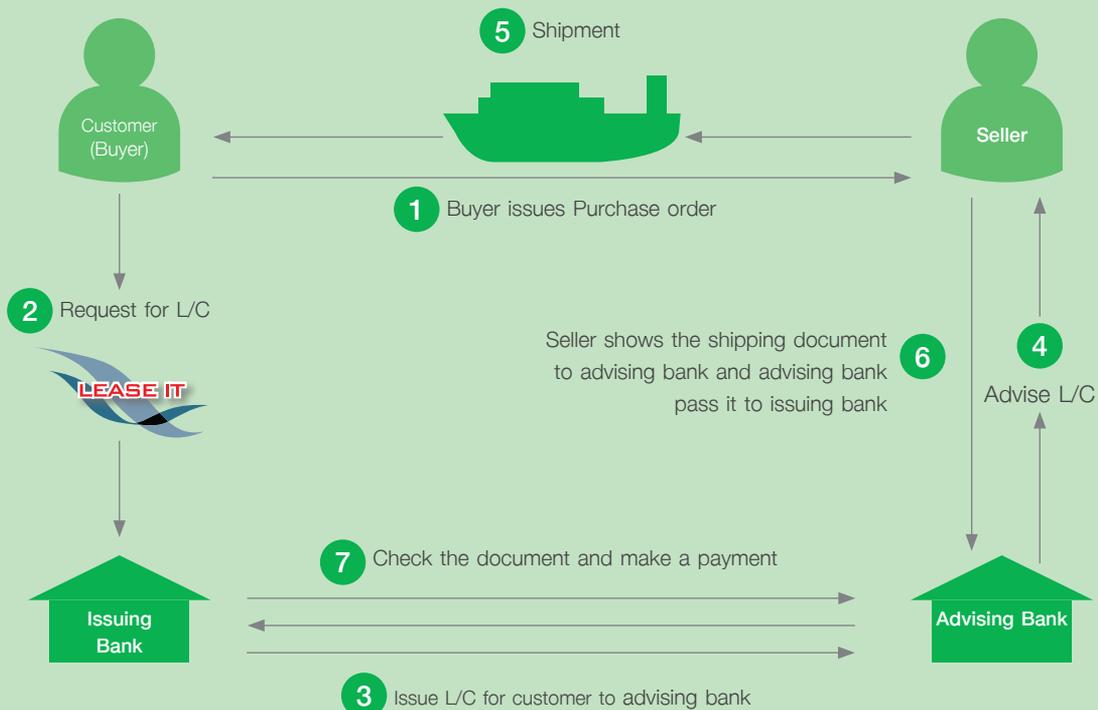
The Company arranges products for those entrepreneurs who lack of funds in order to supply the products to government agencies, state enterprises, or large private enterprises. The Company aims to continue to provide products from suppliers in accordance the customer needs and take the difference between 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.



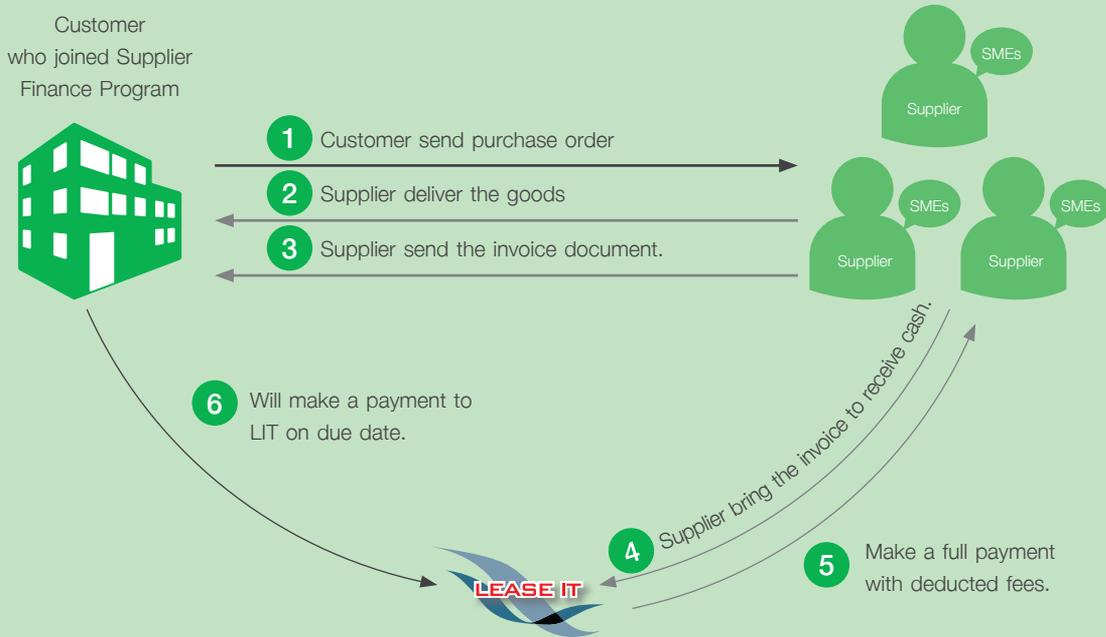
## 7. Letter of Credit (L/C)

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



## 8. Supplier Finance

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



### Product and Service of LIT Service Co., Ltd.

Providing data information and credit analysis for customers who request credit with Lease IT Public Company Limited and outsiders. By using Information Technology to make credit analysis as well as credit project management including contract document, debt follow-up, and other services related to the credit process.

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# 3

## Risk Factors

### 1. Credit Risk

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

However, the Company has credit management policies by setting rules and defining procedures to check both customers and debtors carefully before approving any types of loans. According to the policies, the Company relies on the quality of customers, account receivable including products and services to be delivered. 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 2016, 2017 and year 2018, the Company's allowance for bad debts were 51.83 million Baht, 110.29 million Baht and 158.91 million Baht respectively, which accounted for 2.73 percent, 4.92 percent and 6.24 percent of total loans outstanding by the end of year 2016, 2017 and 2018.

### 2. Risk of Interest Rate Fluctuations

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

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

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

### 3. Liquidity Risk

As of December 31, 2018, the Company has many financial institutions that give financial support, the total amount 1,210 of million Baht. Main financial amount (short-term financial amount) was 585 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, 2016, the Company's ratio of debt to equity was equal to 3.19 times. As at 31 December 2017, the Company's ratio of debt to equity share was 1.30 times. As of December 31, 2018, the Company has debt to equity ratio of 1.42 times.

### 4. Risk Competitive

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

Most competitors of the Company are non-financial institutions of loan servicing. They focus more on different types of loan services while our company provides a complete and integrated credit facilities i.e., pre-finance services

such as bid bond (allow customers to conduct business from bidding), project backup financing and trade finance services (allow customers to provide products after finishing the bidding process). After that the Company will provide Post-Finance services such as leasing, hire purchase, or factoring services. The important marketing strategies of the Company include a full service, quick and efficient processes, good relationship with customers, clear cut price, flexibility in lending, as well as expertise in the IT industry. Currently, government agencies, state enterprises, or large private enterprises are investing on the development of IT so that the Company is able to compete with other companies effectively.

### 5. The Risk of Reliance on Personnel

With 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 enhances 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 – March 2018). The objective of the program are to keep company's executives and employees to work for the Company in long run by promoting the employees' sense of ownership, to enhance employees' motivation to compete with competitors and encourage employees to have self-discipline for savings.

In 2018, the Board of Directors Resolved to approve the Company to continue the Employee Joint Investment Program (EJIP). The program lasts for 3 years (April 2018 - March 2021). Also, the Company has increased the rate of remittance to join the EJIP program which the Company will deduct those who have rights to join the EJIP program at the rate of 10 percent from the base salary, maximum not more than 100,000 Baht per month. The Company will pay the same rate as same as employees throughout the project.

## 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 percent. Year 2017, SVOA has a policy to reduce its shareholding to 35% and 30%, respectively. The major shareholders have stipulated in the loan agreement in terms of legal provision and policies. They must receive the vote not less than 3 out of 4 from the shareholders who come to the meeting and have the right for voting. Due to the fact that 25 percent of the major shareholders able to have the right to oppose to resolutions. It results that the other stakeholders cannot take equilibrium the resolutions of the major stakeholders.

However, the major shareholders are demanding the Company to run the business with freedom. It is different from the SVOA's business. Although the SVOA is still a major shareholder but it is realized that this kind of business requires expertise in the administration. It will be seen that the executives of the Company most have experience in financial business. Meanwhile, the Company has appointed 5 independent committee members to the audit committee (from a total of 8 members). All of them have great experience in financial business or have specialized knowledge that will benefit to the Company. Their duties includes to advise on business operations, examining, considering, and screening in order to avoid items that might cause a conflict of interest in the future. To ensure transparency in the operations of the Company, the structure of executive directors and senior managers are still the same after selling shares to increase capital of the Company.

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## 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 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. Year 2017, three financial institutions considered to adjust the condition of shares held by SVOA to 35%. Now they are considering down to 30% according to the SVOA’s policy. Therefore, there is a risk of default under loan agreement of three financial institutions if SVOA sell its shares until less than 30%.

## 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 2018, the Company has no contract to buy US dollars in advance.

## 9. The Risk of Information Technology and Communication

The Company has the risk of Information Technology and communication due to the Company has outsourced the software development for the Information System Management and provide database administration services. However, the Company’s information system has a quality and adequacy of decision making on financial information and other. The Company has also adopted a generally accounting policy. The Company has an efficiency information system including an access control system, data loss prevention, restore data, the copyright infringement controlling, reproduction, modification and capable of keeping confidential information.

The Company focused to develop the Information Systems to emphasize in the Information System proficiency of SVOA. Year 2017-2018, the Company continues to develop software for its information management system to better serve its customers, the development of management decision information and supporting the growth of business. And the Company has provided IT staffs, who expert in information technology infrastructure and database structure, for providing the reliable data analysis.

## Emerging Risk

1. Emerging risk is a potential loss caused from unknown or inexperienced risk at the present time. However, due to future often consists of many cases of change which may be changing results of politics, law, society, technology, and physical or natural environment. Some events may be not able to evaluate impact or certainly specify risk, for example, nanotechnology risk, genetic modification risk or climate change risk, etc.

2. Emerging risks which may impact on company include technology change (Fintech), transformation from present to digital age, cyber attack, and internet piracy.

### Risk Management Process

- Collects information, reports, and events which may turn into emerging risk caused by some sources, for example, world economic forum, government agency, etc., to understand and properly find a way to eliminate any impact effects on the Company.
- The Company is being developed its information technology system in order to respond the demand of current customer who needs speed, accuracy, and precision.

### Business Continuity Management (BCM)

Business Continuity Management is to provide a roadmap for business to be continually operated without interruption under a state of facing with unusual situation, whether they be external or internal threat which can be a problem or difficulty to business operation.

**1. Factor for loss of Company's important person:** The Company is aware of preparing new executive once its former one has to be rotated by providing replacement plan for managing directors or Chief Financial Officer. In addition, training is provided for subordinate executives, including supervisor level to be a part of learning consideration process whether they will be approved or not in granting credit to customer by considering overall risk.

**2. Factors for loss of important information** whether they are caused by server failure or internet attack, the Company provides more than 1 source of information backup.

Implementation once a crisis has occurred, an authorized managing director decides to solve emergencies in collaboration with management and notify every level of employee and customer by its Line, e-mail or website or other appropriate channels.

### Risk Culture

The Company is aware that corporate culture is an essential element to success of risk management. Therefore, the Company has appointed for its executive to be a person communicating the importance of risk management and an example of it, including producing a process of applying it to be effective in a practical manner by communicating risk management idea from executive to staff level, determining risk management as a course for executive manager upwards, providing experience sharing of risk management through strategic meeting, and that every employee is a risk agent who is responsible for risk report to be informed to its supervisor. If the employee has found that such risk is caused by any operational process, it shall inform its supervisor or director about such daily risk in order to find a way to prevent and solve such risk.

### Specifying of Materiality

To specify materiality, the Company shall consider both internal and external factors. The internal factors consist of operational strategy, risk and opportunity, framework, and operational assessment for corporate durability. The external factors are considered from expectation survey of stakeholder in supply chain and global trend. The information obtained from considering both internal and external factors will be evaluated for the Company's materiality to set further action plans.

## 4

## Stock Information, Shareholder and Dividend Policy

### Securities of the Company

As of 31 December 2018, the authorized capital and paid up capital of the Company was as follows:

Authorized Capital	:	300,000,000 Baht
Paid-up Capital	:	220,718,906 Baht
Listed Share	:	220,718,906 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.

### Top Ten Major Shareholders

As of February 26, 2018

No.	Shareholder Names	Share	Percent
1	SVOA Public Company Limited	79,280,601	36.02
2	Citibank Nominees Singapore PTE Ltd.	5,973,000	2.71
3	Mr. Chatchaval Taechameekiatchai	4,783,600	2.17
4	Mr. Min Intanate	4,102,660	1.86
5	Mr. Pairoj Sittimonamnuay	3,550,000	1.61
6	Mr. Sompon Aketerajit	3,356,362	1.53
7	Mrs. Sunee Aketerajit	2,472,430	1.12
8	Mr. Warin Sikurecha	2,179,570	0.99
9	Mr. Kiatkamol Buranwarakun	2,141,700	0.97
10	Mr. Suthud Khancharoensuk	2,035,000	0.92
	Other Investors	110,203,133	50.10
<b>Total Shares</b>		<b>220,078,056</b>	<b>100.00</b>

**Note :** The 6<sup>th</sup> and 7<sup>th</sup> of Mr. Sompon Aketerajit and sponge have 5,828,792 total shares, representing 2.65%

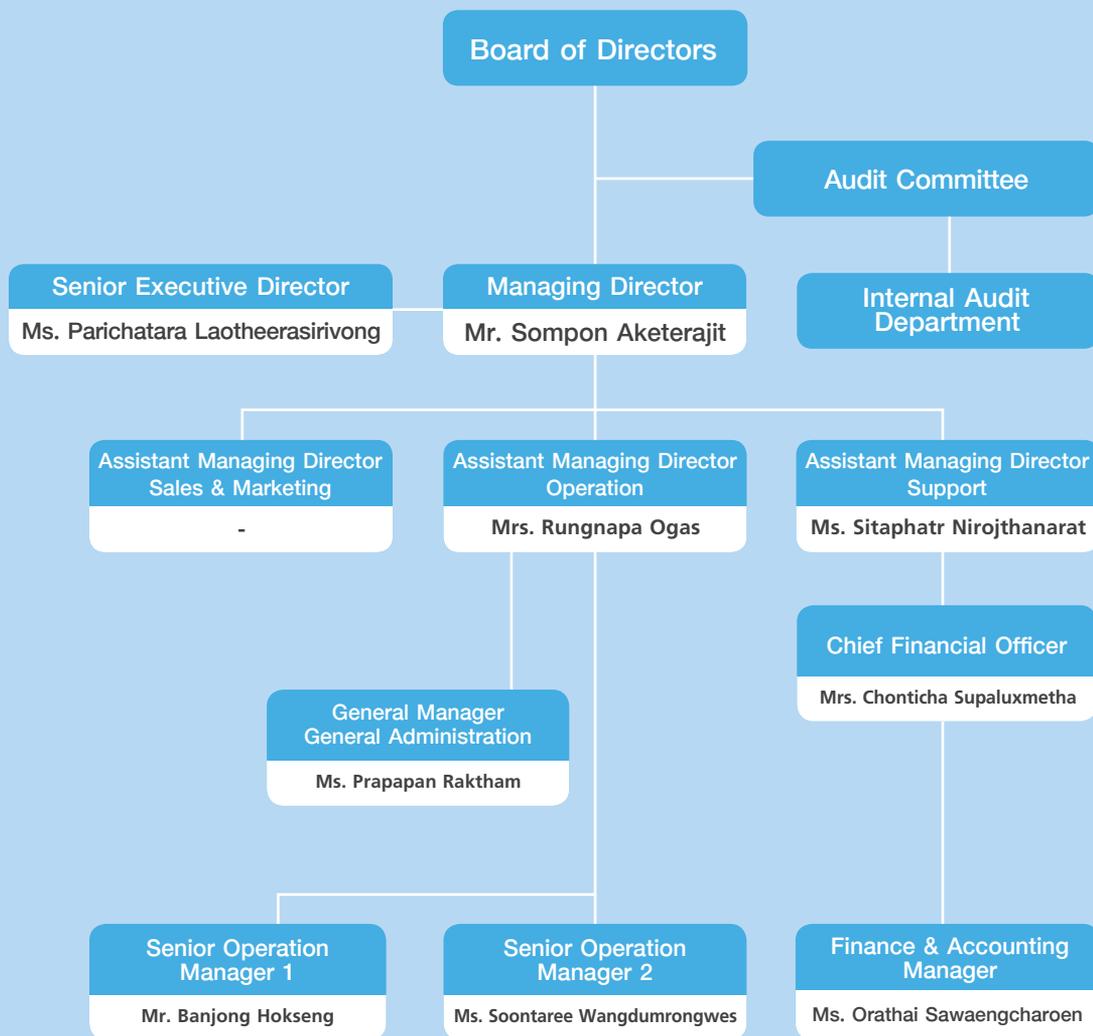
### Dividend Policy

The Company has a policy to pay a dividend of not less than 50 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 Lease IT Public Company Limited

( As of 1 January 2019 )



## Organizational Structure LIT Service Company Limited

( As of 1 January 2019 )



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## 6

## Board of Directors

### 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 & Independent Director
2. Police General Jate Mongkolhutthi	Vice Chairman & Independent Director
3. Mr. Prakob Visitkitjakarn	Chairman of the Audit Committee & Independent Director
4. Mr. Suthud Khancharoensuk	Independent Director
5. Associate Professor Dr.Suda Suwannapirom	Independent Director
6. Mr. Sompon Aketerajit	Director & Managing Director
7. Ms. Sitaphatr Nirojthanasarat	Director & Assistant Managing Director
8. Ms. Parichatara Laotheerasirivong	Senior Executive Director

**Remark :** Ms. Parichatara Laotheerasirivong appointed as Senior Executive Director according to the resolution of the Board of Directors Meeting No.6/2561 on 27 June 2018, replacing Mr. Thienchai Srivichit who resigned on 27 June 2018.

### Committee members with signing authority

Committee members with signing authority of the Company are Mr. Sompon Aketerajit, Ms. Parichatara Laotheerasirivong and Ms. Sitaphatr Nirojthanasarat sign and seal of the Company.

## The Audit Committee

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

Name	Position	Appointment Date	Duration of Appointment (Years)
1. Mr. Prakob Visitkitjakarn*	Chairman of the Audit Committee	15 Nov 2012	6 Years, 1 Months
2. Mrs. Duangphorn Sucharittanuwat**	Audit Committee Member	15 Nov 2012	6 Years, 1 Months
3. Police General Jate Mongkolhutthi	Audit Committee Member	15 Nov 2012	6 Years, 1 Months
4. Mr. Suthud Khancharoensuk	Audit Committee Member	29 April 2013	5 Years, 8 Months
5. Associate Professor Dr.Suda Suwannapirom	Audit Committee Member	14 Oct 2016	2 Years, 2 Months

**Remarks:** : \*Mr. Prakob Visitkitjakarn appointed as Chairman of the Audit Committee according to the resolution of the Board of Directors' Meeting No.3/2558 on 6 March 2015, Mr. Prakob Visitkitjakarn graduated with a master's degree, majoring in Finance and Treasury also have experience in 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 the secretary of the Audit Committee.

\*\* Mrs. Duangphorn Sucharittanuwat is the Chairman of the Board of Directors and Audit Committee. She is a director who has sufficient knowledge and experience to be able to perform duties in reviewing the reliability of Financial Statements. Mrs. Duangphorn Sucharittanuwat is a Certified Public Accountant (CPA) and having financial experience from many financial institutions, including BT Securities Company Limited and CIMB Thai Bank Public Company Limited.

## Nomination Committee, Remuneration Committee, Corporate Governance Committee and Risk Management 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, Chairman of the Remuneration Committee, Chairman of the Corporate Governance Committee and Chairman of the Risk Management Committee
2. Mrs. Duangphorn Sucharittanuwat	Nomination Committee, Remuneration Committee Corporate Governance Committee and Risk Management Committee
3. Police General Jate Mongkolhutthi	
4. Mr. Suthud Khancharoensuk	
5. Associate Professor Dr.Suda Suwannapirom	

## Company Secretary

Based on the board meeting on 19 December 2012 (13/2555), the board committee appointed **Mrs. Rungnapa Ogas** as the Company Secretary 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 Ogas was attended the CSP program during 3 - 4 February 2014.

## Executives

The Company's executive management consists of 12 persons.

