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

**Notes to consolidated financial statements**

**For the year ended 31 December 2020**

1. General information

1.1 General information of the Company

Lease IT Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its major shareholder is SVOA Public Company Limited, which was incorporated in Thailand. The Company is principally engaged in providing financial services in form of hire-purchase, leasing, factoring services and loans. The registered office of the Company is at 1023, 29th Floor, MS SIAM Tower, Chong Nonsi, Yannawa, Bangkok.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is adversely impacting most businesses and industries. This situation may bring uncertainties and have an impact on the environment in which the Group operates. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved.

2. Basis of preparation of the financial statements

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

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

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

2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Lease IT Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”) (“collectively as “the Group””).

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Company’s name | Nature of business | Country of incorporation | Percentage of shareholding | |
|  |  |  | 2020 | 2019 |
|  |  |  | (%) | (%) |
| Subsidiaries |  |  |  |  |
| LIT Service Management Co., Ltd. | Providing services relating to data information**,** credit analysis and credit management | Thailand | 100 | 100 |
| Ulite Digital Co., Ltd. | Providing installment trading business on electronic platform (Registered company on 5 November 2020) | Thailand | 100 | - |

b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d) The financial statements of the subsidiaries have been prepared using the same significant accounting policies as the Company.

e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statement presents investment in subsidiaries under the cost method.

**3. New financial reporting standards**

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

During the year, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group’s financial statements. Except the following new standards involve changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

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

Financial reporting standards:

|  |  |
| --- | --- |
| TFRS 7 | Financial Instruments: Disclosures |
| TFRS 9 | Financial Instruments |

Accounting standard:

|  |  |
| --- | --- |
| TAS 32 | Financial Instruments: Presentation |

Financial Reporting Standard Interpretations:

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

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

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

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated; therefore, the presentation of the year 2019 is not comparable with the presentation of the year 2020.

The cumulative effect of the change is described in Note 4 to the financial statements.

TFRS 16 Leases

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

The Group adopted this financial reporting standard using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to statement of financial position as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 4 to the financial statements.

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

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

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy during the period from 1 January 2020 to 31 December 2021 or until the Bank of Thailand makes changes, with which the entities are to comply. The guidance applies to large debtors, small- and medium-sized debtors and retail debtors who have the ability to run a business or to pay debts in the future and who have been impacted directly or indirectly by such situations, considering the following guidelines.

* Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020
* Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by the economic conditions

Since the Group is an entity providing assistance to affected debtors in accordance with the Bank of Thailand’s guidelines, it applies these procedures.

* Loans that are not yet non-performing (Non-NPL) are classified as loans with no significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring and the debt restructuring is considered a pre-emptive debt restructuring rather than a troubled debt restructuring. If it is a provision of assistance to debtors in accordance with the circular of the Bank of Thailand No. BOT.RPD.(01)C. 380/2563, classification of the debtor remains at the same stage as before.
* Non-performing loans (NPL) are classified as performing loans if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
* Additional working capital loans provided to a debtor in order to increase liquidity and enable the debtor to continue its business operations during the debt restructuring are classified by account level if the debtor has cash flows to support repayment or if, considering other factors, the debtor has the ability to pay the debt.
* The guidelines specified in the appendix of the circular of the Bank of Thailand relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is moving to Stage 2.
* Expected credit losses are determined based on the outstanding balance of the drawn down portion only.
* Consideration is given to placing less weight on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience, in cases where a general approach is used in determining expected credit losses.

The Company introduces urgent measures to provide immediate assistance and relief to receivables, which have been put in effect from 1 January 2020 to 31 December 2021. The detailed measures which are at the discretion of the Company’s Managing Director are summarised as follows:

Measures for performing receivables

For short-term receivables, i.e. loan and factoring receivables, principal payment can be deferred except only interest to be paid. Besides, interest rates for each receivable can be adjusted in response to changing circumstances.

For long-term receivables, i.e. financial lease and hire-purchase receivables, principal installment payment can be deferred except only interest overdue installments to be paid at rates determined by the Company.

Measures for non-performing receivables

Payment of principal installment can be deferred and reduced in accordance with debt restructuring contracts.

These measures are designed to offer comprehensive support to receivables in general with the aim of extending immediate assistance before those receivables become non-performing, which in turn would cast an adverse impact on their future credibility.

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

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

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

During the period from the first quarter to the third quarter of 2020, the Group has chosen to apply the temporary relief measures on accounting alternatives by not taking into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.