Name	Position
1. Mr. Sompon Aketerajit	Managing Director
2. Ms. Parichatara Laotheerasirivong	Senior Executive Director
3. Ms. Sitaphatr Nirojthanarat	Assistant Managing Director - Support
4. Mrs. Rungnapa Ogas	Assistant Managing Director - Operation
5. Mrs. Chonticha Supaluxmetha	Chief Financial Officer & Managing Director LIT Service Management Co., Ltd.
6. Mr. Pitchakorn Songsri <sup>1</sup>	Assistant Managing Director - Sale & Marketing
7. Ms. Piyanan Mongkol	General Manager Credit Control and Legal Contract
8. Ms. Prapapan Raktham	General Manager General Administration
9. Mr. Thotsapol Chantharasuwan <sup>2</sup>	Sales & Marketing Manager
10. Mr. Banjong Hokseng	Senior Operation Manager Team 1
11. Ms. Soontaree Wangdumrongwes	Senior Operation Manager Team 2
12. Ms. Orathai Sawaengcharoen	Finance & Accounting Manager

**Remarks :** 1. Mr. Pitchakorn Songsri resigned on December 1, 2018

2. Mr. Thotsapol Chantharasuwan resigned on October 1, 2018

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Move Forward  
**Be** Unity & Integrity

## Remuneration of Directors and Executives

### ● Monetary compensation

#### Remuneration Committee

Directors' remuneration for the year 2018 are detailed as below:

(Unit: Baht)

Name	Numbers in attending the meeting/ Total meetings 2018	Board of Directors Remuneration	Sub-Committee Remuneration	Meeting Allowance	Total
1. Mrs. Duangphorn Sucharittanuwat	13/13	1,680,000	120,000	70,000	1,870,000
2. Mr. Thienchai Srivichit (Resigned on 27 June 2018)	6/6	240,000	-	30,000	270,000
3. Police General Jate Mongkolhutthi	13/13	480,000	120,000	70,000	670,000
4. Mr. Prakob Visitkitjakarn	13/13	480,000	420,000	70,000	970,000
5. Mr. Suthud Khancharoensuk	13/13	480,000	120,000	70,000	670,000
6. Associate Professor Dr.Suda Suwannapirom	11/13	480,000	120,000	70,000	670,000
7. Mr. Sompon Aketerajit*	13/13	-	-	-	-
8. Ms. Sitaphatr Nirojthanasat*	9/13	-	-	-	-
9. Ms. Parichatara Laotheerasirivong* (New director replacing Mr. Thienchai Srivichit )	7/7	-	-	-	-
<b>Total</b>					<b>5,120,000</b>

**Remarks :** \* Mr. Sompon Aketerajit, Ms. Sitaphatr Nirojthanasat and Ms. Parichatara Laotheerasirivong have intention not to receive monthly remuneration as a director because they receive a monthly salary as the Managing Director, Assistant Managing Director and Senior Executive Director of the Company.

\*\* The Board of Directors' Meeting No.2/2019 held on February 18, 2019, resolved to approve the proposed of bonus in the amount of 875,000 Baht (except executive officer) from the result of year 2018 to the Annual General Meeting of Shareholders No.6/2019 on April 19, 2019. However, such bonuses are not included in remuneration for 2018 above.

### Executive Compensation

In 2018, the Company and its subsidiary have paid remuneration to executives as 20.64 million Baht. Such a compensation amount included salary, bonus, and any other contribution to provident fund.

Year	Lease IT		Lease Service Management		Total Amount (Baht)
	Number of Executives	Amount of Compensation (Baht)	Number of Executives	Amount of Compensation (Baht)	
2018	12	18,980,824	2	1,661,542	20,642,366

## 7 Corporate 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 Good Corporate Governance. This will help the Company to build trust and confidence among its stakeholders, investors, shareholders and all the concerned parties. Moreover, having Good Corporate Governance can be assumed as a tool to add value, create competitiveness, and promote sustainable growth of the Company in the long term. Nevertheless, the Company requires a policy of Good Corporate Governance. As defined by the SET, the Board of Directors had a meeting on 15<sup>th</sup> of July 2013 (3/2013) to discuss and cover 5 main categories 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 21 days in advance, specifying the date, time, place and agenda while handling the documents related to the matter entirety.
2. If the shareholder is unable to attend the meeting, the Company allows shareholders to delegate an independent director or any other person instead. Those attending the meeting as a proxy will be informed via invitation letter as well.

3. The Company also provides registration channels at the meeting venue specifically for individual shareholders and institutional investors and also arranges the computer system for registration and vote counting to expedite the registration and vote computation process.
4. Providing opportunity for shareholders to ask questions fully and freely.
5. Eventually at the end of the meeting, the Company will prepare a report with details correctly. Subsequently, that report can be verified by shareholders

The Company held the 2018 Annual General Meeting of Shareholders on 29 March 2018 at ASIC meeting room, IT Professional Tower 34<sup>th</sup> floor, Bangkok, Thailand. There were 11 directors and management attending the 2018 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 2019 Annual General Meeting of shareholders during 14 November - 31 December 2018. However, no question was submitted.

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

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

On the next day after the conclusion of the meeting, the Company informed the resolution of each agenda of the 2018 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 4.4 Percent of shares the Company issued. (As of 31 December 2018)

## 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 14 November - 31 December 2018, the Company provided opportunities for the shareholders to propose matters that they considered necessary for inclusion in the agenda of the 2019 Annual General Meeting of Shareholders and to nominate candidates for election as directors. The Company also posted the criteria and procedures in the form of a newsletter to the Stock Exchange of Thailand and on its website at [www.leaseit.co.th](http://www.leaseit.co.th). However, no shareholders proposed matters for inclusion in the agenda of the meeting nor nominated any candidates for election as directors.

The Company gave authority to Thailand Securities Depository Co., Ltd. (TSD) as the registrar of the Company to send invitation letter and attached document for Annual General Meeting 21 days in advance of the meeting. The Company also posted invitation letter and attached document for Annual General Meeting on Company's website at [www.leaseit.co.th](http://www.leaseit.co.th) 30 days in advance of the meeting so that the shareholders can reach the information regarding the meeting conveniently.

The shareholders who could not attend the meeting in person were entitled to appoint an independent director of the Company or any other person to attend the meeting and vote on their behalf. The Company prepared proxy forms as prescribed by the Ministry of Commerce, whereby the shareholders may give their proxies voting instruction. The proxy forms were delivered to the shareholders together with the invitation notice to the meeting. Additionally, the shareholders could download the proxy forms the Company's website at [www.leaseit.co.th](http://www.leaseit.co.th)

The meeting will be in accordance with the regulations of the Company. The details of the agenda will be informed via the invitation letter entirety. Nevertheless, some unnecessary details about the agenda not added in notification letter of shareholders. The agenda itself is important due to the fact that shareholders have to take time to study it before making any decision whether attend or not.

The Board of Directors have approve a policy on reporting the purchase / sale of securities of the Company to the Board of Directors which covered the use of inside information illegally (Insider Trading) with respect to those individuals involved, including directors, executives and

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

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

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

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

## 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.

Moreover, The Company has set up an Employee Joint Investment Program (EJIP) to provide long-term savings and being the Company's shareholder to its employees since 2015 and will be completed in March 2018. In 2018,

the Company continue the Employee Joint Investment Program (EJIP). The program lasts for 3 years (April 2018 - April 2021).

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

According to the record of accident and leaving of employees, zero of accident and leaving occurred from working in the year 2018.

#### 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, which reveal in Annual Registration Statements 2018 (Form 56-1).

In 2018, the Company has organized 10 training courses which are In-house 1 course and 9 Public Training course. There are 37 trained personnel. The number of personnel who take course can divided into 3 level:

- Director: 1 Persons (calculate 12.5%)
- Executive: 12 Persons (calculate 100%)
- Employee: 24 Persons (calculate 40%)

In 2018, the number of hours of training for employees and executives as below

Levels of employee	The average number of training (Hour / Person)
Director Level	10.00
Management Level	13.00
Employee Level	6.30

## 2. Rights of Business Partners :

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

**2.1 Customers :** The Company sets policies and guidelines for customers. All the conditions are clearly stated and fair. In addition, the Company is committed to providing customer service, as well as assisting and advising clients with courtesy while listening to their problems (and finally providing solutions to customers) without revealing on the clients' personal information. The Company has clearly defined customer selection criteria. It is based on the following criteria.

- The presence of the customer.
- The ability to repay customers and debtors.
- Ability to complete work projects.

The Credit Control Committee is responsible for considering the above criteria.

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

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

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

The Detail regarding Corporate Social and Environment activity can be found under Section "Corporate Social and Environment"

## b) International Human Rights Principles

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

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

- **Child Labor:** The Company shall be in line with the law on minimum age for employment and shall not allow child labor to perform any task which is harmful to health and growth process, including not to effect on compulsory education.
- **Forced Labor:** The Company shall not conduct or support any kinds of forced labor and shall not charge or forfeit any identity documents of its employee unless such implementation is not against any laws.
- **Non-discrimination:** The Company shall respect difference and treat its employee equally without facilitate or derogate its employee’s rights unfairly caused from origin, nationality, race, color, ancestor, religion, social status, gender, age, disability or infirmity, political idea, as well as marital status. Moreover, it shall assign protection problem-solving measures in regard to sexual abuse.

- **Compensation:** The Company shall settle wage, compensation, and any forms of profit in accordance with the labor law and on due and shall not deduct its employee’s wage unless such deduction is not against any laws.
- **Working hours:** The Company shall set its normal working hours not exceeded the one defined by the law and maintain its employee’s working hours and overtime to be in line with what defined by the law.
- **Freedom of association and collective bargaining:** The Company shall respect its employee’s rights in association or any kinds of grouping which is not against any laws, including participating collective bargaining according to the law process.
- **Occupational health, safety, environment and facilities:** The Company shall constantly promote, support, and improve safe working environment, preventing impact on health of its employee or related individuals from happening, as well as focusing on maintaining, preventing, and reducing environmental impact caused by the Company and related individuals’ activities by being in line with the law. Furthermore, the Company shall provide hygienic and clean lavatories and drinking water, appropriate first aid requisites, clean dining area and food storage in accordance with the sanitation sufficiently and conveniently.

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

## 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 inappropriate gifts, whether in cash or in kind, in order to achieve business advantages or relationship with business partners, and requires for a risk assessment in relation to such anti-corruption regularly.

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

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

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

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

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

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

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

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

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

#### **Caution**

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

**e) Measures on Whistle blowing and Protection for Whistle blowers**

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

1. Email to Investor Relation Team : [IR@leaseit.co.th](mailto:IR@leaseit.co.th)
- 2 Post : To 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.

**Participation of Stakeholder**

The participation of stakeholder is a key mechanism allowing the Company to understand demand and expectation, be able to use it a proper treatment to its stakeholder to prevent any risk or potential impact arose from any inappropriate one, which the Company has divided its stakeholder as follows:

Stakeholders	Communication and Channel	Interest and Expectation	Response
<b>Shareholder</b>	<ul style="list-style-type: none"> <li>• Holds Annual General Meeting and Extraordinary General Meeting of shareholders</li> <li>• Publicizes information through SET Portal Straight Through of the Stock Exchange of Thailand, Company's website, and Annual Report</li> <li>• Meets and provide information to shareholders, investors, and general individuals both individual and party forms</li> <li>• Provides query channel through website</li> </ul>	<ul style="list-style-type: none"> <li>• High return on investment and secure and sustain growth</li> <li>• Good overall operation and steady growth</li> <li>• Transparent and justified operation</li> <li>• Thoughtful risk management</li> </ul>	<ul style="list-style-type: none"> <li>• Generate revenue under concise and thoughtful risk management</li> <li>• Publicizes information to shareholders and SET through activities or other communicating channels with transparency and verifiability</li> <li>• Invites shareholders to attend Annual General Meeting and share opinion in Meeting</li> </ul>

Stakeholders	Communication and Channel	Interest and Expectation	Response
<b>Committee</b>	<ul style="list-style-type: none"> <li>• Holds meeting of committee regularly every month (except in case of obstruction)</li> <li>• Fully provides adequate information in time</li> <li>• Develops knowledge related to committee's operation in forms of printing media, training, and seminar</li> </ul>	<ul style="list-style-type: none"> <li>• Transparent operation under good governance</li> <li>• Justified treatment to every group of stakeholder</li> <li>• Good overall operation and steady growth</li> </ul>	<ul style="list-style-type: none"> <li>• Fully provides adequate information in time</li> <li>• Participates in Good Corporate Governance</li> <li>• Assigns policy and practice according to labor law</li> </ul>
<b>Employee</b>	<ul style="list-style-type: none"> <li>• Orientation for every employee level</li> <li>• Query about employee and supervisor's demands to prepare proper learning course to employee</li> <li>• Preparation for opinion and suggestion channel</li> <li>• Survey on employee satisfaction</li> <li>• Provides activities for creating relation with employee and encouragement to be the best employer</li> </ul>	<ul style="list-style-type: none"> <li>• Provides justified and appropriate compensation and welfare in accordance with economic state</li> <li>• Occupational route planning and progress</li> <li>• Successive knowledge and ability development</li> <li>• Occupational health and working safety supervisions</li> <li>• Provides appropriate working facilities</li> </ul>	<ul style="list-style-type: none"> <li>• Formulation of human rights policy</li> <li>• Occupational progress enhancement for employee</li> <li>• Regular survey on market compensation in every year for proper compensation payment and profit</li> <li>• Provides appropriate training course to employee in every working field and level</li> <li>• Survey on employee satisfaction and annual performance assessment</li> <li>• Proper working environment improvement according to principles of occupational health and working safety</li> </ul>
<b>Customer</b>	<ul style="list-style-type: none"> <li>• Provides customer support team to facilitate customer's demand</li> <li>• Regularly visits customer to promote relationship</li> <li>• Provides information regarding credit product, interest rate, fee, and other conditions correctly, clearly, and fully</li> <li>• Provides channels to customer to give opinion, suggestion, and complaint</li> <li>• Survey on customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Owning of various types of credit answering customer's demand</li> <li>• Convenience of service accessibility</li> <li>• Preservation of customer's private information</li> <li>• Readiness and speed in responding customer's demand</li> </ul>	<ul style="list-style-type: none"> <li>• Training for employee to provide efficient service according to slogan True Financial Partner</li> <li>• Delivery here means a credit that meets customer's demand</li> <li>• Focuses on enhancing culture, good governance, ethics and morality for operation to employee to forward honest service to customer</li> <li>• Adding convenient and proper channels to access credit and financial service to customer</li> </ul>

Stakeholders	Communication and Channel	Interest and Expectation	Response
<b>Partner</b>	<ul style="list-style-type: none"> <li>Owning of channels for opinion, suggestion, and complaint</li> </ul>	<ul style="list-style-type: none"> <li>Ethics, morality, and transparency in operating business</li> <li>Fair trading</li> </ul>	<ul style="list-style-type: none"> <li>Available with verifiable process</li> <li>Prompt verification and problem-solving</li> </ul>
<b>Competitor</b>	<ul style="list-style-type: none"> <li>Meeting for discussion, opinion exchange, and collaboration according to agendas</li> </ul>	<ul style="list-style-type: none"> <li>Transparent and fair business operation and competition according to best and trustworthy competition framework</li> </ul>	<ul style="list-style-type: none"> <li>Formulation on condition for fair competition</li> </ul>
<b>Creditor</b>	<ul style="list-style-type: none"> <li>Complies with conditions correctly and completely</li> </ul>	<ul style="list-style-type: none"> <li>Interest payment on due</li> <li>Successive communication and information disclosure</li> </ul>	<ul style="list-style-type: none"> <li>Interest payment on due</li> <li>Successive communication to provide correct and complete information</li> </ul>
<b>Community and Environment</b>	<ul style="list-style-type: none"> <li>Activity attendance through volunteer projects</li> <li>Seminar attendance</li> </ul>	<ul style="list-style-type: none"> <li>Provides knowledge regarding financial products</li> <li>Takes care of what may impact on environment arose from working process</li> <li>Enhances and promotes social and community activities</li> </ul>	<ul style="list-style-type: none"> <li>Provides financial knowledge to operators through meeting, seminar or Company's website</li> <li>Successively supports budget in implementing activities for society and community</li> </ul>

## 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.

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

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 transactions, 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 2018. With the restructuring of services to new customers in 2018 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.

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

For the year 2017, the Factoring Chain International (FCI) has revealed the information about the purchase of accounts receivable in Thailand as following

Number of Company : 6 Companies  
Total Financing Amount : 221,000 million Baht  
(Exchange rate 39.40 Baht per EUR)  
Average Growth Rate : 6%

The Company has total 7,264 million Baht of total loans, calculating 3% of the market share.

**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 Managing Manager that acts as a direct information provider in regard to shareholders, analyst and related 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. Four directors are female. The Board of Directors appoints the audit committee in order to assist in the governance of the Company. The Audit committee has rights and duties to acknowledge and investigate the authority of other sections. At least one of the audit committee members must have knowledge and experience in accounting sufficient to verify the reliability of the financial statements of the Company. The term of the independent director should not exceed 6 years from the date of the Company's registration of becoming Public Company Limited on 16 May 2013. In addition, the Company has no independent director who has held the position of Independent Director for more than 6 years from the date of the Company's registration of becoming Public Company Limited. There are no directorships in more than 5 listed companies (excluding advisory positions in listed companies).

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

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.

The Board of Directors has the succession plan of the organization's top executives as a policy, which the top executives including Assistant Managing Director, Chief Financial Officer. The guidelines are clearly defined. The Board of Directors of the Company is responsible for selection, track the implementation of the succession plan. and consider the selection of Managing Director. The Managing Director is responsible for the selection, track the implementation of the succession plan and consider the selection of Assistant Managing Director and Chief Financial Officer. The details are shown in the Annual Registration Statements (Form 56-1).

#### **Policy on conflicts of interest**

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

In addition, the Company may assign the Audit Committee or independents experts to examine and comment on the appropriateness of the price strategies as well as reasonableness of the

transactions. The results of the investigations will be disclosed in the form of financial statement notes in Annual Registration Statements (Form 56-1) and Annual Report (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 2018, the Board Directors held one meeting without

the presence of the executive director and the management on 26 December 2018.

The Board of Directors has a policy to evaluate the annual performance of the Chief Executive Officer/ Managing Director every year. The Criteria for Annual Performance Assessment of the Managing Director was approved on 9 February 2018. The Criteria have been clarified and acknowledged by the Managing Director (CEO). The performance evaluation has been conducted since 2018. The evaluation result will be disclosed in Annual Registration Statements (Form 56-1)

### 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 year so that the directors can manage their schedule to attend the meetings accordingly. There are clear agenda for each meeting. The Company sends the meeting invitation, together with the supporting documents, to the directors at least five days in advance to allow the directors having sufficient time to study the information prior to the meeting. The senior management of the Company will join the meeting in order to clarify and answer the Board of Directors' queries. The chairman will allow every director to express his/her opinion before proceeding with the vote and

concluding a resolution of the meeting in each agenda. In addition, the Company has a policy that requires a minimum number of quorum at the time of the commission will vote on all must be present for at least 2 out of 3 of its members. The Company record the minutes of the meetings in writing and kept the originals with the meeting invitation notices and the relevant supporting documents and are also maintained to facilitate the directors and relevant persons for the purpose of examination.

In 2018, 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 of attending the meeting/ Total meetings 2018
1. Mrs. Duangphorn Sucharittanuwat	Chairman of board & Independent Director	13/13
2. Mr. Thienchai Srivichit	Vice Chairman	6/6
3. Police General Jate Mongkolhutthi	Vice Chairman & Independent Director	13/13
4. Mr. Prakob Visitkitjakarn*	Independent Director	13/13
5. Mr. Suthud Khancharoensuk	Independent Director	13/13
6. Associate Professor Dr.Suda Suwannapirom	Independent Director	11/13
7. Mr. Sompon Aketerajit	Director and Managing Director	13/13
8. Ms. Sitaphatr Nirojthanarat	Director and Assistant Managing Director	9/13
9. Ms. Parichatara Laotheerasirivong*	Senior Executive Director	7/7

**Remark :** Ms. Parichatara Laotheerasirivong appointed as Senior Executive Director according to the resolution of the Board of Directors Meeting No.6/2561 on 27 June 2018, replacing Mr. Thienchai Srivichit who resigned on 27 June 2018

## **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 2018 Annual General Meeting of shareholders, which was held on 29 March 2018, 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 2018, the Company held 5 Audit Committee meetings as the follows :

List of Audit Committee Names	Position	Numbers of attending the meeting/Total meetings 2018
1. Mr. Prakob Visitkitjakarn	Chairman of Audit Committee	5/5
2. Police General Jate Mongkolhutthi	Audit Committee	5/5
3. Mrs. Duangphorn Sucharittanuwa	Audit Committee	5/5
4. Mr. Suthud Khancharoensuk	Audit Committee	5/5
5. Associate Professor Dr.Suda Suwannapirom	Audit Committee	5/5

## **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 2018 Annual General Meeting of shareholders, the meeting approved the remuneration of the Board of Directors and the subcommittees as follows :

Position	Monthly Allowance (Baht/Month)	Meeting Allowance (Baht/Month)
Chairman of the Boards and Independent Directors	140,000	5,000
Director & Independent Director	40,000	5,000
Chairman of the Audit Committee, Chairman of the Nomination Committee, Chairman of the Remuneration Committee, Chairman of the Corporate Governance Committee and Chairman of the Risk Management Committee	35,000	5,000
Member of the Audit Committee, Member of the Remuneration Committee, Member of Corporate Governance Committee and Member of the Risk Management Committee.	10,000	5,000

**Remark :** \*If there are several meetings on the same day, the Company would pay only once.

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 five 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 Management Committee***

The Risk Management Committee consists of five independent directors. The Risk Management 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 Top Level Management, organized by Capital Market Academy.
2. Ms. Parichatara Laotheerasirivong has enrolled New Director’s orientation course.
3. Mrs. Chonticha Supaluxmetha has enrolled preparation of consolidated financial statements (TFRS 15) for general business (In-House) and Financial Projection courses.

## 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 2018 (exclude management team 12 persons)

The detailed as below:

Department	Number of Employees
1. Sales and Marketing	15
2. Financial & Accounting	6
3. Credit and Legal Contract	11
4. Operation	24
5. Internal Audit	1
6. Business Development	1
7. Information Technology	1
<b>Total</b>	<b>59</b>

- Labor dispute  
- N/A

## 8

## Director & Executive Profile



### Mrs. Duangphorn Sucharittanuwat

Chairman of the Board,  
Independent Director  
and Audit Committee Member ● Age 67 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 50th Anniversary Mahavajiralongkorn Hospital
- 1997-2014 Director, Thailand Management Association
- 2002-2012 President, CIMB Thai Bank PCL.

Shareholding -none-



### Police General Jate Mongkolhutti

Independent Director and  
Audit Committee Member ● Age 66 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 Independent Director, Vice Chairman and Audit Committee, LEASE IT PCL.
- 1999-Present Independent Director & Audit Committee, Sino-Thai Engineering & Construction PCL.
- 1999-Present Independent Director & Audit Committee, STP & I 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 1/1/2018	165,000 Shares
Changing during the year : Buy	- Shares
Sale	- Shares
Shareholding 31/12/2018	165,000 Shares



## Mr. Prakob Visitkitjakarn

The Chairman of Audit Committee  
and Independent Director ● Age 79 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 1/1/2018 16,500 Shares

Changing during the year : Buy - Shares  
Sale - Shares

Shareholding 31/12/2018 16,500 Shares



## Associate Professor Dr. Suda Suwannapirom

Independent Director and  
Audit Committee Member ● Age 60 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-



## Mr. Suthud Khancharoensuk

Independent Director and  
Audit Committee Member ● Age 60 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 Independent Director & Audit Committee, LEASE IT PCL.

1996-Present Director, RPCG PCL.

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

Shareholding 1/1/2018 2,035,000 Shares

Changing during the year : Buy - Shares  
Sale - Shares

Shareholding 31/12/2018 2,035,000 Shares



## Ms. Parichatara Laotheerasirivong

Senior Executive Director  
(Authorized Director to be tied to the Company)  
● Age 63 years

### Qualifications

- Master of Executive MBA, Kasetsart University
- Bachelor of Accounting, Faculty of Commerce and Accountancy, Thammasat University
- Public Economic Management for Senior Executives (Advanced Diploma) Class 12, King Prajadhipok's Institute
- Top Level of Industrial Management Class 9, Ministry of Industry
- Thammasat Leadership Program for Society Class 2
- Director Certification Program (DCP) (75/2013), IOD
- Seminar Bourse Game (Foreign Exchange Trading), Citibank, Bangkok THAILAND
- Seminar for International Banker, Chase Manhattan Bank, NY USA.

### Relationship with the Executive Management -none-

#### Working Experience for the last 5 Years

2018-Present Senior Executive Director, LEASE IT PCL.

2018-Present Advisor to Chairman of Executive Committee, Fortune Parts Industry PCL.

2018-Present Director, Private Teacher Aid Fund, Ministry of Education

2018-Present Sub-Committee of Board of Investment, Private Teacher Aid Fund, Ministry of Education

2016-2017 Senior Executive Vice President, TCC Land and Asset World Corporation

2007-2016 Deputy Managing Director, Small and Medium Enterprise Development Bank of Thailand

2013-2014 Acting Managing Director, Small and Medium Enterprise Development Bank of Thailand

2013-2014 Director, National Credit Bureau Co., Ltd.

2013-2014 Risk Management Committee, National Credit Bureau Co., Ltd.

Shareholding 1/1/2018 0 Shares

Changing during the year : Buy 20,000 Shares  
Sale - Shares

Shareholding 31/12/2018 20,000 Shares



## Mr. Sompon Aketerajit

Managing Director & CEO  
(Authorized Director to be tied to  
the Company) ● Age 57 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
- Senior Executive Class 27, Capital Market Academy

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

2006-Present Director and Managing Director, LEASE IT PCL.  
2007-2012 Director, SVOA PCL.

Shareholding : 1/1/2018		3,322,374 Shares
	Spouse	2,442,430 Shares
Changing during the year :	Buy	50,544* Shares
	Spouse	30,000 Shares
	Sale	- Shares
	Spouse	- Shares
Shareholding : 31/12/2018		3,372,918 Shares
	Spouse	2,472,430 Shares



## Mrs. Rungnapa Ogas

Assistant Managing  
Director-Operation ● Age 56 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 1/1/2018		22,656 Shares
Changing during the year :	Buy	10,477* Shares
	Sale	- Shares
Shareholding 31/12/2018		33,133 Shares



## Ms. Sitaphatr Nirojthanarat

Director and Assistant  
Managing Director - Support  
(Authorized Director to be tied to  
the Company) ● Age 36 years

### Qualifications

- MSc in Marketing Management Aston Business School, Aston University, UK
- Bachelor of Arts, English major (2<sup>nd</sup> class honors), Chulalongkorn University
- Director Accreditation Program (DAP) 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 Foods PCL.

Shareholding : 1/1/2018		128,142 Shares
	Spouse	1,650,000 Shares
Changing during the year :	Buy	12,227* Shares
	Spouse	- Shares
	Sale	- Shares
	Spouse	- Shares
Shareholding : 31/12/2018		140,369 Shares
	Spouse	1,650,000 Shares



## Mrs. Chonticha Supaluxmetha

Chief Financial Officer  
● Age 46 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 Chief Financial Officer, LEASE IT PCL.

2018-Present Managing Director, LIT Service Management Co., Ltd.

2000-2014 ISO Consultant & Trainer, Quality System Development International (Thailand) Co.,Ltd.

2011-2014 Independent Accountant

Shareholding 1/1/2018		15,764 Shares
Changing during the year :	Buy	10,371* Shares
	Sale	- Shares
Shareholding 31/12/2018		26,135 Shares



### Ms. Piyanan Mongkol

General Manager -  
Credit and Legal Contract ● Age 46 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 General Manager -  
Credit and Legal Contract, LEASE IT PCL.

Shareholding 1/1/2018	12,994 Shares
Changing during the year : Buy	5,898* Shares
Sale	- Shares
Shareholding 31/12/2018	18,892 Shares



### Ms. Prapapan Raktham

General Manager -  
General Administration ● Age 51 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 General Manager -  
General Administration, LEASE IT PCL.

Shareholding 1/1/2018	8,222 Shares
Changing during the year : Buy	2,428* Shares
Sale	10,600 Shares
Shareholding 31/12/2018	50 Shares

Remark : An increasing in number of shares including number of shares from stock dividend 2018.  
\*Number of shares transferred can be sold from the EJIP program or sold

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

As at 31 December 2018

Name	Company	Related Company			
		1	2	3	4
Mrs. Duangphorn Sucharittanuwat	X,AC,//				
Police General Jate Mongkolhutti	V,AC,//				
Mr. Prakob Visitkitjakarn	AAC,//			AAC,//	
Mr. Suthud Khancharoensuk	AC,//				
Associate Professor Dr. Suda Suwannapirom	AC,//				
Ms. Parichatara Laotheerasirivong	/				
Mr. Sompon Aketerajit	/,*				
Ms. Sitaphatr Nirojthanarat	/,**		/ (Spouse)		
Mrs. Rungnapa Ogas	**				
Mrs. Chonticha Supaluxmetha	**				
Ms. Piyanan Mongkol	***				
Ms. Prapapan Raktham	***				

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

V = Vice Chairman  
AC = Audit Committee  
// = Independent Director  
\*\* = Assistant Managing Director/Executive Director

#### 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.

### Overall Policy

The Company has set the operating framework based on the philosophy of vision and mission.

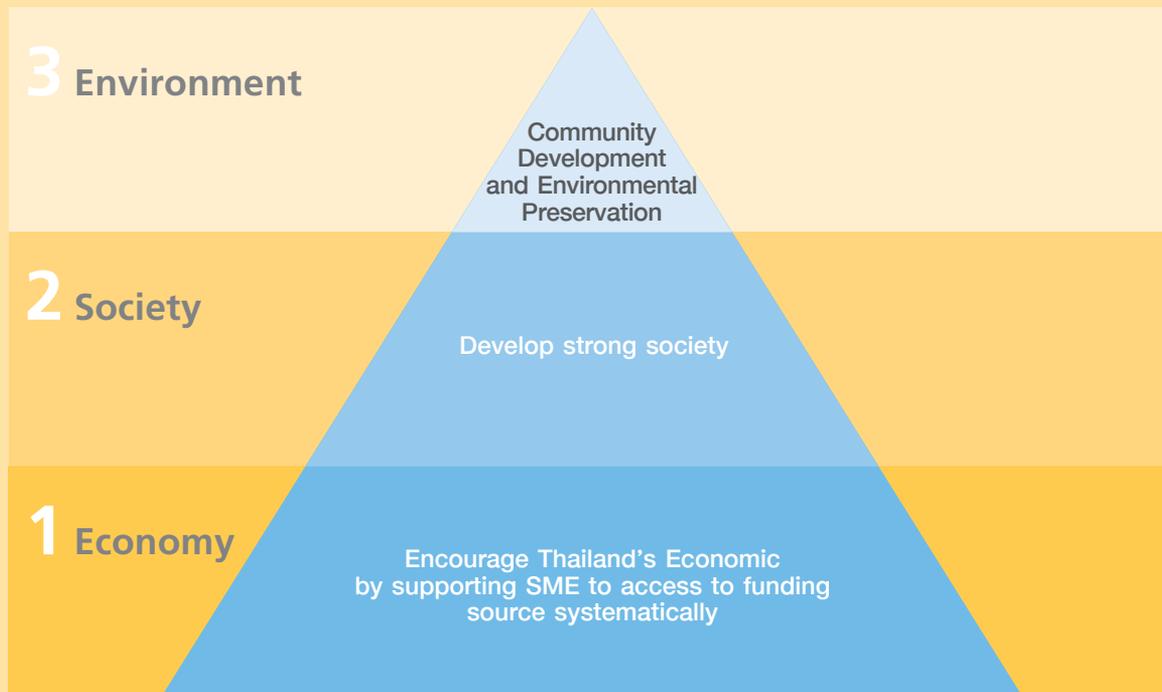
#### *Vision*

Creating opportunities for all

#### *Mission*

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).

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



## 1. Economy Dimension :

### 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.

#### 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.

#### 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. Social Dimension :

### Social and Environmental

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

1. Implementation of activities of the Company and its subsidiaries shall strictly comply with related environmental laws and regulations.
  2. Creating conscience for world saving to employee in order for them to be aware of the impact from doing or not doing things with a belief that many small parts can become a group and power that will reduce or relieve pollutions to forward good environment to our next generation by providing training that gives and publicizes knowledge to everyone.
  3. Intention for the most efficient and worthy resource use.
  4. Every executive level supports various aspects, for example, personnel, tool, time, budget, etc., in order for its implementations to be achieved according to the determined objectives.
  5. The Company aims to develop the quality of life of its employee by promoting good atmosphere and environment to work pleasantly together with improving working performance to be efficient and met the Company's goal.
  6. The Company will provide an advice channel for environmental problem-solving guideline of the most benefit by informing any responsible departments to lead to sustainability, which will be coordinated with every department for achieving the success in environmental problem-solving.
- The Company aims to reduce any impacts arose from any aspects of environment and publicizes to its employee implementation results, including the following annual report:
- Reduction of greenhouse gas emission by reducing paper and electric energy
  - Sorting the type of garbage before disposing and also record the amount of waste that has been recycle and income from garbage disposal.
- In 2018, the Company with collaboration with its subsidiaries held a campaign of electricity and water supply usage reduction.

## 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:

### 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 no conflict of interest, to review back to all customers who open new financial amount in order to collect information on corruption and bribery. The results found that no corruption and bribery.

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

### Respect for Human Rights Principles

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

### Community and Social Operations

In 2017, the Company has joined project “Power up of 13,000 cancer’s patients” with the Market for Alternative Investment (mai) which to cooperated with Art Of Life Enterprises Co., Ltd., in order to help cancer’s patient to understanding how to deal with cancer properly. And to increase the survival rate and quality of life for cancer patients in Thailand.

In 2018, the Company has participated in creating dream and sharing happiness, the drawing competition under the “16<sup>th</sup> the card for children” project on the topic of “Amazing Thailand” organized by the better Thailand foundation. We provided the opportunity for disabled and underprivileged children to demonstrate their painting skills on New Year cards. Calculating for 72 volunteer hours



Furthermore, the Company also joint an academic talk on “Financial Tool for SMEs” held by the Stock Exchange of Thailand accompanied by its managing director being a lecturer who gave and shared knowledge and experiences about how to access sources of investment funds in the 4.0 age to SMEs in order to access formal sources of investment funds.



Due to the Company is a financial organization, therefore, the Company is considered as a part of helping SMEs to access capital in business apart from the banking fund and also solving problem of informal debt for SMEs, which the amount of loan service in 2018 was 10,980.26 million Baht in total. To calculate it in a proportion of formal debt problem-solving, the Company had helped SMEs to save their capital of 1.5-3.0%. Once calculating from the financing amount, it was 164-329 million Baht.

## Tax operations

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

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

## Equitable Labor Treatment

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

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

## Good Practices

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

In 2018, there were 37 executives and employee to be trained, and there were 27 of them who had obtained the annual preferment.

## Health and Safety for Working Environment

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

In 2018, there is no information about any injury or death or event related to safety for working environment. The employee's absence rate (AR) was zero in 2018, which reflects that the Company's working environment and safety are under good criteria, and the Company has also annually promoted for its employee to be collaborated in fire drill training at its office which was held on 30<sup>th</sup> November in 2018.

## Justified and Responsible Business Operations to Partners

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

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

### Good Practices

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

### Breaches

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

In 2018, there was no case of breach.

## Supply Chain Management

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

Important partners of the Company are divided into 2 parts, which are, customer and creditor. Every customer is essential to The Company, especially those with constant credit limit use which can lead to some risks caused by the customer to be unable to deliver their works to debtors. The Company has determined a practice to regularly follow up the credit limit use result via its sales and marketing officer and operations officer. For the Company's creditor, it is in line with the mutual regulations correctly and appropriately.

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

**We** *Care*  
*Move Forward*  
**Be** *Unity & Integrity*

### 3. Environment Dimension :

#### Resource and Environmental Management Process

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

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

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

In 2018, the Company has focused on environmental protection and promote activities to reduce global warming. It focuses on simple activity which can start within our organization. Therefore, the Company have created awareness for employees aware of the importance of natural resources. As well as arrange the training to understand how to protect environment, starting from a small spot within the Company and actively promoting the practice as following:

- 1) Securing Forest : To promote use of recycled paper and paper saving
- 2) Reduction of electricity consumption : To promote the efficient use of electricity and the use of environmentally friendly electrical equipment.
- 3) Water conservation : Promote water saving.
- 4) Reduction of waste : To promote a waste management system by promoting the reduction of waste.

#### Management Approach

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

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

## Implementation Results

- The Company's electricity consumption of 6.84% once comparing to 2017 income and the one of 2018, it was 6.68% of 2018 income which shows decreased electricity consumption.
- 2017 paper consumption of 2.78% once comparing to its income, and in 2018, paper consumption was 2.33% of the income which shows decreased paper consumption.

As a non-bank company which operates financial service business, it takes environment and pollution problems into account arose from human action and is ready to be a financial mechanism to jointly provide financial support and enhance renewable energy use and energy conservation to entrepreneur, and, however, to also operate eco-friendly business and decrease greenhouse emission quantity.

In 2018, the Company had provided credit to its customers who operated their businesses related to solar energy to decrease such energy use as follows:

- Businesses related to solar energy were financed amount of 37.42 million Baht.

## Innovative Creation for Corporate Sustainability

The Company focuses on its members' proposal, suggestion, and collaboration on innovative development for new operation in order for the corporate to run its business under the current state of change through strategy meeting which consists of chief executives and employee.

The Company focuses on creating corporate culture of innovation by dividing itself into parts which each part consists of functions that are similar to subsidiaries operating their businesses with their own goals. However, the Company does not overpass risk control and management by providing functions that are responsible for supervision its operations to be in line with the policy.

The Company emphasizes on its meeting to be a world-saving meeting by decreasing paper consumption, and the Company has a goal to hold its meeting as a paper-less meeting.

The consequence of such implementation will reflect in terms of higher turnover, more customer satisfaction, reduced expense on paper, including reduced quantity of greenhouse emission.

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In the board meeting No.2/2019 held 18<sup>th</sup> February 2019, 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 workflow of each unit under the audit process of internal control unit regularly. Moreover, the Company has fair operation policy and plan with customers to protect customers' benefit and keep customers' royalty in long term.

### 2. Risk Management Measure

The Company analyzes the cause of risk factors in order to reduce risk that can occur and follow up the cause of the risk factors and find the way to prevent the risks. The employees know their roles, duties and risks together with the measurement to control that risks they are responsible to. The measurement is informed in working procedure, training and company's policy.

### 3. Management Control Activities

The Company set the level of approval authority clearly, work flow manual, detail of employees in each unit and job description clearly. As the related transaction policy, the Company proceed according to the principles approved by Board of directors and approved by Audit committee. The stakeholders cannot vote for that kind of issue. The board of directors must aware of benefit of the Company to the utmost and consider as if the transaction was made by external party

### 4. Information and Communication Measure

The Company provides information systems, quality and adequate decisions, both of financial data and other information. The Company's accounting policies as standard that is acknowledged in the auditor's report.

To the efficiency of Information Technology System, the Company controlled to access the Information Technology systems, data, recall and the infringement of license and protection of the intellectual property of the Company and our customer.

The Company had a policy to evaluate and reported to Board of directors every quarter.

## 5. Monitoring

The Company follows up the meeting results every three 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 2018. 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 2018, 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.

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## Opinions of the Audit Committee

The Company's Audit Committee has considered information concerning the related transactions and has the opinion that such related transactions were reasonable and were transactions which occurred as per market prices or fair prices and there were no differences from selling and purchasing from other third parties.

- **Necessities and reasonableness of related transactions**

Operations concerning the related transactions were necessary and reasonable for the maximum benefits of the Company and were as per normal business

- **Procedures on approval of related transaction**

For procedures on approval of related transaction in the future, the Company shall comply with the laws on securities and securities exchange including regulations, announcements, orders or requirements of the Stock Exchange of Thailand. Any transactions which the director or other person may have conflict of interest with the Company has been stipulated in the connected transactions and acquisition and disposal of assets of the Company, except when it is an approval of transaction in the nature course of the business of the Company. In addition, the Company has specified approval authorization rights clearly.

- **Trends of related transactions in the future**

The Company expected that such related transactions shall continue to occur in the future because the related transactions of the Company and the person who may have conflict of interest shall be as per normal business practices of the Company. In addition, the Company has appointed the Audit Committee to Audit and consider the disclosure of information of related transactions which may have conflict of interest so they shall be correctly and completely be in accordance to the law on securities and securities exchange including regulations, announcements, orders or requirements of the Stock Exchange of Thailand as well as compliance with the regulations related to disclosure of information on connected transactions and acquisition or disposal of assets and in accordance with the generally accepted accounting standards specified by the Federation of Accounting Professions.

- **Policy on Conflict of Interest**

The Company has established measures to prevent conflict of interest that may arise from related transactions of the Company and persons who may have conflict of interest. The Executives and Stakeholders are not allowed to take part in the approval of those transactions. The Company's Board of Directors must ensure that the Company has complied with the Securities and Exchange Act, and regulations, notifications regarding the disclosure of related transactions, the acquisition or disposition of significant assets of the Company, and the accounting standards prescribed by the Federation of Accounting Professions.

In addition, the Company will provide the audit committee or auditors or independent specialist as the case may be, to review and give opinion on the suitability of prices and justification of transactions, and will disclose related transactions in the notes to the financial statements which revealed in Annual Registration Statements (Form 56-1) and Annual Report (Form 56-2) that have been verified or reviewed by the Company's Auditors.