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

**(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021**

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

The management of the Group is currently evaluating the impact of these standards on the financial statements in the year when they are adopted.

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

As described in Note 3 to the financial statements, during the current year, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards has been recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

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

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  |  | The impacts of | |  |
|  | 31 December 2019 | Financial reporting standards related to financial instruments | TFRS 16 | 1 January 2020 |
| **Statements of financial position** |  |  |  |  |
| **Assets** |  |  |  |  |
| **Current assets** |  |  |  |  |
| Current investments | 730,198 | (730,198) | - | - |
| Current portion of loan receivables | 877,543 | (94,838) | - | 782,705 |
| Current portion of factoring receivables | 940,335 | (13,920) | - | 926,415 |
| Current portion of financial  lease receivables | 70,002 | (214) | - | 69,788 |
| Current portion of hire-purchase receivables | 95,486 | 630 | - | 96,116 |
| Other current financial assets | - | 730,198 | - | 730,198 |
| **Non-current assets** |  |  |  |  |
| Loan receivables - net of current portion | 321,728 | (6,912) | - | 314,816 |
| Factoring receivables - net of  current portion | 40,810 | 15,805 | - | 56,615 |
| Financial lease receivables - net of current portion | 43,803 | 1,064 | - | 44,867 |
| Hire-purchase receivables - net of  current portion | 19,974 | 3,759 | - | 23,733 |
| Equipment | 26,199 | - | (8,433) | 17,766 |
| Right-of-use assets | - | - | 24,868 | 24,868 |
| Deferred tax assets | 48,689 | 18,925 | - | 67,614 |
|  |  |  |  |  |

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | |
|  |  | The impacts of | |  |
|  | 31 December 2019 | Financial reporting standards related to financial instruments | TFRS 16 | 1 January 2020 |
| **Liabilities and shareholders’ equity** |  |  |  |  |
| **Current liabilities** |  |  |  |  |
| Current portion of liabilities under finance lease agreements | 2,191 | - | (2,191) | - |
| Current portion of lease liabilities | - | - | 4,814 | 4,814 |
| Cash receipt awaiting for return to receivables | 29,387 | (29,387) | - | - |
| Other current financial liabilities | - | 64,851 | - | 64,851 |
| Other current liabilities | 70,078 | (35,464) | - | 34,614 |
| **Non-current liabilities** |  |  |  |  |
| Liabilities under finance lease agreements - net of current portion | 2,898 | - | (2,898) | - |
| Lease liabilities - net of current portion | - | - | 16,325 | 16,325 |
| Other long-term provisions | - | - | 385 | 385 |
| Bid bonds deposit awaiting for return to customers | 11,620 | (11,620) | - | - |
| Other non-current financial liabilities | - | 11,620 | - | 11,620 |
|  |  |  |  |  |
| **Shareholders' equity** |  |  |  |  |
| Retained earnings - unappropriated | 406,042 | (75,701) | - | 330,341 |

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  |  | The impacts of | |  |
|  | 31 December 2019 | Financial reporting standards related to financial instruments | TFRS 16 | 1 January 2020 |
| **Statements of financial position** |  |  |  |  |
| **Assets** |  |  |  |  |
| **Current assets** |  |  |  |  |
| Current investments | 730,198 | (730,198) | - | - |
| Current portion of loan receivables | 877,543 | (94,838) | - | 782,705 |
| Current portion of factoring receivables | 940,335 | (13,920) | - | 926,415 |
| Current portion of financial  lease receivables | 70,002 | (214) | - | 69,788 |
| Current portion of hire-purchase receivables | 95,486 | 630 | - | 96,116 |
| Other current financial assets | - | 730,198 | - | 730,198 |
| **Non-current assets** |  |  |  |  |
| Loan receivables - net of current portion | 321,728 | (6,912) | - | 314,816 |
| Factoring receivables - net of  current portion | 40,810 | 15,805 | - | 56,615 |
| Financial lease receivables - net of current portion | 43,803 | 1,064 | - | 44,867 |
| Hire-purchase receivables - net of  current portion | 19,974 | 3,759 | - | 23,733 |
| Equipment | 25,765 | - | (8,433) | 17,332 |
| Right-of-use assets | - | - | 22,080 | 22,080 |
| Deferred tax assets | 48,643 | 18,925 | - | 67,568 |
|  |  |  |  |  |