## Financial Statements

### 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.

(e) Fiscal year 2017 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, 2017 the financial performance and cash flows for the year end were correct and complete according to the matter of financial statement standards.

(f) Fiscal year 2018 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, 2018 the financial performance and cash flows for the year end were correct and complete according to the matter of financial statement standards.

## Summary of Financial Information

### Lease IT Public Company Limited Statements of Financial Position

(Unit : Million Baht)

	Consolidated financial statement		Separate financial statement					
	2018		2018		2017		2016	
	MB	Percent	MB	Percent	MB	Percent	MB	Percent
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	106.17	3.99	74.21	2.81	63.56	2.71	78.72	3.95
Current Investment	-	-	-	-	59.99	2.56	-	-
Trade and other receivables	8.06	0.30	13.00	0.49	14.67	0.63	25.56	1.28
Current portion of account receivables								
● Financial lease receivables	87.13	3.27	87.13	3.30	106.67	4.54	111.19	5.58
● Hire-purchase receivables	104.17	3.91	104.17	3.95	52.20	2.22	80.60	4.05
● Factoring receivables	991.73	37.24	991.73	37.56	840.49	35.82	846.53	42.51
● Project backup financial receivables	833.75	31.31	833.75	31.58	782.98	33.37	640.76	32.17
Refundable input tax	-	-	-	-	-	-	2.90	0.15
Property foreclosed	2.14	0.08	2.14	0.08	2.14	0.09	2.14	0.11
Other current assets	9.23	0.35	8.64	0.33	11.39	0.49	7.45	0.37
<b>Total current assets</b>	<b>2,142.38</b>	<b>80.45</b>	<b>2,114.77</b>	<b>80.10</b>	<b>1,934.09</b>	<b>82.43</b>	<b>1,795.85</b>	<b>90.17</b>
<b>Non-current assets</b>								
Restricted bank deposits	101.14	3.80	101.14	3.83	41.26	1.76	29.94	1.50
Project backup financial receivables - net	226.20	8.49	226.20	8.57	220.96	9.42	-	-
Factoring receivables - net of current portion	40.92	1.54	40.92	1.55	-	-	0.91	0.05
Financial lease receivables - net	35.48	1.33	35.48	1.34	83.98	3.58	111.73	5.61
Hire-purchase receivables - net	63.90	2.40	63.90	2.42	31.53	1.34	28.66	1.44
Investment in subsidiary	-	-	5.00	0.19	-	-	-	-
Equipment	13.00	0.49	12.88	0.49	9.34	0.40	10.17	0.51
Intangible assets	8.29	0.31	8.29	0.31	4.08	0.17	3.63	0.18
Deferred tax assets	31.79	1.19	31.75	1.20	21.04	0.90	10.67	0.54
<b>Total non-current assets</b>	<b>520.72</b>	<b>19.55</b>	<b>525.56</b>	<b>19.90</b>	<b>412.19</b>	<b>17.57</b>	<b>195.71</b>	<b>9.83</b>
<b>Total assets</b>	<b>2,663.10</b>	<b>100.00</b>	<b>2,640.33</b>	<b>100.00</b>	<b>2,346.28</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	420.85	15.80	420.77	15.94	382.60	16.31	843.84	42.37
● Current portion of long-term loans from banks	12.67	0.48	12.67	0.48	22.20	0.95	20.26	1.02
● Current portion of undue output tax	-	-	-	-	-	-	-	-
● Current portion of debentures	149.94	5.63	149.94	5.68	149.95	6.39	199.78	10.03
Trade and other payables	1.10	0.04	1.59	0.06	0.53	0.02	2.43	0.12
Current portion of liabilities under hire-purchase agreements	60.93	2.29	60.93	2.31	51.04	2.18	-	-
Current portion of liabilities under financial lease agreement	0.08	-	0.08	-	0.57	0.02	0.49	0.02
Income tax payable	23.50	0.88	19.97	0.76	23.10	0.98	13.84	0.69
Cash receipt awaiting for return to factoring receivables and financial lease receivables	77.37	2.91	77.29	2.93	65.47	2.79	58.90	2.97
Other current liabilities	76.36	2.87	74.82	2.83	70.54	3.01	39.87	2.00
<b>Total current liabilities</b>	<b>822.80</b>	<b>30.90</b>	<b>818.06</b>	<b>30.99</b>	<b>765.99</b>	<b>32.65</b>	<b>1,179.40</b>	<b>59.22</b>

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

(Unit : Million Baht)

	Consolidated financial statement		Separate financial statement					
	2018		2018		2017		2016	
	MB	Percent	MB	Percent	MB	Percent	MB	Percent
<b>Non-current liabilities</b>								
Long-term loans from banks – net of current portion	-	-	-	-	12.67	0.54	31.90	1.60
Guarantee received from factoring receivables	-	-	-	-	-	-	-	-
Liabilities under hire-purchase agreements – net of current portion	38.68	1.45	38.68	1.46	13.95	0.59	-	-
Liabilities under finance lease agreement – net of current portion	-	-	-	-	0.10	-	0.65	0.03
Debentures – net of current portion	695.57	26.12	695.57	26.34	529.22	22.56	299.47	15.04
Provision for long-term employee benefits	6.30	0.24	6.12	0.23	5.60	0.24	4.36	0.22
<b>Total non-current liabilities</b>	<b>740.55</b>	<b>27.81</b>	<b>740.37</b>	<b>28.03</b>	<b>561.53</b>	<b>23.93</b>	<b>336.38</b>	<b>16.89</b>
<b>Total liabilities</b>	<b>1,563.35</b>	<b>58.71</b>	<b>1,558.43</b>	<b>59.02</b>	<b>1,327.52</b>	<b>56.58</b>	<b>1,515.78</b>	<b>76.11</b>
<b>Shareholders' equity</b>								
Share capital								
Registered	300.00	11.27	300.00	11.36	300.00	12.79	200.00	10.04
Issued and fully paid-up	220.72	8.29	220.72	8.36	220.08	9.38	200.00	10.04
Warrant (LIT-W1)	396.40	14.88	396.40	15.01	399.62	17.03	-	-
Share premium	76.48	2.87	76.48	2.90	71.33	3.04	70.72	3.55
Retained earnings								
Appropriated – statutory reserve	30.00	1.13	30.00	1.14	24.12	1.03	16.85	0.85
Unappropriated	376.15	14.12	358.30	13.57	303.61	12.94	188.21	9.45
Other elements of the shareholders	-	-	-	-	-	-	-	-
<b>Total shareholders' equity</b>	<b>1,099.75</b>	<b>41.29</b>	<b>1,081.90</b>	<b>40.98</b>	<b>1,018.76</b>	<b>43.42</b>	<b>475.78</b>	<b>23.89</b>
<b>Total liabilities and shareholders' equity</b>	<b>2,663.10</b>	<b>100.00</b>	<b>2,640.33</b>	<b>100.00</b>	<b>2,346.28</b>	<b>100.00</b>	<b>1,991.56</b>	<b>100.00</b>

**Statement of Comprehensive Income**

(Unit : Million Baht)

	Consolidated financial statement		Separate financial statement					
	2018		2018		2017		2016	
	MB	Percent	MB	Percent	MB	Percent	MB	Percent
Interest income*	257.23	57.79	257.23	62.17	265.57	63.39	174.30	60.69
Fees and service income	156.47	35.15	125.16	30.25	139.79	33.37	97.00	33.78
Other income	31.40	7.06	31.37	7.58	13.60	3.24	15.89	5.53
<b>Total revenues</b>	<b>445.10</b>	<b>100.00</b>	<b>413.76</b>	<b>100.00</b>	<b>418.96</b>	<b>100.00</b>	<b>287.19</b>	<b>100.00</b>
Selling expenses	29.25	6.57	21.91	5.30	38.48	9.18	28.41	9.89
Administrative expenses	84.18	18.91	82.18	19.86	78.59	18.76	63.26	22.03
Bad debts and doubtful accounts	70.50	15.84	70.50	17.04	58.47	13.96	23.75	8.27
<b>Total expenses</b>	<b>183.93</b>	<b>41.32</b>	<b>174.59</b>	<b>42.20</b>	<b>175.54</b>	<b>41.90</b>	<b>115.42</b>	<b>40.19</b>
<b>Profit before finance cost and income tax expenses</b>	<b>261.17</b>	<b>58.68</b>	<b>239.17</b>	<b>57.80</b>	<b>243.42</b>	<b>58.10</b>	<b>174.77</b>	<b>60.86</b>
Finance cost	69.25	15.56	69.25	16.74	62.09	14.82	45.02	15.68
<b>Profit before income tax expenses</b>	<b>191.92</b>	<b>43.12</b>	<b>169.92</b>	<b>41.06</b>	<b>181.33</b>	<b>43.28</b>	<b>126.76</b>	<b>44.14</b>
Income tax expenses	43.08	9.68	38.92	9.41	35.84	8.55	26.09	9.08
<b>Profit for the year</b>	<b>148.84</b>	<b>33.44</b>	<b>131.00</b>	<b>31.65</b>	<b>145.49</b>	<b>34.73</b>	<b>100.66</b>	<b>35.05</b>

## Statement of Cash Flows

(Unit : Million Baht)

	Consolidated financial statement	Separate financial statement		
	2018	2018	2017	2016
<b>Cash flows from operating activities</b>				
Profit before income tax expenses	191.92	169.92	181.33	126.76
<b>Adjustment to reconcile profit before tax to net cash provided by (paid from) operating activities:</b>				
Depreciation and amortization	4.69	4.69	3.05	2.34
Bad debts and doubtful account on receivables	48.62	48.62	58.47	23.75
Write off bad debts	21.88	21.88	-	-
Provision for long-term employee benefits	0.70	0.67	0.52	0.47
Loss (Gain) on sales of current investments	(0.79)	(0.79)	0.01	-
Finance cost	65.24	65.24	60.63	44.38
Amortization of deferred interest income under the financial lease and hire-purchase agreements	(27.56)	(27.56)	(38.73)	(33.02)
Amortization of expense of debentures	4.01	4.01	1.46	0.64
<b>Profit from operating actives before change in operating assets and liabilities</b>	<b>308.71</b>	<b>286.68</b>	<b>266.74</b>	<b>165.32</b>
<b>Operating assets (increase) decrease</b>				
Trade and other receivables	8.45	3.51	9.43	(0.11)
Factoring receivables	(196.44)	(196.44)	(12.82)	(343.98)
Financial lease and hire-purchase receivables	10.20	10.20	91.37	(13.05)
Project backup financial receivables	(124.73)	(124.73)	(394.48)	(447.39)
Properties Foreclosed	-	-	-	(2.14)
Other current assets	3.87	4.46	(1.80)	(2.84)
<b>Operating liabilities increase (decrease)</b>				
Trade and other payables	0.57	0.91	(1.90)	1.77
Other current liabilities	15.88	14.25	36.90	25.90
Other non-current liabilities	-	-	-	-
<b>Cash flows from (used in) operating activities</b>	<b>26.51</b>	<b>(1.16)</b>	<b>(6.56)</b>	<b>(616.51)</b>
Cash paid for interest expenses	(61.41)	(61.41)	(58.45)	(43.43)
Cash paid for corporate income tax	(53.42)	(52.76)	(36.76)	(26.60)
<b>Net cash flows (used in) operating activities</b>	<b>(88.32)</b>	<b>(115.33)</b>	<b>(101.77)</b>	<b>(686.55)</b>
<b>Cash flows from investing activities</b>				
Cash receipt/paid for purchase of trading securities	60.78	60.78	(60.00)	-
Decrease (Increase) in restricted bank deposits	(59.88)	(59.88)	(11.32)	13.41
Cash Paid for purchase of equipment and intangible assets	(12.57)	(12.44)	(2.68)	(5.10)
Proceeds from sales of equipment	0.01	0.01	0.01	0.01
Cash paid for investment in subsidiary	-	(5.00)	-	-
<b>Net cash flows used in investing activities</b>	<b>(11.66)</b>	<b>(16.53)</b>	<b>(73.99)</b>	<b>8.32</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from banks	38.25	38.17	(461.24)	530.65
Cash receipt from issuance of warrants	-	-	400.00	-
Cash receipt from exercise of warrants	2.57	2.57	0.31	-
Cash received from long-term from banks	(22.20)	(22.20)	(17.29)	41.25
Repayment of liabilities under financial lease agreements	(0.61)	(0.61)	(0.61)	-
Cash received / paid from issuance of debentures	162.33	162.33	178.46	149.57
Cash received / paid under hire-purchase agreements	32.67	32.67	63.20	-
Dividend paid	(70.42)	(70.42)	(2.23)	(36.00)
<b>Net cash flows from financing activities</b>	<b>142.59</b>	<b>142.51</b>	<b>160.60</b>	<b>685.48</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>42.61</b>	<b>10.65</b>	<b>(15.16)</b>	<b>7.25</b>
Cash and cash equivalents at beginning of the year	63.56	63.56	78.72	71.47
<b>Cash and cash equivalents at end of the year</b>	<b>106.17</b>	<b>74.21</b>	<b>63.56</b>	<b>78.72</b>

## Summary of Key Financial Ratios

Financial Ratio	Consolidated financial statement	Separate financial statement		
	2018	2018	2017	2016
<b>Profitability Ratio :</b>				
Net Profit Margin (%)	33.44%	31.65%	34.73%	35.05%
Return on Equity (%)	14.05%	12.47%	19.47%	22.70%
Rate of interest on revenue (Include Fee and Service Income) (%)	17.36%	16.04%	19.79%	18.67%
Rate of interest on financial cost (%)	5.45%	5.45%	4.85%	4.35%
Interest Rate Spread (%)	11.91%	10.59%	14.94%	14.32%
<b>Profitability Ratio (Excluding Fee and Service Income) :</b>				
Rate of interest on revenue (Exclude Fee and Service Income) (%)	10.79%	10.79%	12.97%	12.00%
Rate of interest on financial cost (%)	5.45%	5.45%	4.85%	4.35%
Interest Rate Spread (%)	5.34%	5.34%	8.12%	7.65%
<b>Efficiency Ratio :</b>				
Interest Income to Asset Ratio (%)	7.51%	7.54%	9.38%	8.17%
Return on Assets (%)	5.94%	5.25%	6.71%	6.36%
Current Ratio (Times)	0.18	0.17	0.19	0.18
<b>Financial Ratio :</b>				
Debt to Equity Ratio (Times)	1.42	1.44	1.30	3.19
Total Credit to Total Financing Ratio (Times)	1.73	1.73	1.83	1.32
Dividend Payout Ratio (%)	48.93%	55.60%	48.41%	22.09%
Dividend Payout Ratio (%) (After transferred to statutory reserve)	50.95%	58.22%	50.95%	23.29%
<b>Asset Quality Ratio :</b>				
Allowance for Doubtful account to Total Credit Ratio (%)	6.24%	6.24%	4.85%	2.68%
Bad Debt to Total Credit to Total Credit Ratio (%)	0.86%	0.86%	-	0.12%

**Remark :** The Board of Directors' Meeting No.2/2019 of Lease IT Public Company Limited (Company) held on 18 February 2019 resolved to approve the cash dividend payment from the operating result of 2018 at the rate of 0.33 Baht per share, not over 72,837,238.98 Baht, represented by 50.95%.

*We Care  
Move Forward  
Be Unity & Integrity*

## 13

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

During the year 2018, the Company established a subsidizing company. In this analysis, the Company has analyzed the operating results from the consolidated financial statements of 2018 compared to the separate financial statement of the year 2017.

### 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 418.96 million Baht in year 2017 reached to 445.10 million Baht in year 2018, representing a growth rate of 6.24 percent.

#### (a) Revenue

The Company's revenue in 2018 consisted of interest income, fees and service income, and other sources of income which accounted to 57.79 percent, 35.15 percent, and 7.06 percent, respectively. It can be seen that interest income will be the main income of the Company, which will be higher than other types of income, in accordance with the strategic plan of the year 2018 (the economic situation is not good for SMEs entrepreneurs). The Company therefore focuses on Project backup financing and Bid bonds by selecting customers with a good track record from factoring products. It's a high rate of return product that will make the higher income on a low risk base to the Company.

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

(Unit : Thousand Baht)

Interest income	Consolidated financial statement	Separate financial statement	
	2018	2018	2017
Interest income			
• Financial lease	17,310	17,310	25,165
• Hire purchase	10,251	10,251	13,562
• Factoring	95,583	95,583	109,272
• Project Backup Financing	134,089	134,089	117,575
<b>Total Interest Income</b>	<b>257,233</b>	<b>257,233</b>	<b>265,574</b>

Interest Income	Consolidated financial statement		Separate financial statement		Change	
	2018		2017			
	Thousand Baht	Percent	Thousand Baht	Percent	Thousand Baht	Percent
• Financial lease	17,310	6.73	25,165	9.48	-7,855	-31.21
• Hire purchase	10,251	3.98	13,562	5.11	-3,311	-24.41
• Factoring	95,583	37.16	109,272	41.14	-13,689	-12.53
• Project Backup Financing	134,089	52.13	117,575	44.27	+16,514	+14.05
<b>Total Interest Income</b>	<b>257,233</b>	<b>100.00</b>	<b>265,574</b>	<b>100.00</b>	<b>-8,341</b>	<b>-3.14</b>

As shown in the above table, in year 2018 the ratio of interest income in terms of long-term loans consisted of the financial leases 6.73 percent and the hire purchase 3.98 percent. Total of interest income in terms of long-term loans was 10.71 percent. Interest income in terms of short-term loans consisted of the factoring 37.16 percent and the project backup financing 52.13 percent. Total of interest income in terms of short-term loans was 89.29 percent. In year 2017, the ratios of interest income in terms of long-term loans and short-term loans were 14.59 percent and 85.41 percent, respectively. Even though interest income from financial lease and hire purchase were decreased represent to 28.83 percent from the previous year. Interest income obtained from factoring service in 2018 was decreased to 12.53 percent due to the economic growth does not directly affect the small and medium enterprises (SMEs). So the Company is highly cautions in expanding leap growth as the previous years. In addition the Company has restructured its appropriately revenue structure by reducing the expansion of some industry portfolio, especially the construction sector. In the above table you would see that the interest income from project backup financing has grown noticeably (i.e., it increased to 14.05 percent from a year earlier) because we would like to expand its portfolio over 35 percent. 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 2018 faced decreasing to 3.14 percent compared to year 2017.

**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 2017 and 2018.

(Unit : Thousand Baht)

Fee Income/Service Income	Consolidated financial statement	Separate financial statement	
	2018	2018	2017
• Financial lease	2,475	2,475	191
• Hire purchase	80	80	115
• Factoring	40,387	33,607	44,534
• Project Backup Financing	91,444	66,911	78,057
• Bid Bond	20,705	20,705	15,297
• Letter of Credit	1,356	1,356	1,402
• Other	22	22	198
<b>Total Fee Income/Service Income</b>	<b>156,469</b>	<b>125,156</b>	<b>139,794</b>

Fee Income/Service Income	Consolidated financial statement		Separate financial statement		Change	
	2018		2017			
	Thousand Baht	Percent	Thousand Baht	Percent	Thousand Baht	Percent
● Financial lease	2,475	1.58	191	0.14	+2,284	+1,195.81
● Hire purchase	80	0.05	115	0.08	-35	-30.43
● Factoring	40,387	25.81	44,534	31.86	-4,147	-9.31
● Project Backup Financing	91,444	58.44	78,057	55.84	+13,387	+17.15
● Bid Bond	20,705	13.23	15,297	10.94	+5,408	+35.35
● Letter of Credit	1,356	0.87	1,402	1.00	-46	-3.28
● Other	22	0.02	198	0.14	-176	-88.89
<b>Total Fee Income/Service Income</b>	<b>156,469</b>	<b>100.00</b>	<b>139,794</b>	<b>100.00</b>	<b>+16,675</b>	<b>+11.93</b>

From the table above, Year (2018) the proportion of fee and service income from long-term loans consisted of the financial leases 1.58 percent and the hire purchase 0.05 percent. The proportion of the fee and service income of short-term loans consisted of the factoring service, project backup financing, bid bond, letter of credit and other are 25.81, 58.44, 13.23, 0.87 and 0.02 percent, respectively. The proportion of fee income mainly get from providing short-term credit to 98.37 percent.

Fee and service income from short-term loans, as the factoring were decreased by 9.31 percent compared with the previous year due to decreasing the rigidity of credit approval. Moreover, the project backup financing were increased by 17.15 percent compared with the last year in accordance with the Company's strategic plan.

**Other Income** sources from interest income from late payment 84.99 percent in year 2018.

(Unit : Thousand Baht)

Other Income	Consolidated financial statement	Separate financial statement	
	2018	2018	2017
● Revenues from sales	-	-	9,333
● Cost of sales	-	-	(8,507)
● Change in revenues and cost	-	-	826
● Interest income from late payment	26,685	26,685	9,657
● Other	4,713	4,681	3,114
<b>Total other income</b>	<b>31,398</b>	<b>31,366</b>	<b>13,597</b>

Other Income	Consolidated financial statement		Separate financial statement		Change	
	2018		2017			
	Thousand Baht	Percent	Thousand Baht	Percent	Thousand Baht	Percent
● Service income from goods procurement	-	-	826	6.08	-826.00	-100.00
● Other Income	31,398.00	100.00	12,771	93.92	+18,627.00	+145.85
<b>Total other Income</b>	<b>31,398.00</b>	<b>100.00</b>	<b>13,597</b>	<b>100.00</b>	<b>+17,801.00</b>	<b>+130.92</b>

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

(Unit : Thousand Baht)

Expense	Consolidated financial statement	Separate financial statement	
	2018	2018	2017
• Cost of sales	29,245	21,906	38,481
• Administrative expenses	154,681	152,681	137,061
• Financial expenses	69,251	69,251	62,094
<b>Total other Cost of sale &amp; expenses</b>	<b>253,177</b>	<b>243,838</b>	<b>237,636</b>

Expense	Consolidated financial statement		Separate financial statement		Change	
	2018		2017			
	Thousand Baht	Percent	Thousand Baht	Percent	Thousand Baht	Percent
Cost of sales	29,245	11.55	38,481	16.19	-9,236	-24.00
Administrative expenses	154,681	61.10	137,061	57.68	+17,620	+12.86
Financial expenses	69,251	27.35	62,094	26.13	+7,157	+11.53
<b>Total Expense</b>	<b>253,177</b>	<b>100.00</b>	<b>237,636</b>	<b>100.00</b>	<b>+15,541</b>	<b>+6.54</b>

#### Cost of sales

In year 2018 the cost of sales decreased by 24 percent because the cost of sales, mostly a sales staff commission is reduced.

#### Administrative expenses

In 2018, administrative expenses were increased by 12.68 percent (compared with the previous year). Mainly due to the increasing of relevant tax expenses and provisions for doubtful accounts.

#### Financial costs

In 2018, financial cost was increased by 11.53 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 2018 and year 2017) for each financial product.

(Unit : Thousand Baht)

Financial Products/Services	Consolidated financial statement	Separate financial statement
	2018	2017
Brought forward	110,294	51,825
Plus : Allowance for doubtful accounts	70,504	58,469
Minus : Doubtful accounts	-21,884	-
<b>Carry forward</b>	<b>158,914</b>	<b>110,294</b>

In year 2018, the Company's allowance for doubtful accounts amounting to 158.91 million Baht, which showed 44.08 percent increase compared with the previous year due to the (IFRS9) that will be implemented in Year 2020. 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, 2018, the Company has reserved representing 6.23 percent of net of outstanding account receivables.

### To results of operations separated by business segment

The following tables present revenue and profit information regarding the Company and its subsidiary's operating segments for the year ended 31 December 2018.

(Unit : Thousand Baht)

	For the year ended 31 December 2018			
	Lending Business in Various form	Credit information service and analysis	Elimination of transaction	Consolidated financial statements
<b>Revenues</b>				
Revenues from customers				
• Interest income	257,233	-		257,233
• Fee and service income	125,156	31,312		156,468
Other income	31,366	32		31,398
<b>Total revenues</b>	<b>413,755</b>	<b>31,344</b>		<b>445,099</b>
Financial cost	(69,251)	-		(69,251)
Service expenses	(21,906)	(7,338)		(29,244)
Administrative expenses	(82,177)	(2,000)		(84,177)
Bad debts and doubtful accounts	(70,504)	-		(70,504)
Income tax expenses	(38,920)	(4,191)	(35)	(43,076)
<b>Profit for the period</b>	<b>130,997</b>	<b>17,815</b>	<b>(35)</b>	<b>148,847</b>

For the year 2017, the revenue and operating profit information as presented in the comprehensive income statement for the year ended 31 December 2017, 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, loans and sales of goods.

### (c) Net Profit

During the years 2017-2018, the Company has a net profit of 145.49 million Baht and 148.85 million Baht, respectively. The increase represents a net profit margin of 33.44 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.

## Financial Status

### (a) Assets

At the end of the year 2017-2018, the Company's total assets increased from 2,346.28 million Baht to 2,663.10 million Baht. The Company's receivables from loans accounted for 90.93 percent, 89.80 percent of total assets, respectively.

Current assets of the years 2017-2018 were 1,934.09 million Baht and 2,142.38 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 7.18 percent, 37.24 percent and 31.31 percent of total assets in 2018.

Non-current assets of the years 2017-2018 were 412.19 million Baht and 520.72 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 3.73, 1.54 and 8.49 percent of total assets in 2018.

### 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.

(Unit : Million Baht)

Debtor	Consolidated financial statement	Separate financial statement	Change	
	2018	2017	Increase/ (Decrease)	% Change
Financial lease	122.89	190.80	-67.91	-35.59
High purchase	183.12	97.85	+85.27	+87.14
Factoring	1,088.77	892.33	+196.44	+22.01
Loan	1,147.07	1,044.23	+102.84	+9.85
Account receivable	5.88	15.68	-9.80	-62.50
Other	2.52	1.16	+1.36	+117.24
<b>Total</b>	<b>2,550.25</b>	<b>2,242.05</b>	<b>+308.20</b>	<b>+13.75</b>

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

In the years 2017-2018, receivables (under the factoring) has increased from 892.33 million Baht to 1,088.77 million Baht, respectively, representing an increase of 22.01 percent.

The Account receivables under the loan agreement in the year 2017 amounted to 1,044.23 million Baht and at the end of 2018, the amount of 1,147.07 million Baht due to the selection of a good track record to offer this product as the Company's policy.

Trade in supplier services (within the years 2017-2018) amounted to 15.68 million Baht and 5.88 million Baht, having a reduce of 62.50 percent. This is because the Company has switched to alternative products. (Project backup financing)

## (b) Liquidity

(Unit : Million Baht)

	Consolidated financial statement	Separate financial statement	
	2018	2018	2017
Cash flows from (used in) operating activities	(88.32)	(115.33)	(101.77)
Cash flows from (used in) investing activities	(11.66)	(16.53)	(73.99)
Cash flows from (used in) financing activities	142.59	142.51	160.60
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>42.61</b>	<b>10.65</b>	<b>(15.16)</b>

In 2018, the Company's cash flow from used in operating activities such as receivables from loans amounted to 88.32 million Baht. Accordingly, cash flow paid from investing activities amounted to 11.66 million Baht. Moreover, cash flow received from financing activities amounted to 142.59 million Baht.

## (c) Source of funds

As at 31 December 2017 and 2018, the Company has a detailed list of financial liabilities, equity shareholders, and the ratio of financial liabilities to equity shareholders as follows:

(Unit : Million Baht)

	Consolidated financial statement	Consolidated financial statement	Change	
	2018	2017	Increase/ (Decrease)	% Change
<b>Financial Debts</b>				
Short-Term Loan from financial institutions	420.85	382.60	+38.25	+10.00
Long-Term Loan	12.67	34.87	-22.20	-63.67
Debenture	845.51	679.17	+166.34	+24.49
Liabilities under Finance Lease & Hire Purchase	99.69	65.66	+34.03	+51.83
Total liabilities	1,378.72	1,162.30	+216.42	+18.62
Total shareholders' equity	1,099.75	1,018.76	+80.99	+7.95
Net cash flows	2,478.47	2,181.06	+297.41	+13.64
Debt to Equity Ratio (Times)	1.25	1.14		

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 2017 and 2018, the Company had total liabilities of 1,327.52 million Baht and 1,563.35 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 2017 and 2018, the Company's ratio of loans per loan was 1.83 times and 1.73 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 2017 and 2018 with a total of 1,018.76 and 1,099.75 million Baht, respectively.

In terms of returns to shareholders, during the years 2017-2018, the Company make a profit for its shareholders at the rate of 19.47 percent and 14.05 percent respectively.

## 3. Appropriate Capital Structure

For year 2017-2018, the Company's debt to equity ratio was equal to 1.30 times and 1.42 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.

## 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. Subsequently, at the end of year 2017 and 2018 the outstanding B.E balance was 245 million Baht and 160 million Baht, respectively. The resolution was taken into consideration at the Annual General Meeting of Shareholders No.5/2018 as at March 29, 2018 and the shareholders' meeting approved the issuance of such debentures amount 2,000 million Baht. This will make the company. There will be additional sources of funding and better capital management.

## Remuneration of Auditors

In the fiscal year 2017 ending on 31 December 2017, the Company paid the audit fee to the Company's Auditor, namely EY Office Limited, in total amount of 1,450,000 Baht and from the Annual General Meeting 2018, the resolution was to approve the auditor's remuneration for the year 2018 in the amount of 1,715,000 Baht which increased by 265,000 Baht (135,000 Baht increase from the resolution of the shareholders' meeting that approved in the amount of 1,580,000 Baht due to the review of the consolidated financial statements from the establishment of the subsidiary on 23 May 2018). Apart from mentioned fee, the Company also has other expenses including travelling cost, overtime fee and document copying fee to be paid to the auditor, auditor's accounting firm and individual or business unit related to the auditor or auditor's accounting firm.

## Audit Committee's Annual Report for the Year 2018

### 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.Sudu Suwannapirom | Audit Committee Member                           |
- Ms. Peerapa Piumudomsuk is the Secretary of the Audit Committee.

The Audit Committee oversees the financial statements and reports to be accurate and reliable. Its role is to provide an appropriate and efficient internal control system including appointing auditor(s) for the Company as well as performing other duties and responsibilities as assigned by the Board of Directors, in accordance with the requirements of the Stock Exchange of Thailand.

In the year 2018 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

## Report of the Board of Directors' Responsibility on the Financial Statements

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 2018, 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 2018, 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 2018 (ended in December 31, 2018) 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



(Mr. Sompon Aketerajit)

Managing Director

**Independent Auditor's Report**

To the Shareholders of Lease IT Public Company Limited

**Opinion**

I have audited the accompanying consolidated financial statements of Lease IT Public Company Limited and its subsidiary (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Lease IT Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lease IT Public Company Limited and its subsidiary and of Lease IT Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

**Basis for Opinion**

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

**Key Audit Matters**

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

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

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

***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 2018, the Group had significant amounts of trade and other receivables, loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables amounting to Baht 2,550 million (the amount represents 96 percent of total assets), and allowance for doubtful accounts of Baht 159 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 principle of 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 Group 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 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 Group's policy on the recognition of interest income is discussed in Note 4.1 to the financial statements. In 2018, the Group's revenue mainly consisted of interest income from provision of loans amounting to Baht 257 million (representing 58 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 Group applies various methods of recognising interest income since each type of agreement has different terms and conditions. In addition, 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 Group'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 Group'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 Group, but does not include the financial statements and my auditor's report thereon.

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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



Somjai Khunapasut

Certified Public Accountant (Thailand) No. 4499

EY Office Limited

Bangkok: 18 February 2019

## Lease IT Public Company Limited and its subsidiary

## Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated	Separate financial statements	
		financial statement	2018	2017
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	7	106,167,752	74,211,030	63,557,720
Current investments	8	-	-	59,994,151
Trade and other receivables	9	8,059,007	12,996,784	14,673,579
Current portion of loan receivables	10	833,745,175	833,745,175	782,976,808
Current portion of factoring receivables	11	991,729,793	991,729,793	840,490,556
Current portion of financial lease receivables	12	87,128,670	87,128,670	106,664,312
Current portion of hire-purchase receivables	13	104,170,595	104,170,595	52,195,431
Property foreclosed		2,141,125	2,141,125	2,141,125
Other current assets		9,232,653	8,641,218	11,392,637
<b>Total current assets</b>		<b>2,142,374,770</b>	<b>2,114,764,390</b>	<b>1,934,086,319</b>
<b>Non-current assets</b>				
Restricted bank deposits	15	101,143,725	101,143,725	41,261,225
Loan receivables - net of current portion	10	226,199,698	226,199,698	220,960,402
Factoring receivables - net of current portion	11	40,916,931	40,916,931	-
Financial lease receivables - net of current portion	12	35,482,429	35,482,429	83,976,943
Hire-purchase receivables - net of current portion	13	63,899,359	63,899,359	31,525,600
Investment in subsidiary	16	-	4,999,970	-
Equipment	17	13,006,077	12,882,828	9,339,437
Intangible assets	18	8,285,666	8,285,666	4,080,126
Deferred tax assets	19	31,786,353	31,750,717	21,045,294
<b>Total non-current assets</b>		<b>520,720,238</b>	<b>525,561,323</b>	<b>412,189,027</b>
<b>Total assets</b>		<b>2,663,095,008</b>	<b>2,640,325,713</b>	<b>2,346,275,346</b>

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

Lease IT Public Company Limited and its subsidiary

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated	Separate financial statements	
		financial statement	2018	2017
		2018	2018	2017
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Bank overdrafts and short-term loans from				
financial institutions	20	420,846,870	420,767,620	382,595,585
Trade and other payables	21	1,096,834	1,590,428	529,426
Current portion of long-term loans	22	12,665,000	12,665,000	22,201,000
Current portion of debentures	23	149,941,336	149,941,336	149,952,338
Current portion of liabilities under				
hire-purchase agreements	24	60,933,631	60,933,631	51,039,767
Current portion of liabilities under				
financial lease agreement	25	83,037	83,037	565,630
Income tax payable		23,496,712	19,965,483	23,097,812
Cash receipt awaiting for return to receivables		77,367,881	77,285,302	65,466,189
Other current liabilities		76,362,778	74,821,174	70,544,552
<b>Total current liabilities</b>		<b>822,794,079</b>	<b>818,053,011</b>	<b>765,992,299</b>
<b>Non-current liabilities</b>				
Long-term loans - net of current portion	22	-	-	12,665,000
Debentures - net of current portion	23	695,565,776	695,565,776	529,217,543
Liabilities under hire-purchase agreements				
- net of current portion	24	38,684,446	38,684,446	13,946,483
Liabilities under finance lease agreement				
- net of current portion	25	-	-	99,311
Provision for long-term employee benefits	26	6,302,047	6,123,866	5,598,803
<b>Total non-current liabilities</b>		<b>740,552,269</b>	<b>740,374,088</b>	<b>561,527,140</b>
<b>Total liabilities</b>		<b>1,563,346,348</b>	<b>1,558,427,099</b>	<b>1,327,519,439</b>

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

Lease IT Public Company Limited and its subsidiary

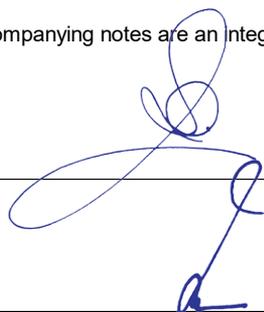
Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated		
		financial statement	Separate financial statements	
		2018	2018	2017
<b>Liabilities and shareholders' equity (continued)</b>				
<b>Shareholders' equity</b>				
Share capital				
Registered				
300,000,000 ordinary shares of Baht 1 each	27	<u>300,000,000</u>	<u>300,000,000</u>	<u>300,000,000</u>
Issued and fully paid-up				
220,718,906 ordinary shares of Baht 1 each (2017: 220,076,056 ordinary shares of Baht 1 each)	27	220,718,906	220,718,906	220,076,056
Share premium		76,473,391	76,473,391	71,330,591
Warrants	28	396,403,130	396,403,130	399,617,380
Retained earnings				
Appropriated - statutory reserve	29	30,000,000	30,000,000	24,121,139
Unappropriated		<u>376,153,096</u>	<u>358,303,187</u>	<u>303,610,741</u>
Total equity attributable to owners of the Company		1,099,748,523	1,081,898,614	1,018,755,907
Non-controlling interests of the subsidiary		<u>137</u>	<u>-</u>	<u>-</u>
<b>Total shareholders' equity</b>		<u>1,099,748,660</u>	<u>1,081,898,614</u>	<u>1,018,755,907</u>
<b>Total liabilities and shareholders' equity</b>		<u>2,663,095,008</u>	<u>2,640,325,713</u>	<u>2,346,275,346</u>

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



Directors

Lease IT Public Company Limited and its subsidiary

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated		
		financial statement	Separate financial statements	
		2018	2018	2017
<b>Profit or loss:</b>				
<b>Revenues</b>				
Interest income	30	257,232,654	257,232,654	265,574,242
Fee and service income	31	156,468,634	125,156,405	139,793,622
Other income	32	31,398,032	31,365,995	13,596,944
<b>Total revenues</b>		<u>445,099,320</u>	<u>413,755,054</u>	<u>418,964,808</u>
<b>Expenses</b>				
Selling expenses		29,244,913	21,906,298	38,481,071
Administrative expenses		84,177,324	82,177,148	78,592,233
Bad debts and doubtful accounts	14	70,504,047	70,504,047	58,469,138
<b>Total expenses</b>		<u>183,926,284</u>	<u>174,587,493</u>	<u>175,542,442</u>
<b>Profit before finance cost and income tax expenses</b>				
		261,173,036	239,167,561	243,422,366
Finance cost		<u>(69,251,224)</u>	<u>(69,251,224)</u>	<u>(62,093,764)</u>
<b>Profit before income tax expenses</b>		191,921,812	169,916,337	181,328,602
Income tax expenses	19	<u>(43,075,543)</u>	<u>(38,920,084)</u>	<u>(35,839,984)</u>
<b>Profit for the year</b>		<u>148,846,269</u>	<u>130,996,253</u>	<u>145,488,618</u>
<b>Other comprehensive income:</b>				
Other comprehensive income not to be reclassified to profit or loss in subsequent periods				
Actuarial loss from post-employment benefits		-	-	(718,429)
Less: Income tax effect		-	-	143,686
<b>Other comprehensive income for the year (loss)</b>		-	-	<u>(574,743)</u>
<b>Total comprehensive income for the year</b>		<u>148,846,269</u>	<u>130,996,253</u>	<u>144,913,875</u>
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company		148,846,162	<u>130,996,253</u>	<u>144,913,875</u>
Non-controlling interests of the subsidiaries		<u>107</u>		
		<u>148,846,269</u>		
<b>Earnings per share</b>				
	34			
Basic earnings per share				
Profit attributable to equity holders of the Company		<u>0.68</u>	<u>0.59</u>	<u>0.66</u>
Diluted earnings per share				
Profit attributable to equity holders of the Company		<u>0.57</u>	<u>0.50</u>	<u>0.53</u>

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

**Lease IT Public Company Limited and its subsidiary**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2018**

(Unit: Baht)

	Consolidated financial statement							Total shareholders' equity
	Equity attributable to owners of the Company			Retained earnings		Equity attributable to non-controlling interests of the subsidiary		
	Issued and fully paid-up share capital	Share premium	Warrants	Appropriated - statutory reserve	Unappropriated	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total
<b>Balance as at 1 January 2018</b>	220,076,056	71,330,591	399,617,380	24,121,139	303,610,741	1,018,755,907	-	1,018,755,907
Profit for the year	-	-	-	-	148,846,162	148,846,162	107	148,846,269
Other comprehensive income for the year	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	148,846,162	148,846,162	107	148,846,269
Issuance of ordinary share during the year from exercised warrants (Note 27.3)	642,850	5,142,800	(3,214,250)	-	-	2,571,400	-	2,571,400
Dividend paid (Note 35)	-	-	-	-	(70,424,946)	(70,424,946)	-	(70,424,946)
Increase in non-controlling interests of the subsidiary from newly established	-	-	-	-	-	-	30	30
Unappropriated retained earnings transferred to statutory reserved (Note 29)	-	-	-	5,878,861	(5,878,861)	-	-	-
<b>Balance as at 31 December 2018</b>	<b>220,718,906</b>	<b>76,473,391</b>	<b>396,403,130</b>	<b>30,000,000</b>	<b>376,153,096</b>	<b>1,099,748,523</b>	<b>137</b>	<b>1,099,748,660</b>

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

**Lease IT Public Company Limited and its subsidiary**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2018**

(Unit: Baht)

	Separate financial statements						Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Warrants	Retained earnings		Unappropriated	
				Appropriated - statutory reserve	Unappropriated		
<b>Balance as at 1 January 2017</b>	200,000,000	70,718,399	-	16,846,139	188,211,521	475,776,059	
Profit for the year	-	-	-	-	145,488,618	145,488,618	
Other comprehensive income for the year (loss)	-	-	-	-	(574,743)	(574,743)	
Total comprehensive income for the year	-	-	-	-	144,913,875	144,913,875	
Issuance of warrants (Note 28)	-	-	400,000,000	-	-	400,000,000	
Issuance of ordinary share during the year	76,524	612,192	(382,620)	-	-	306,096	
from exercised warrants (Note 27.3)	19,999,532	-	-	-	(22,239,655)	(2,240,123)	
Dividend paid (Note 35)	-	-	-	-	-	-	
Unappropriated retained earnings transferred to statutory reserve (Note 29)	-	-	-	7,275,000	(7,275,000)	-	
<b>Balance as at 31 December 2017</b>	220,076,056	71,330,591	399,617,380	24,121,139	303,610,741	1,018,755,907	
<b>Balance as at 1 January 2018</b>	220,076,056	71,330,591	399,617,380	24,121,139	303,610,741	1,018,755,907	
Profit for the year	-	-	-	-	130,996,253	130,996,253	
Other comprehensive income for the year	-	-	-	-	-	-	
Total comprehensive income for the year	-	-	-	-	130,996,253	130,996,253	
Issuance of ordinary share during the year	642,850	5,142,800	(3,214,250)	-	-	2,571,400	
from exercised warrants (Note 27.3)	-	-	-	-	(70,424,946)	(70,424,946)	
Dividend paid (Note 35)	-	-	-	-	-	-	
Unappropriated retained earnings transferred to statutory reserve (Note 29)	-	-	-	5,878,861	(5,878,861)	-	
<b>Balance as at 31 December 2018</b>	220,718,906	76,473,391	396,403,130	30,000,000	358,303,187	1,081,898,614	

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

**Lease IT Public Company Limited and its subsidiary**

**Cash flows statement**

**For the year ended 31 December 2018**

(Unit: Baht)

	Consolidated		
	financial statement	Separate financial statements	
	2018	2018	2017
<b>Cash flows from operating activities</b>			
Profit before income tax expenses	191,921,812	169,916,337	181,328,602
Adjustment to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	4,694,069	4,690,666	3,050,883
Write-off of bad debts	21,884,187	21,884,187	-
Doubtful account on receivables	48,619,858	48,619,858	58,469,138
Loss (gain) on revaluation of current investments	(5,849)	(5,849)	5,849
Gain on sales of current investments	(788,525)	(788,525)	-
Gain on sales of equipment	(2,803)	(2,803)	(2,118)
Amortisation of deferred interest income under the financial lease and hire-purchase agreements	(27,561,158)	(27,561,158)	(38,727,575)
Provision for long-term employee benefits	703,244	673,658	520,634
Finance cost	69,251,224	69,251,224	62,093,764
Profit from operating activities before change in operating assets and liabilities	308,716,059	286,677,595	266,739,177
Operating assets (increase) decrease			
Trade and other receivables	8,445,869	3,508,092	9,432,554
Loan receivables	(124,726,538)	(124,726,538)	(394,481,990)
Factoring receivables	(196,440,157)	(196,440,157)	(12,824,904)
Financial lease receivables	85,215,312	85,215,312	57,338,234
Hire-purchase receivables	(75,015,986)	(75,015,986)	34,031,114
Other current assets	3,870,571	4,462,006	(1,804,330)
Operating liabilities increase (decrease)			
Trade and other payables	567,408	912,407	(1,901,301)
Other current liabilities	15,878,563	14,254,380	36,906,028
Cash flows from (used in) operating activities	26,511,101	(1,152,889)	(6,565,418)
Cash paid for interest expenses	(61,413,275)	(61,413,275)	(58,447,981)
Cash paid for income tax	(53,417,702)	(52,757,836)	(36,761,116)
<b>Net cash flows used in operating activities</b>	<b>(88,319,876)</b>	<b>(115,324,000)</b>	<b>(101,774,515)</b>

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

**Lease IT Public Company Limited and its subsidiary**

**Cash flows statement**

**For the year ended 31 December 2018**

(Unit: Baht)

	Consolidated		
	financial statement	Separate financial statements	
	2018	2018	2017
<b>Cash flows from investing activities</b>			
Cash paid for purchase of trading securities	(950,000,000)	(950,000,000)	(60,000,000)
Cash receipt from sales of trading securities	1,010,788,525	1,010,788,525	-
Decrease (increase) in restricted bank deposits	(59,882,500)	(59,882,500)	(11,321,687)
Cash paid for purchase of equipment and intangible assets	(12,570,037)	(12,443,385)	(2,677,318)
Proceeds from sales of equipment	6,591	6,591	7,735
Cash paid for investment in subsidiary	-	(4,999,970)	-
<b>Net cash flows used in investing activities</b>	<b>(11,657,421)</b>	<b>(16,530,739)</b>	<b>(73,991,270)</b>
<b>Cash flows from financing activities</b>			
Increase (decrease) in bank overdrafts and short-term loans			
from financial institutions	38,251,285	38,172,035	(461,242,877)
Cash receipt from issuance of warrants	-	-	400,000,000
Cash received from long-term loans	-	-	6,530,000
Repayments of long-term loans	(22,201,000)	(22,201,000)	(23,824,546)
Cash received from issuance of debentures	312,330,060	312,330,060	378,458,080
Cash paid for redemption of debentures	(150,000,000)	(150,000,000)	(200,000,000)
Repayments of liabilities under finance lease agreement	(605,760)	(605,760)	(605,760)
Cash receipt under hire-purchase agreements	94,977,010	94,977,010	108,383,029
Repayment of liabilities under hire-purchase agreements	(62,310,750)	(62,310,750)	(45,174,436)
Cash receipt from exercise of warrants	2,571,400	2,571,400	306,096
Cash receipt for ordinary shares from non-controlling interest of subsidiary	30	-	-
Dividend paid	(70,424,946)	(70,424,946)	(2,227,523)
<b>Net cash flows from financing activities</b>	<b>142,587,329</b>	<b>142,508,049</b>	<b>160,602,063</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>42,610,032</b>	<b>10,653,310</b>	<b>(15,163,722)</b>
Cash and cash equivalents at beginning of the year	63,557,720	63,557,720	78,721,442
<b>Cash and cash equivalents at end of the year</b>	<b>106,167,752</b>	<b>74,211,030</b>	<b>63,557,720</b>

**Supplement cash flows information**

Non-cash transactions from operating activities

Transfer provision for long-term employee benefits

to its subsidiary

- (148,595) -

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

**Lease IT Public Company Limited and its subsidiary****Notes to financial statements****For the year ended 31 December 2018****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**

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

**2.2 Basis of consolidation**

a) The consolidated financial statements include the financial statements of Lease IT Public Company Limited (hereinafter called as “the Company”) and its subsidiary (hereinafter called as “the subsidiary”), with during the current year the Company established a new subsidiary (as described in Note 16). Therefore, this is the first time of preparing the consolidated financial statements which the subsidiary’s operations are included in these consolidated financial statements for the period as from 23 May 2018 to 31 December 2018.

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> (%)	<u>2017</u> (%)
<u>Subsidiary</u>				
LIT Service Management Co., Ltd.	Providing the data information and credit analysis include the project management	Thailand	100	-

- b) The Company is deemed to have control over an investee or subsidiary if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiary is fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiary is prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statement present investment in subsidiary under the cost method.

### 3. New financial reporting standards

#### a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiary have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiary's financial statements.

**b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019**

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiary believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

**TFRS 15 Revenue from Contracts with Customers**

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiary believe that this standard will not have any significant impact on the financial statements when it is initially applied.

**c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020**

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments which consists of five accounting standards and interpretations, as follows:

Financial Reporting Standards:

TFRS 7                                      Financial Instruments: Disclosures

TFRS 9                                      Financial Instruments

Accounting Standard:

TAS 32                                      Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16                                    Hedges of a Net Investment in a Foreign Operation

TFRIC 19                                    Extinguishing Financial Liabilities with Equity Instruments

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

The management of the Company and its subsidiary is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

**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 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as part of other income or other expenses in profit or loss.
- b) Investment in subsidiary is accounted for in the separate financial statements using the cost method.

#### **4.8 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.

#### 4.9 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:

	<u>Useful lives</u>
Computer software	10 years

No amortisation is provided on computer software under installation.

#### 4.10 Impairment of assets

At the end of each reporting period, the Company and its subsidiary perform 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.

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

###### Defined benefit plans

The Company and its subsidiary have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiary treat 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.

#### **4.12 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 and its subsidiary recognise 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 and its subsidiary review and reduce 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 and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.13 Related party transactions**

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

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

#### 4.14 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.

#### 4.15 Provisions

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

#### 4.16 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 and its subsidiary apply 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 and its subsidiary measure 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 and its subsidiary determine 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 judgements and estimates**

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

### **Allowance for 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 and its subsidiary 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
LIT Service Management Company Limited	Subsidiary
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)
Touch Printing Republic Co., Ltd.	Have common director (Spouse)

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

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statement	financial statements	
	2018	2018	2017
<u>Transactions with a major shareholder</u>			
(SVOA Public Company Limited)			
Other service charge expenses	663	488	684
Dividend paid	25,370	25,370	7,298
<u>Transactions with related companies</u>			
Other service charge expenses	2,444	2,444	4,476
Purchases of assets	11,539	11,458	138

The balance of the accounts as at 31 December 2018 and 2017 between the Company and those related parties are as follows:

(Unit: Thousand Baht)

	Consolidated		
	financial	Separate	
	statement	financial statements	
	2018	2018	2017
<u>Trade and other receivables - related company (Note 9)</u>			
Subsidiary	-	4,968	-
Total trade and other receivables	-	4,968	-
<u>Trade and other payables - related companies (Note 21)</u>			
Major shareholder	269	269	90
Subsidiary	-	493	-
Related companies	828	828	439
Total trade and other payables	1,097	1,590	529

#### Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiary had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		
	financial	Separate	
	statement	financial statements	
	2018	2018	2017
Short-term employee benefits	25,128	23,517	22,295
Post-employment benefits	1,175	1,104	1,076
Total	26,303	24,621	23,371

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		
	financial	Separate	
	statement	financial statements	
	2018	2018	2017
Cash	20	20	20
Bank deposits	106,148	74,191	63,538
Total	106,168	74,211	63,558

As at 31 December 2018, bank deposits in saving accounts and fixed deposits carried interests rate at 0.1 - 0.4 percent per annum (2017: 0.1 - 0.4 percent per annum).

## 8. Current investments

(Unit: Thousand Baht)

	Separate financial statements			
	2018		2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Trading securities</b>				
Unit trusts	-	-	60,000	59,994
Add: Change in fair value of securities	-	-	(6)	-
<b>Net trading securities</b>	-	-	<u>59,994</u>	<u>59,994</u>

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated	Separate	
	financial	financial statements	
	statement	2018	2017
<u>Trade receivables - unrelated parties</u>			
Aged on the basis of due date			
Not yet due	4,622	4,622	9,304
Past due			
Up to 1 month	-	-	3,064
1 - 3 months	945	945	1,145
3 - 6 months	-	-	1,855
Over 12 months	315	315	315
Total	<u>5,882</u>	<u>5,882</u>	<u>15,683</u>
Less: Allowance for doubtful debts	<u>(338)</u>	<u>(338)</u>	<u>(2,170)</u>
Total trade receivables - unrelated parties - net	<u>5,544</u>	<u>5,544</u>	<u>13,513</u>
<u>Other receivables</u>			
Other receivables - related parties	-	4,968	-
Other receivables - unrelated parties	2,515	2,485	1,160
Total other receivables - unrelated parties	<u>2,515</u>	<u>7,453</u>	<u>1,160</u>
Trade and other receivables - net	<u>8,059</u>	<u>12,997</u>	<u>14,673</u>

## 10. Loan receivables

(Unit: Thousand Baht)

	Consolidated financial statement		
	31 December 2018		
	Current portion of loan receivables <sup>(1)</sup>	Long-term portion of loan receivables	Total
Loan receivables	920,873	226,200	1,147,073
Less: Allowance for doubtful debts <sup>(2)</sup>	(87,128)	-	(87,128)
Loan receivables - net	833,745	226,200	1,059,945

(Unit: Thousand Baht)

	Separate financial statements					
	Current portion of loan receivables <sup>(1)</sup>		Long-term portion of loan receivables		Total	
	2018	2017	2018	2017	2018	2017
Loan receivables	920,873	823,271	226,200	220,960	1,147,073	1,044,231
Less: Allowance for doubtful debts <sup>(2)</sup>	(87,128)	(40,294)	-	-	(87,128)	(40,294)
Loan receivables - net	833,745	782,977	226,200	220,960	1,059,945	1,003,937

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

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

As at 31 December 2018 and 2017, the loan receivables classified by their aging counted from due date were as follows:

(Unit: Thousand Baht)

	Consolidated	Separate	
	financial	financial statements	
	statement	2018	2017
<u>Aging counted from due date</u>			
Not yet due	891,244	891,244	873,438
Past due			
Up to 1 month	71,482	71,482	99,443
1 - 3 months	39,311	39,311	31,056
3 - 6 months	22,102	22,102	33,721
6 - 12 months	97,235	97,235	6,573
Over 12 months	25,699	25,699	-
Total loan receivables	1,147,073	1,147,073	1,044,231
Less: Allowance for doubtful debts	(87,128)	(87,128)	(40,294)
Loan receivables - net	1,059,945	1,059,945	1,003,937

As at 31 December 2018 and 2017, 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.

## 11. Factoring receivables

(Unit: Thousand Baht)

	Consolidated financial statement		
	31 December 2018		
	Current portion of factoring receivables <sup>(1)</sup>	Long-term portion of factoring receivables	Total
Factoring receivables	1,047,852	40,917	1,088,769
Less: Allowance for doubtful debts <sup>(2)</sup>	(56,122)	-	(56,122)
Factoring receivables - net	<u>991,730</u>	<u>40,917</u>	<u>1,032,647</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Current portion of factoring receivables <sup>(1)</sup>		Long-term portion of factoring receivables		Total	
	2018	2017	2018	2017	2018	2017
Factoring receivables	1,047,852	892,328	40,917	-	1,088,769	892,328
Less: Allowance for doubtful debts <sup>(2)</sup>	(56,122)	(51,837)	-	-	(56,122)	(51,837)
Factoring receivables - net	<u>991,730</u>	<u>840,491</u>	<u>40,917</u>	<u>-</u>	<u>1,032,647</u>	<u>840,491</u>

(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 2018 and 2017, the factoring receivables classified by their aging counted from due date were as follows:

(Unit: Thousand Baht)

	Consolidated		2017
	financial	Separate	
	statement	financial statements	
	2018	2018	
<u>Aging counted from due date</u>			
Not yet due	891,907	891,907	700,028
Past due			
Up to 1 month	58,493	58,493	110,719
1 - 3 months	35,246	35,246	29,743
3 - 6 months	35,851	35,851	4,110
6 - 12 months	40,820	40,820	14,303
Over 12 months	26,452	26,452	33,425
Total	1,088,769	1,088,769	892,328
Less: Allowance for doubtful debts	(56,122)	(56,122)	(51,837)
Factoring receivables - net	1,032,647	1,032,647	840,491

## 12. Financial lease receivables

As at 31 December 2018 and 2017, 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)

	Consolidated financial statement		
	31 December 2018		
	Current portion of financial lease receivables <sup>(1)</sup>	Long-term portion of financial lease receivables	Total
Financial lease receivables	95,234	38,307	133,541
Less: Unearned financial income	(7,824)	(2,825)	(10,649)
Total	87,410	35,482	122,892
Less: Allowance for doubtful debts <sup>(2)</sup>	(281)	-	(281)
Financial lease receivables - net	87,129	35,482	122,611

(Unit: Thousand Baht)

	Separate financial statements					
	Current portion of financial lease receivables <sup>(1)</sup>		Long-term portion of financial lease receivables		Total	
	2018	2017	2018	2017	2018	2017
Financial lease receivables	95,234	122,082	38,307	91,999	133,541	214,081
Less: Unearned financial income	(7,824)	(15,263)	(2,825)	(8,022)	(10,649)	(23,285)
Total	87,410	106,819	35,482	83,977	122,892	190,796
Less: Allowance for doubtful debts <sup>(2)</sup>	(281)	(155)	-	-	(281)	(155)
Financial lease receivables - net	87,129	106,664	35,482	83,977	122,611	190,641

(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 2018 and 2017, 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)

	Consolidated	Separate	
	financial statement	financial statements	
	2018	2018	2017
<u>Aging counted from due date</u>			
Not yet due	119,216	119,216	180,041
Past due			
Up to 1 month	894	894	5,981
1 - 3 months	1,582	1,582	4,774
3 - 6 months	1,200	1,200	-
Total	122,892	122,892	190,796
Less: Allowance for doubtful debts	(281)	(281)	(155)
Financial lease receivables - net	122,611	122,611	190,641

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 20 and Note 22 to the financial statements.

As at 31 December 2018, the balance of the above financial lease receivables that were placed as collateral for such short-term loans totaling Baht 7 million and Baht 48 million for long-term loans (2017: Baht 22 million and Baht 70 million), respectively.

### 13. Hire-purchase receivables

As at 31 December 2018 and 2017, 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)

	Consolidated financial statement		
	31 December 2018		
	Current portion of hire-purchase receivables <sup>(1)</sup>	Long-term portion of hire- purchase receivables	Total
Hire-purchase receivables	133,298	68,070	201,368
Less: Unearned financial income	(14,082)	(4,171)	(18,253)
Total	119,216	63,899	183,115
Less: Allowance for doubtful debts <sup>(2)</sup>	(15,045)	-	(15,045)
Hire-purchase receivables - net	104,171	63,899	168,070

(Unit: Thousand Baht)

	Separate financial statements					
	Current portion of hire-purchase receivables <sup>(1)</sup>		Long-term portion of hire-purchase receivables		Total	
	2018	2017	2018	2017	2018	2017
Hire-purchase receivables	133,298	73,694	68,070	33,593	201,368	107,287
Less: Unearned financial income	(14,082)	(7,371)	(4,171)	(2,067)	(18,253)	(9,438)
Total	119,216	66,323	63,899	31,526	183,115	97,849
Less: Allowance for doubtful debts <sup>(2)</sup>	(15,045)	(14,128)	-	-	(15,045)	(14,128)
Hire-purchase receivables - net	104,171	52,195	63,899	31,526	168,070	83,721

(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 2018 and 2017, 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)

	Consolidated	Separate	
	financial statement	financial statements	
	2018	2018	2017
<u>Aging counted from due date</u>			
Not yet due	159,843	159,843	67,181
Past due			
Up to 1 month	6,834	6,834	13,407
1 - 3 months	1,435	1,435	2,978
3 - 6 months	3	3	-
6 - 12 months	104	104	12,841
Over 12 months	14,896	14,896	1,442
Total	183,115	183,115	97,849
Less: Allowance for doubtful debts	(15,045)	(15,045)	(14,128)
Hire-purchase receivables - net	168,070	168,070	83,721

#### 14. 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 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated	Separate	
	financial statement	financial statements	
	2018	2018	2017
Balance beginning of the year	110,294	110,294	51,825
Add: Bad debts and doubtfuls account increase during the year	70,504	70,504	58,469
Less: Bad debts written-off	(21,884)	(21,884)	-
Balance end of the year	158,914	158,914	110,294

During the current year, the Company recorded write-off bad debt and reversed allowance for doubtful debt relating to  $\text{¥}$  loan receivable amounting to Baht 21.9 million (2017: Nil).

#### 15. Restricted bank deposits

As at 31 December 2018, the Company had bank deposits subject to withdrawal restrictions of Baht 101 million (2017: Baht 41 million). Restricted bank deposits comprised bank deposits of Baht 1 million of which rights had been transferred to the Company by debtors and withdrawal restrictions were imposed by the bank granting credit facilities to the Company, and bank deposits of Baht 100 million that were used to secure bank guarantees issued by banks on behalf of the Company's customers (2017: Baht 1 million and Baht 40 million, respectively).

## 16. Investment in subsidiary company

Detail of investment in subsidiary as presented in separate financial statements is as follows:

Subsidiary company	Paid up capital	Shareholding percentage	(Unit: Thousand Baht)	
			Investment value under cost method	
			2018	2017
LIT Service Management Co., Ltd.	5,000	100	5,000	-

On 10 May 2018, the meeting of the Company's Board of Directors No. 5/2018 approved to establish a new subsidiary company with registered share capital of Baht 5 million, holding 100% interest. The principal business operations of the subsidiary are providing the data information and credit analysis include the project management. The subsidiary was registered with the Ministry of Commerce on 23 May 2018 and the Company had fully paid its share on 15 June 2018.

During the current year, the subsidiary has no announced dividend payment.

## 17. Equipment

(Unit: Thousand Baht)

	Consolidated financial statement						
	Building improvement	Furniture	Computers	Office equipment	Motor vehicles	Construction in progress	Total
<b>Cost</b>							
23 May 2018 (The date of preparing the consolidated financial statement)	5,231	818	3,400	3,220	6,493	-	19,162
Additions	-	-	6,973	19	-	519	7,511
Disposals	-	-	(31)	-	-	-	(31)
31 December 2018	5,231	818	10,342	3,239	6,493	519	26,642
<b>Accumulated depreciation</b>							
23 May 2018 (The date of preparing the consolidated financial statement)	2,994	612	2,392	1,900	2,855	-	10,753
Depreciation for the period	1,223	66	1,050	247	326	-	2,912
Depreciation for disposals	-	-	(29)	-	-	-	(29)
31 December 2018	4,217	678	3,413	2,147	3,181	-	13,636
<b>Net book value</b>							
31 December 2018	1,014	140	6,929	1,092	3,312	519	13,006
<b>Depreciation charge for the year 2018 (Included in administrative expenses)</b>							
The Company							4,251
The Subsidiary							4
Total							4,255

	Separate financial statements						Total
	Building improvement	Furniture	Computers	Office equipment	Motor vehicles	Construction in progress	
<b>Cost</b>							
1 January 2017	3,525	702	2,246	2,937	6,493	920	16,823
Additions	786	16	965	240	-	-	2,007
Transferred in (out)	920	-	-	-	-	(920)	-
Disposals	-	-	(44)	-	-	-	(44)
31 December 2017	5,231	718	3,167	3,177	6,493	-	18,786
Additions	-	100	7,117	62	-	519	7,798
Disposals	-	-	(69)	-	-	-	(69)
31 December 2018	5,231	818	10,215	3,239	6,493	519	26,515
<b>Accumulated depreciation</b>							
1 January 2017	1,564	438	1,681	1,092	1,883	-	6,658
Depreciation for the year	1,011	121	481	565	649	-	2,827
Depreciation for disposals	-	-	(38)	-	-	-	(38)
31 December 2017	2,575	559	2,124	1,657	2,532	-	9,447
Depreciation for the year	1,642	119	1,351	490	649	-	4,251
Depreciation for disposals	-	-	(66)	-	-	-	(66)
31 December 2018	4,217	678	3,409	2,147	3,181	-	13,632
<b>Net book value</b>							
31 December 2017	2,656	159	1,043	1,520	3,961	-	9,339
31 December 2018	1,014	140	6,806	1,092	3,312	519	12,883
<b>Depreciation charge for the year</b>							
2017 (Included in administrative expenses)							2,827
2018 (Included in administrative expenses)							4,251

As at 31 December 2018, the Company had motor vehicle, acquired under finance lease agreement, with net book value amounting to Baht 1.6 million (2017: Baht 1.9 million).

As at 31 December 2018, certain building improvement, 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 4.4 million (2017: Baht 1.8 million).

## 18. Intangible assets

(Unit: Thousand Baht)

	Consolidated financial statement		
	Computer software	Computer software under installation	Total
<b>Cost</b>			
23 May 2018 (The date of preparing the consolidated financial statement)	4,777	1,795	6,572
Additions	-	3,311	3,311
31 December 2018	4,777	5,106	9,883
<b>Accumulated amortisation</b>			
23 May 2018 (The date of preparing the consolidated financial statement)	1,379	-	1,379
Amortisation for the period	218	-	218
31 December 2018	1,597	-	1,597
<b>Net book value</b>			
31 December 2018	3,180	5,106	8,286
<b>Amortisation expenses for the year 2018</b>			
The Company			439
The Subsidiary			-
Total			439

(Unit: Thousand Baht)

Separate financial statements

	Computer software	Computer software under installation	Total
<b>Cost</b>			
1 January 2017	2,107	2,460	4,567
Additions	916	1,795	2,711
Transferred in (out)	420	(420)	-
Disposals	-	(2,040)	(2,040)
31 December 2017	3,443	1,795	5,238
Additions	1,334	3,311	4,645
31 December 2018	4,777	5,106	9,883
<b>Accumulated amortisation</b>			
1 January 2017	934	-	934
Amortisation for the year	224	-	224
31 December 2017	1,158	-	1,158
Amortisation for the year	439	-	439
31 December 2018	1,597	-	1,597
<b>Net book value</b>			
31 December 2017	2,285	1,795	4,080
31 December 2018	3,180	5,106	8,286

As at 31 December 2018, the remaining useful life of computer software are 0 - 9.1 years (2017: 0 - 9.9 years)

## 19. Deferred tax assets and Income tax expenses

### 19.1 Deferred tax assets

As at 31 December 2018 and 2017, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)		
	Consolidated	Separate	
	financial statement	financial statements	
	2018	2018	2017
<b>Deferred tax assets</b>			
Allowance for doubtful accounts	31,783	31,783	22,059
Provision for long-term employee benefits	1,260	1,225	1,120
Deferred initial fees income from financial lease and hire-purchase contracts	27	27	49
Accumulated depreciation - building improvement	161	161	-
Accumulated depreciation - furniture	3	3	-
<b>Total</b>	<b>33,234</b>	<b>33,199</b>	<b>23,228</b>
<b>Deferred tax liabilities</b>			
Deferred commission expenses	(488)	(488)	(945)
Deferred expense on debentures issuance	(899)	(899)	(1,166)
Difference of income recognised under financial lease contracts	(61)	(61)	(72)
<b>Total</b>	<b>(1,448)</b>	<b>(1,448)</b>	<b>(2,183)</b>
<b>Deferred tax assets - net</b>	<b>31,786</b>	<b>31,751</b>	<b>21,045</b>

### 19.2 Income tax expenses

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)		
	Consolidated	Separate financial	
	financial statement	statements	
	2018	2018	2017
<b>Current income tax:</b>			
Current income tax charge for the year	53,817	49,625	46,072
<b>Deferred tax:</b>			
Relating to origination and reversal of temporary differences	(10,741)	(10,705)	(10,232)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<b>43,076</b>	<b>38,920</b>	<b>35,840</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated	
	financial	Separate
	statement	financial statements
	2018	2017
Deferred tax relating to actuarial loss	-	144

The reconciliation between accounting profit and income tax expenses for the years ended 31 December 2018 and 2017 are shown below.

(Unit: Thousand Baht)

	Consolidated	
	financial	Separate
	statement	financial statements
	2018	2017
Accounting profit before tax	191,922	181,329
Applicable tax rate	20%	20%
Accounting profit before tax multiplied by income tax rate	38,384	36,266
Effects of:		
Bad debts written-off	4,377	-
Non-deductible expenses	289	192
Additional expense deductions allowed	(135)	(133)
Others	161	(485)
Total	4,692	(426)
Income tax expenses reported in the statement of comprehensive income	43,076	35,840

## 20. Bank overdrafts and short-term loans

(Unit: Thousand Baht)

	Interest rate		Consolidated	Separate	
	2018	2017	financial	financial statements	
	2018	2017	statement	2018	2017
	(Percent per annum)	(Percent per annum)			
Bank overdrafts	MOR	MOR	647	568	2,433
Short-term loans	5.10, MOR - 1.75, MLR - 0.25	5.35 - 5.45, MOR - 1.75, MLR ± 0.25, MLR - 0.50	261,077	261,077	137,959
Bills of exchange	4.30 - 4.70	3.95 - 4.80	160,000	160,000	245,000
Total			421,724	421,645	385,392
Less: Deferred interest on bill of exchange			(877)	(877)	(2,796)
Total			420,847	420,768	382,596

As at 31 December 2018, short-term loan from a financial institution of Baht 3 million (2017: Baht 43 million) are secured by the transfer of collection rights under financial lease agreements to the bank as described in Note 12.

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.

## 21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated	Separate	
	financial	financial statements	
	statement	2018	2017
Other payables - related parties	1,097	1,590	529
Total trade and other payables	1,097	1,590	529

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

As at 31 December 2018 and 2017, long-term loans from local banks consist of:

No.	Agreement date	Credit facility (Million Baht)	Outstanding loans (Thousand Baht)				Significant conditions of the loan agreements					
			Current portion		Long-term portion		Total	Loan period	Principal repayment	Interest payment	Interest rate	
			2018	2017	2018	2017	2018	2017				
<u>The Company</u>												
1.	20 April 2016	18.7	1,650	6,600	-	1,650	8,250	2 years 10 months	Monthly	Monthly	At the rate of MLR - 0.75 per annum	
2.	22 December 2016	36.0	10,275	12,348	-	10,275	22,623	2 years 11 months	Monthly	Monthly	At the rate of MLR - 1 per annum	
3.	16 February 2017	3.7	-	2,113	-	-	2,113	1 year 10 months	7 periods	Monthly	At the rate of MLR - 1 per annum	
4.	16 February 2017	2.8	740	1,140	-	740	1,880	2 years 6 months	Monthly	Monthly	At the rate of MLR- 1 per annum	
Total long-term loans			12,665	22,201	-	12,665	34,866					

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 shareholders, the right transfer of bank deposit account and including transfer the right of collection under finance lease agreements as described in Note 12.

As at 31 December 2018, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 117 million (2017: Baht 95 million).

Movements in the long-term loans account for the years ended 31 December 2018 and 2017 were summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statement
Balance as at 23 May 2018 (The date of preparing the consolidated financial statement)	26,517
Less: Repayment during the period	(13,852)
Balance as at 31 December 2018	<u>12,665</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	2018	2017
Balance as at the beginning of the year	34,866	52,161
Add: Loan increased during the year	-	6,530
Less: Repayment during the year	(22,201)	(23,825)
Balance as at the end of the year	<u>12,665</u>	<u>34,866</u>

### 23. Debentures

			(Unit: Thousand Baht)	
No.	Date of issuance	Conditions	2018	2017
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 3 months	-	150,000
2.	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 3 months	150,000	150,000
3.	2 May 2017	Issued name registered, unsecured and unsubordinated debentures without a debentureholders' representative, 3-year debentures at a coupon rate of 5.75% per annum with interest payable every 3 months	85,000	85,000
4.	22 August 2017	Issued name registered, unsecured and unsubordinated debentures without a debentureholders' representative, 2.5-year debentures at a coupon rate of 6.00% per annum with interest payable every 3 months	300,000	300,000
5.	1 February 2018	Issued name registered, unsecured and unsubordinated debentures without a debentureholders' representative, 2-year debentures at a coupon rate of 6.00% per annum with interest payable every 3 months	315,000	-
Total			<u>850,000</u>	<u>685,000</u>
Less: Deferred issuing expenses			(4,493)	(5,830)
Debentures			<u>845,507</u>	<u>679,170</u>
Less: Current portion due within 1 year			(149,941)	(149,952)
Debentures, net of current portion			<u>695,566</u>	<u>529,218</u>

Movements in the debentures account for the year ended 31 December 2018 and 2017 were summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statement	
Balance as at 23 May 2018 (The date of preparing the consolidated financial statement)	850,000	
Balance as at 31 December 2018	850,000	

	(Unit: Thousand Baht)	
	Separate financial statements	
	2018	2017
Balance as at the beginning of the year	685,000	500,000
Add: Debentures increased during year	315,000	385,000
Less: Redemption during the year	(150,000)	(200,000)
Balance as at the end of the year	850,000	685,000

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

## 24. Liabilities under hire-purchase agreements

As at 31 December 2018, the Company has loan from a company in the form of hire-purchase agreements, whereby it is committed to pay equal monthly installments throughout the terms of the agreements which cover 10 - 36 periods. The installment payments required under the hire-purchase agreements were as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
Liabilities under hire-purchase agreements	102,696	102,696	66,542
Less: Deferred interest	(3,078)	(3,078)	(1,556)
Total	99,618	99,618	64,986
Less: Current portion	(60,934)	(60,934)	(51,040)
Liabilities under hire-purchase agreements - net of current portion	38,684	38,684	13,946

## 25. Liabilities under financial lease agreement

(Unit: Thousand Baht)

	Consolidated	Separate	
	financial statement	financial statements	
	2018	2018	2017
Liabilities under financial lease agreement	101	101	711
Less: Deferred interest expenses	(18)	(18)	(46)
Total	83	83	665
Less: Portion due within one year	(83)	(83)	(566)
Liabilities under financial lease agreement - net of current portion	-	-	99

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)

	Consolidated financial statement and Separate financial statement		
	2018		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	101	-	101
Deferred interest expenses	(18)	-	(18)
Present value of future minimum lease payments	83	-	83

(Unit: Thousand Baht)

	Separate financial statements		
	2017		
	Less than 1 year	1-5 years	Total
Future minimum lease payments	609	102	711
Deferred interest expenses	(43)	(3)	(46)
Present value of future minimum lease payments	566	99	665

## 26. Provision for long-term employee benefits

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

	(Unit: Thousand Baht)		
	For the years ended 31 December		
	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
Provision for long-term employee benefits at beginning of year	5,599	5,599	4,360
Amount included in profit or loss:			
Current service cost	591	564	394
Interest cost	112	110	126
Transfer provision for long-term employee benefits to its subsidiary	-	(149)	-
Amount included in other comprehensive income:			
Actuarial loss arising from			
Demographic assumptions changes	-	-	60
Financial assumptions changes	-	-	195
Experience adjustments	-	-	464
Provision for long-term employee benefits at end of year	<u>6,302</u>	<u>6,124</u>	<u>5,599</u>

Long-term employee benefit expenses included in the profit or loss are as follows:

	(Unit: Thousand Baht)		
	For the years ended 31 December		
	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
Current service cost	591	564	394
Interest cost	112	110	126
Total expense recognised in profit or loss	<u>703</u>	<u>674</u>	<u>520</u>

The Company has no obligation relating to long-term employee benefits expected to be paid to its employees in the next one year.

As at 31 December 2018 and 2017, the weighted average duration of the liabilities for long-term employee benefit is 13.4 years and 13.4 years, respectively.

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)		
	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
Discount rate	2.7528	2.7528	2.7528
Future salary increase rate	5.5	5.5	5.5
Employee turnover rate (depending on age of employees)	8.0 - 30.0	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 2018 and 2017 are summarised below:

	(Unit: Million Baht)	
	As at 31 December 2018	
	Consolidated and separate financial statements	
	Increase 1%	Decrease 1%
Discount rate	(0.3)	0.4
Salary increase rate	0.4	(0.4)
Turnover rate (20 of based assumption)	(0.3)	0.3

	(Unit: Million Baht)	
	As at 31 December 2017	
	Separate financial statement	
	Increase 1%	Decrease 1%
Discount rate	(0.3)	0.3
Salary increase rate	0.4	(0.3)
Turnover rate (20 of based assumption)	(0.2)	0.2

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiary have additional liabilities for long-term employee benefits of Baht 1.89 million (The Company only: Baht 1.88 million). The Company and its subsidiary will reflect the effect of the change by recognising past services costs as expenses in the comprehensive income statement of the period in which the law is effective.

## 27. Share capital

**27.1** On 20 March 2017, the Annual General Meeting of Shareholders approved an increase in the Company's registered share capital of Baht 100 million (100 million ordinary shares of Baht 1 each), from Baht 200 million (200 million ordinary shares of Baht 1 each) to Baht 300 million (300 million ordinary shares of Baht 1 each), to support the payment of the stock dividend and warrant issue. The Company registered the increase of its capital with the Ministry of Commerce on 19 April 2017.

### 27.2 Additional share subscription from stock dividend issuance

On 20 March 2017, the Annual General Meeting of Shareholders approved the payment of a stock dividend at a rate of 1 dividend share for every 10 shares held. As the result of the stock dividend allocation on 19 April 2017, the Company paid-up share capital was increased from Baht 200,000,000 to Baht 219,999,532.

### 27.3 Additional share subscription from the exercise of warrants

The Company received additional share LITW1 subscriptions from the exercised warrants, as detailed below.

Year	Warrants (units)	Ordinary shares (shares)	Exercise price (Baht/share)	Amount (Thousand Baht)
2017	153,048	76,524	4	306
2018	1,285,700	642,850	4	2,571

As at 31 December 2018, the Company's paid-up capital had increased from Baht 220,076,056 to Baht 220,718,906 (2017: from Baht 219,999,532 to Baht 220,076,056) and it had share premium amounting to Baht 5,142,800 (2017: Baht 612,192) as a result of the exercised warrants for ordinary share.

## 27.4 Reconciliation of number of ordinary shares

During the years, the movements of registered capital, paid-up capital and premium on ordinary shares of the Company are as follows:

	Registered capital		Paid-up capital		Share premium
	Number of ordinary shares	Amount	Number of ordinary shares	Amount	
	(Thousand shares)	(Thousand Baht)	(Thousand shares)	(Thousand Baht)	(Thousand Baht)
As at 1 January 2017	200,000	200,000	200,000	200,000	70,718
Increase from stock dividend issuance	20,000	20,000	20,000	20,000	-
Increase to support the conversion of warrants	80,000	80,000	-	-	-
Increase from exercised warrants	-	-	76	76	612
As at 31 December 2017	300,000	300,000	220,076	220,076	71,330
Increase from exercised warrants	-	-	643	643	5,143
As at 31 December 2018	300,000	300,000	220,719	220,719	76,473

## 28. Warrants

On 26 April 2017, the Company issued and allocated 160,000,000 No. 1 warrants of the Company (LIT-W1) to the existing shareholders of the Company. Details are as follows:

Type	:	Name registered and transferrable
Offering price per unit	:	Baht 2.50
Maturity of warrants	:	5 years from the date of issue
Exercise price	:	Baht 4.00 per share, subject to change in accordance with the conditions of rights adjustments
Conversion ratio	:	1 ordinary share per 2 warrants, subject to change in accordance with the conditions of rights adjustments

- Conditions and period of exercise :
- 1) Exercises of the warrants can be made on the 25<sup>th</sup> of January, April, July and October of each year throughout the term of the warrants, with the first exercise date being 25 July 2017, and the warrant holders have to deliver notification of their intention to exercise the warrants at least 5 business days prior to each exercise date. The final exercise date is 25 April 2022 and warrant holders have to deliver notification of their intention to exercise the warrants at least 15 business days prior to this final exercise date.
  - 2) The warrant holders shall exercise rights to purchase at least 100 ordinary shares at a time, and at round numbers only. If warrant holders have rights to purchase fewer than 100 ordinary shares they are to exercise these rights on a single occasion.
  - 3) Unexercised warrants can be accumulated to exercise during the next exercise period, until the maturity of the warrants.

During the years, a total of 1,285,700 units (2017: 153,048 units) warrants were exercised, and therefore as at 31 December 2018 there are 158,561,252 units (2017: 159,846,952 units) unexercised warrants outstanding, or a value of Baht 396.40 million (2017: Baht 399.62 million).

## 29. 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 2018, the Company set aside a statutory reserve totaling Baht 5.9 million (2017: Baht 7.3 million).

## 30. Interest income

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statement	2018	2017
Interest income from			
Loan contracts	134,089	134,089	117,575
Factoring contracts	95,583	95,583	109,272
Financial lease contracts	17,310	17,310	25,165
Hire-purchase contracts	10,251	10,251	13,562
Total interest income	257,233	257,233	265,574

## 31. Fee and service income

(Unit: Thousand Baht)

	Consolidated	Separate financial statements	
	financial statement	2018	2017
Fee and service income from			
Loan contracts	91,444	66,911	78,057
Factoring contracts	40,387	33,607	44,534
Financial lease contracts	2,475	2,475	191
Hire-purchase contracts	80	80	115
Letter of guarantees	20,705	20,705	15,297
Letter of credit	1,356	1,356	1,402
Others	22	22	198
Total fee and service income	156,469	125,156	139,794

### 32. Other income

(Unit: Thousand Baht)

	Consolidated financial statement		
	Separate financial statements		
	2018	2018	2017
Revenues from sales	-	-	9,333
Cost of sales	-	-	(8,507)
Change in revenues and cost	-	-	826
Interest income from late payment	26,685	26,685	9,657
Others	4,713	4,681	3,114
<b>Total other income</b>	<b>31,398</b>	<b>31,366</b>	<b>13,597</b>

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

### 33. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statement		
	Separate financial statements		
	2018	2018	2017
Salaries and wages and other employee benefits	70,861	62,241	75,377
Bad debts and doubtful accounts	70,504	70,504	58,469
Rental expenses from operating lease agreements and services expenses	5,028	4,853	4,327
Insurance premium expenses	361	361	2,215
Legal advisor and financial management advisor fee	3,856	3,551	3,536
Special business tax	11,646	11,646	11,888
Bank fees	5,211	5,210	3,172
Depreciation and amortisation	4,694	4,690	3,051

### 34. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, and adjusted the number of ordinary shares with the proportionate change in the number of ordinary shares as a result of the issue of a stock dividend and exercise of warrants.

On 20 March 2017, the Annual General Meeting of Shareholders approved to pay cash dividend of Baht 0.0112 per share, and stock dividend of 20 million shares to the existing shareholders (to be allocated at a rate of 1 dividend share for every 10 shares held), which was paid in April 2017. For the purpose of calculating earnings per share, the Company adjusted the number of ordinary shares used to calculate the earnings per share, as though it had issued the stock dividend at the beginning of the reporting periods.

(Unit: Thousand shares)

For the years ended 31 December

	For the years ended 31 December		
	Consolidated financial statements	Separate financial statements	
	2018	2018	2017
Number of ordinary shares issued at beginning of the year	220,076	220,076	220,033
Ordinary shares issued during the year	425	425	-
Number of ordinary shares issued at end of the year	220,501	220,501	220,033

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

Basic earnings per share and diluted earning per share are calculated below.

	Consolidated financial statement		
	Profit for the year	Weighted average	
		number of ordinary shares	Earnings per share
	2018	2018	2018
(Thousand Baht)	(Thousand shares)	(Baht)	
<b>Basic earnings per share</b>			
Profit for the year	148,846	220,501	<u>0.68</u>
<b>Effect of dilutive potential ordinary shares</b>			
Warrants (LIT-W1)	-	42,006	
<b>Diluted earnings per share</b>			
Profit for the year - assuming the conversion of dilutive potential ordinary shares	<u>148,846</u>	<u>262,507</u>	<u>0.57</u>

	Separate financial statements					
	Profit for the year		Weighted average number		Earnings per share	
			of ordinary shares			
	2018	2017	2018	2017	2018	2017
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
<b>Basic earnings per share</b>						
Profit for the year	130,996	145,489	220,501	220,033	<u>0.59</u>	<u>0.66</u>
<b>Effect of dilutive potential ordinary shares</b>						
Warrants (LIT-W1)	-	-	42,006	51,958		
<b>Diluted earnings per share</b>						
Profit for the year - assuming the conversion of dilutive potential ordinary shares	<u>130,996</u>	<u>145,489</u>	<u>262,507</u>	<u>271,991</u>	<u>0.50</u>	<u>0.53</u>

### 35. Dividend payment/Stock dividend

<u>Dividend</u>	<u>Approved by</u>	<u>Dividend per share</u>	<u>Amounts of dividend paid</u>	<u>Dividend payment period</u>
		(Baht per share)	(Thousand Baht)	
Dividend for 2016 (Cash dividend of Baht 0.0112 per share and stock dividend of 1 dividend share for every 10 existing shares)	Annual General Meeting of the shareholders on 20 March 2017	0.1112	22,240	April 2017
Dividend for 2017	Annual General Meeting of the shareholders on 29 March 2018	0.32	70,425	April 2018

### 36. Provident fund

The Company, its subsidiary 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 and its subsidiary 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 years 2018 and 2017 amounting to Baht 1.16 million and Baht 1.15 million, respectively, were recognised as expenses for the Company and its subsidiary (The Company only: Baht 1.04 million and Baht 1.15 million, respectively).

### 37. Segment information

During the current year, the Company established a new subsidiary (as described in Note 16). Therefore, the Company and its subsidiary are organised into business units based on their services which the organisation of their reportable segments to 2 reportable segments as follows:

1. Financial services in various form such as hire-purchase, financial leases, factoring from selling and service, loans and goods procurement for supply to customers.
2. Credit information service and analysis included the project management.

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about recourse allocation and assessing performance. Segment performance is measure based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit of loss and total assets in the financial statements.

### 37.1 To results of operations separated by business segment

The following tables present revenue and profit information regarding the Company and its subsidiary's operating segments for the year ended 31 December 2018.

(Unit: Thousand Baht)

For the year ended 31 December 2018

	Lending business in various form	Credit information service and analysis	Elimination of transaction	Consolidated financial statements
<b>Revenue</b>				
Revenues from customers				
- Interest income	257,233	-	-	257,233
- Fee and service income	125,156	31,312	-	156,468
Other income	31,366	32	-	31,398
<b>Total revenues</b>	<b>413,755</b>	<b>31,344</b>	<b>-</b>	<b>445,099</b>
Financial cost	(69,251)	-	-	(69,251)
Service expenses	(21,906)	(7,339)	-	(29,245)
Administrative expenses	(82,177)	(2,000)	-	(84,177)
Bad debts and doubtful accounts	(70,504)	-	-	(70,504)
Income tax expenses	(38,920)	(4,191)	35	(43,076)
<b>Profit for the period</b>	<b>130,997</b>	<b>17,814</b>	<b>35</b>	<b>148,846</b>

For the year 2017, the revenue and operating profit information as presented in the comprehensive income statement for the year ended 31 December 2017, 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, loans and sales of goods.

### 37.2 Assets and liabilities separated by business segment

(Unit: Thousand Baht)

	Lending business in various form	Credit information service and analysis	Elimination of transaction	Consolidated financial statements
<b>Segment assets</b>				
31 December 2018	2,640,326	33,195	(10,426)	2,663,095
31 December 2017	2,346,274	-	-	2,346,274
<b>Segment liabilities</b>				
31 December 2018	1,558,427	10,381	(5,462)	1,563,346
31 December 2017	1,327,518	-	-	1,327,518

## Geographic information

The Company and its subsidiary operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

## Major customers

For the years 2018 and 2017, the Company has no major customer with revenue of 10 percent or more of an entity's revenues.

## 38. Commitments

As at 31 December 2018 and 2017, the Company and its subsidiary have commitments other than those disclosed in other notes as follows:

### 38.1 Operating lease commitments and service agreements

The Company and its subsidiary have 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)

	Consolidated financial statement	Separate financial statements	
	2018	2018	2017
Payable within:			
In up to 1 year	1.7	1.4	2.0

In addition, as at 31 December 2018, the Company had capital commitments of approximately Baht 0.2 million (2017: Nil), relating to the design of a new rental office.

### 38.2 Guarantees

As at 31 December 2018 and 2017, the Company had commitments of approximately Baht 246 million and Baht 73 million, respectively as a result of its provision of guarantees to banks on behalf of customers for whom the banks issued bank guarantees as bid bonds. The Company has pledged deposits of Baht 100 million and Baht 40 million to secure these bank guarantees.

### 38.3 Employee Joint Investment Program

During 2018 the Company began a new Employee Joint Investment Program (“the EJIP”), with a program life of 3 years (1 April 2018 to 31 March 2021). This program is one of the Company’s and its subsidiary’s staff benefits that supports employees of the Company and its subsidiary who meet certain criterias and voluntarily join the EJIP. Employees who are EJIP participants have an obligation to pay monthly contributions at the rate of 10% of basic salary, but not exceeding Baht 100,000 per month (2017: For the previous EJIP program, at the rate of 5% of basic salary and incentives, but not exceeding Baht 100,000 per month) and the Company and its subsidiary are obliged to monthly contribute 100% of the amount contributed by participants. For the year 2018, the amounts contributed by the Company and its subsidiary of Baht 1.38 million (2017: Baht 0.6 million) and the Company only of Baht 1.23 million (2017: Baht 0.6 million) were presented under the caption of personnel expenses.

## 39. 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, current investments, trade and other receivables, loan receivables, factoring receivables, financial lease receivables, hire-purchase receivables, restricted bank deposits, bank overdrafts and short-term loans, trade and other payables, long-term loans, debentures, hire-purchase payables and financial lease payables. The financial risks associated with these financial instruments and how they are managed is described below.

### 39.1 Credit risk

The Company and its subsidiary are 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 and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiary do not have high concentration of credit risk since they have 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.

### 39.2 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 and its subsidiary. As the Company and its subsidiary have no assets or liabilities in foreign currencies, market risk therefore consists of interest rate risk and securities price 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 2018 and 2017 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statement					
	2018					
	Fixed interest rate		Floating interest rate	Non-interest bearing	Total	Interest rate per contract (% p.a.)
	Within 1 year	Over 1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	90	16	106	0.10 - 0.40
Trade and other receivables	-	-	-	8	8	-
Loan receivables	834	226	-	-	1,060	0.00 - 15.00
Factoring receivables	992	41	-	-	1,033	9.00 - 15.00
Financial lease receivables	87	36	-	-	123	6.00 - 7.82
Hire-purchase receivables	104	64	-	-	168	6.00 - 7.50
Restricted bank deposits	-	100	1	-	101	0.38 - 1.05
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans	160	-	261	-	421	4.30 - 5.10, MOR - 1.75, MOR, MLR - 0.25
Trade and other payables	-	-	-	1	1	-
Long-term loans	-	-	13	-	13	MLR - 0.75, MLR - 1.00
Debentures	150	696	-	-	846	5.25 - 6.00
Liabilities under hire-purchase agreements	61	39	-	-	100	1.93 - 2.27

(Unit: Million Baht)

## Separate financial statement

	2018					Interest rate per contract (% p.a.)
	Fixed interest rate		Floating interest rate	Non- interest bearing	Total	
	Within 1 year	Over 1- 5 years				
<b><u>Financial assets</u></b>						
Cash and cash equivalents	-	-	60	14	74	0.10 - 0.40
Trade and other receivables	-	-	-	13	13	-
Loan receivables	834	226	-	-	1,060	0.00 - 15.00
Factoring receivables	992	41	-	-	1,033	9.00 - 15.00
Financial lease receivables	87	36	-	-	123	6.00 - 7.82
Hire-purchase receivables	104	64	-	-	168	6.00 - 7.50
Restricted bank deposits	-	100	1	-	101	0.38 - 1.05
<b><u>Financial liabilities</u></b>						
Bank overdrafts and short-term loans	160	-	261	-	421	4.30 - 5.10, MOR - 1.75, MOR, MLR - 0.25
Trade and other payables	-	-	-	2	2	-
Long-term loans	-	-	13	-	13	MLR - 0.75, MLR - 1.00
Debentures	150	696	-	-	846	5.25 - 6.00
Liabilities under hire-purchase agreements	61	39	-	-	100	1.93 - 2.27

(Unit: Million Baht)

## Separate financial statement

	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Interest rate per contract (% p.a.)
	Within 1 year	Over 1-5 years				
<b>Financial assets</b>						
Cash and cash equivalents	-	-	58	6	64	0.10 - 0.40
Current investments	-	-	-	60	60	-
Trade and other receivables	-	-	-	15	15	-
Loan receivables	783	221	-	-	1,004	15.00
Factoring receivables	840	-	-	-	840	14.00 - 15.00
Financial lease receivables	107	84	-	-	191	6.00 - 7.63
Hire-purchase receivables	52	32	-	-	84	6.85 - 8.00
Restricted bank deposits	-	39	2	-	41	0.85 - 1.05
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans	242	-	140	-	382	3.95 - 5.45, MOR - 1.75, MOR, MLR $\pm$ 0.25, MLR - 0.50
Trade and other payables	-	-	-	1	1	-
Long-term loans	-	-	35	-	35	MLR - 0.75, MLR - 1.00
Debentures	150	529	-	-	679	5.25 - 6.00
Liabilities under hire-purchase agreements	51	14	-	-	65	1.81 - 2.27
Liabilities under financial lease agreement	1	-	-	-	1	14.20

**Equity position risk**

Equity position risk is the risk that changes in the market prices of equity securities or stocks may result in changes in the value of investments, and fluctuations in revenue and the value of financial assets.

The maximum equity position risk exposure is the carrying value of investments in equity securities as presented in the statements of financial position.

### 39.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiary 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 2018 and 2017 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statement				
	2018				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	106	-	-	-	106
Trade and other receivables	-	8	-	-	8
Loan receivables <sup>(1)</sup>	-	834	226	-	1,060
Factoring receivables <sup>(1)</sup>	-	992	41	-	1,033
Financial lease receivables <sup>(1)</sup>	-	87	36	-	123
Hire-purchase receivables <sup>(1)</sup>	-	104	64	-	168
Restricted bank deposits	-	-	101	-	101
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans	-	421	-	-	421
Trade and other payables	-	1	-	-	1
Long-term loans	-	13	-	-	13
Debentures	-	150	696	-	846
Liabilities under hire-purchase agreements	-	61	39	-	100

(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	Separate financial statement				
	2018				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	74	-	-	-	74
Trade and other receivables	-	13	-	-	13
Loan receivables <sup>(1)</sup>	-	834	226	-	1,060
Factoring receivables <sup>(1)</sup>	-	992	41	-	1,033
Financial lease receivables <sup>(1)</sup>	-	87	36	-	123
Hire-purchase receivables <sup>(1)</sup>	-	104	64	-	168
Restricted bank deposits	-	101	-	-	101
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans	-	421	-	-	421
Trade and other payables	-	2	-	-	2
Long-term loans	-	13	-	-	13
Debentures	-	150	696	-	846
Liabilities under hire-purchase agreements	-	61	39	-	100

(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	Separate financial statement				
	2017				
	At call	Within 1 year	Over 1 year	No specific maturity	Total
<b>Financial assets</b>					
Cash and cash equivalents	64	-	-	-	64
Current investments	60	-	-	-	60
Trade and other receivables	-	15	-	-	15
Loan receivables <sup>(1)</sup>	-	783	221	-	1,004
Factoring receivables <sup>(1)</sup>	-	840	-	-	840
Financial lease receivables <sup>(1)</sup>	-	107	84	-	191
Hire-purchase receivables <sup>(1)</sup>	-	52	32	-	84
Restricted bank deposits	-	-	41	-	41
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans	-	382	-	-	382
Trade and other payables	-	1	-	-	1
Long-term loans	-	22	13	-	35
Debentures	-	150	529	-	679
Liabilities under hire-purchase agreements	-	51	14	-	65
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.

### 39.4 Fair value of financial instruments

As of 31 December 2017, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Separate financial statement			
	31 December 2017			
	Level 1	Level 2	Level 3	Total
<b>Financial assets measured at fair value</b>				
Current investments	60	-	-	60

As of 31 December 2018, the Company and its subsidiary had no the assets that were measured at fair value using different levels of inputs.

As at 31 December 2018 and 2017, the Company and its subsidiary 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)

	Consolidated financial statement				
	2018				
	Book value	Fair value			Total
	Level 1	Level 2	Level 3		
<b><u>Assets for which fair value are disclosed</u></b>					
Cash and cash equivalents	106	106	-	-	106
Trade and other receivables	8	-	8	-	8
Loan receivables	1,060	-	1,060	-	1,060
Factoring receivables	1,033	-	1,033	-	1,033
Financial lease receivables	123	-	-	121	121
Hire-purchase receivables	168	-	-	170	170
Restricted bank deposits	101	1	100	-	101
<b><u>Liabilities for which fair value are disclosed</u></b>					
Bank overdrafts and short-term loans	421	-	421	-	421
Trade and other payables	1	-	1	-	1
Long-term loans	13	-	13	-	13
Debentures	846	-	848	-	848
Liabilities under hire-purchase agreements	100	-	-	89	89

(Unit: Million Baht)

	Separate financial statement				
	2018				
	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	74	74	-	-	74
Trade and other receivables	13	-	13	-	13
Loan receivables	1,060	-	1,060	-	1,060
Factoring receivables	1,033	-	1,033	-	1,033
Financial lease receivables	123	-	-	121	121
Hire-purchase receivables	168	-	-	170	170
Restricted bank deposits	101	1	100	-	101
<b><u>Liabilities for which fair value are disclosed</u></b>					
Bank overdrafts and short-term loans	421	-	421	-	421
Trade and other payables	2	-	2	-	2
Long-term loans	13	-	13	-	13
Debentures	846	-	848	-	848
Liabilities under hire-purchase agreements	100	-	-	89	89

(Unit: Million Baht)

	Separate financial statement				
	2017				
	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	64	64	-	-	64
Trade and other receivables	15	-	15	-	15
Loan receivables	1,004	-	1,004	-	1,004
Factoring receivables	840	-	840	-	840
Financial lease receivables	191	-	-	202	202
Hire-purchase receivables	84	-	-	87	87
Restricted bank deposits	41	2	39	-	41
<b><u>Liabilities for which fair value are disclosed</u></b>					
Bank overdrafts and short-term loans	382	-	382	-	382
Trade and other payables	1	-	1	-	1
Long-term loans	35	-	35	-	35
Debentures	679	-	685	-	685
Liabilities under hire-purchase agreements	65	-	-	59	59
Liabilities under financial lease agreement	1	-	1	-	1

Fair value hierarchy of financial assets and liabilities as at 31 December 2018 and 2017 has been prepared in accordance with Notes 4.16 to the financial statements.

As at 31 December 2018 and 2017, the methods and assumptions used by the Company and its subsidiary 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, overdrafts 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 flows by the current market interest rate of the loans with similar terms and conditions.
- c) Fair value of debentures, liabilities under hire-purchase agreements and liabilities under financial lease agreement is estimated by discounting expected future cash flow by the current market interest rate of the borrowings with similar terms and conditions.
- d) Fair value of long-term loans with floating interest rate is assumed to approximate their book value.

#### **40. Capital management**

The primary objective of the 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 2018, the Group's debt-to-equity ratio was 1.42:1 and the Company's was 1.44:1 (2017: 1.30:1).

#### **41. Event after the reporting period**

On 18 February 2019, a meeting of the Company's Board of Directors passed resolutions to propose to the Annual General Meeting of Shareholders to consider approving the payment of a cash dividend of Baht 0.33 per share to the shareholders from the net profit of 2018, after deduction of the statutory reserve.

#### **42. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 18 February 2019.

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## General Information & Other Important Information

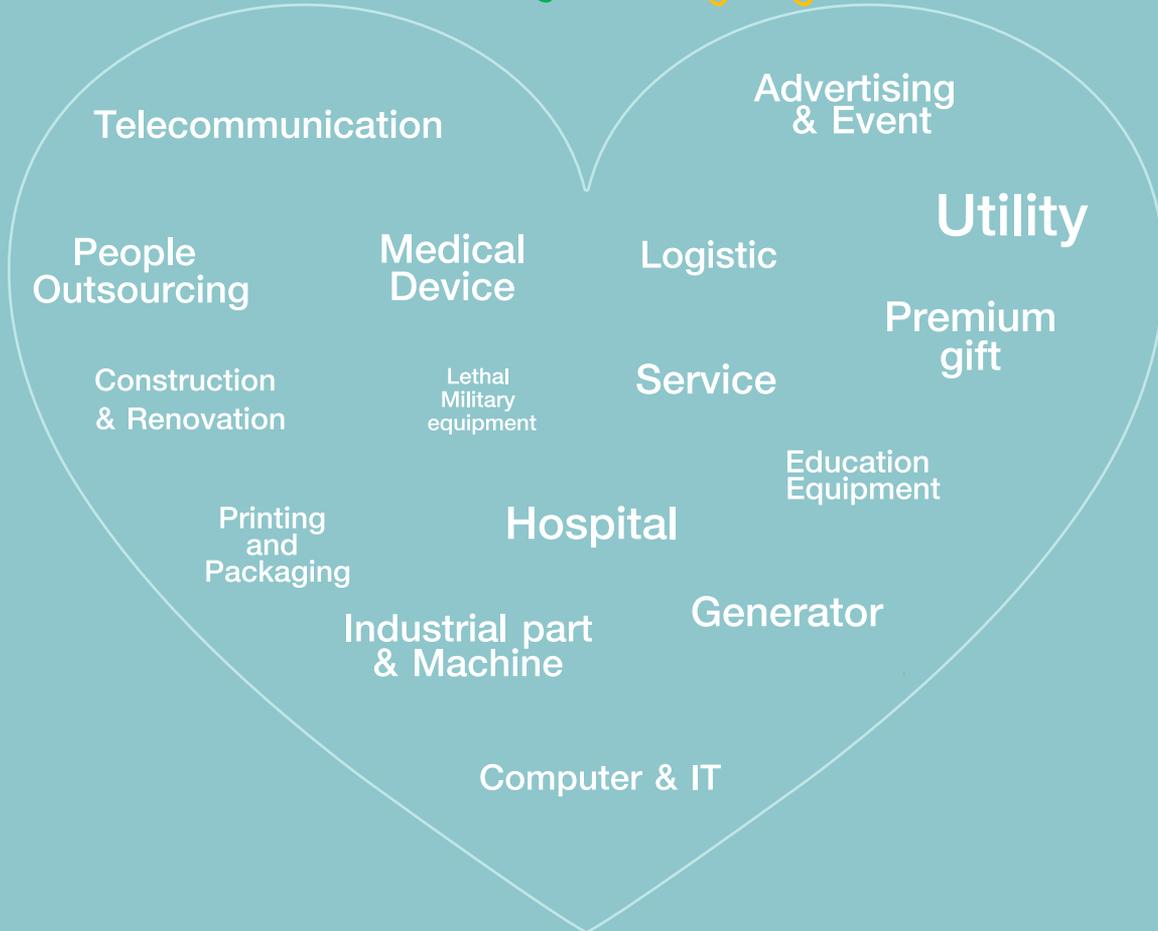
Company Name	Lease IT Public Company Limited
The headquarters	900/17 Rama III Road, Bangpongpan, Yannawa, Bangkok 10120, Thailand
Nature of Business	Leasing, Hire Purchase and Factoring including other financial services such as Bid Bond, Project Backup Financing and Trade Finance
Company Registration Number	0107556000353
Tel.	0-2686-3200-4
Fax	0-2686-3228, 0-2682-6089
Website	www.leaseit.co.th

Company Name	LIT Service Management Company Limited
The headquarters	131 Ratburana Road, Ratburana, Ratburana Bangkok 10140, Thailand
Nature of Business	Providing data information and credit analysis for customers who request credit with Lease IT Public Company Limited
Company Registration Number	0105561087567
Tel.	0-2686-3229

### 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	

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