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
|  |  | The impacts of | |  |
|  | 31 December 2019 | Financial reporting standards related to financial instruments | TFRS 16 | 1 January 2020 |
| **Liabilities and shareholders’ equity** |  |  |  |  |
| **Current liabilities** |  |  |  |  |
| Current portion of liabilities under finance lease agreements | 2,191 | - | (2,191) | - |
| Current portion of lease liabilities | - | - | 4,369 | 4,369 |
| Cash receipt awaiting for return to receivables | 29,118 | (29,118) | - | - |
| Other current financial liabilities | - | 64,582 | - | 64,582 |
| Other current liabilities | 68,292 | (35,464) | - | 32,828 |
| **Non-current liabilities** |  |  |  |  |
| Liabilities under finance lease agreements - net of current portion | 2,898 | - | (2,898) | - |
| Lease liabilities - net of current portion | - | - | 14,047 | 14,047 |
| Other long-term provisions | - | - | 320 | 320 |
| Bid bonds deposit awaiting for return to customers | 11,620 | (11,620) | - | - |
| Other non-current financial liabilities | - | 11,620 | - | 11,620 |
|  |  |  |  |  |
| **Shareholders' equity** |  |  |  |  |
| Retained earnings - unappropriated | 349,752 | (75,701) | - | 274,051 |

4.1 Financial instruments

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

|  |  |
| --- | --- |
| (Unit: Thousand Baht) | |
|  | Consolidated and separate financial statements |
| Recognition of an allowance for expected credit losses on  loan receivables | 101,750 |
| Reversal of an allowance for expected credit losses on  factoring receivables | (1,885) |
| Reversal of an allowance for expected credit losses on  financial lease receivables | (850) |
| Reversal of an allowance for expected credit losses on  hire-purchase receivables | (4,389) |
| Recognition of allowance for expected credit losses (Note 14) | 94,626 |
| Less: Related income tax | (18,925) |
| Impacts on retained earnings due to the adoption of financial  reporting standards related to financial instruments | 75,701 |

The classification, measurement and carrying values of financial assets in accordance with financial reporting standards related to financial instruments as at 1 January 2020, and the carrying amounts under the former basis, are as follows:

| (Unit: Thousand Baht) | | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | |
|  | Carrying amounts under the former basis | Classification and measurement in accordance with TFRS 9 | | | |
|  |  | | Fair value through  profit or loss | Amortised cost | Total | |
| **Financial assets as at 1 January 2020** |  | |  |  |  | |
| Cash and cash equivalents | 236,231 | | - | 236,231 | 236,231 | |
| Trade and other receivables | 35,041 | | - | 35,041 | 35,041 | |
| Loan receivables | 1,097,521 | | - | 1,097,521 | 1,097,521 | |
| Factoring receivables | 983,030 | | - | 983,030 | 983,030 | |
| Financial lease receivables | 114,655 | | - | 114,655 | 114,655 | |
| Hire-purchase receivables | 119,849 | | - | 119,849 | 119,849 | |
| Other current financial assets | 730,198 | | 730,198 | - | 730,198 | |
| Restricted bank deposits | 46,738 | | - | 46,738 | 46,738 | |
| **Total financial assets** | 3,363,263 | | 730,198 | 2,633,065 | 3,363,263 | |

| (Unit: Thousand Baht) | | | | | |
| --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | |
|  | Carrying amounts under the former basis | Classification and measurement in accordance with TFRS 9 | | | | |
|  |  | | Fair value through  profit or loss | Amortised cost | Total | |
| **Financial assets as at 1 January 2020** |  | |  |  |  | |
| Cash and cash equivalents | 233,949 | | - | 233,949 | 233,949 | |
| Trade and other receivables | 35,510 | | - | 35,510 | 35,510 | |
| Loan receivables | 1,097,521 | | - | 1,097,521 | 1,097,521 | |
| Factoring receivables | 983,030 | | - | 983,030 | 983,030 | |
| Financial lease receivables | 114,655 | | - | 114,655 | 114,655 | |
| Hire-purchase receivables | 119,849 | | - | 119,849 | 119,849 | |
| Other current financial assets | 730,198 | | 730,198 | - | 730,198 | |
| Restricted bank deposits | 46,738 | | - | 46,738 | 46,738 | |
| **Total financial assets** | 3,361,450 | | 730,198 | 2,631,252 | 3,361,450 | |

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss for the consolidated and separate financial statements.

4.2 Leases

On adoption of TFRS 16, the Group recognised lease liabilities in relation to leases that previously classified as operating leases measured at the present value of the remaining lease payments, discounted using the Group’s incremental borrowing rate as of 1 January 2020. For leases that previously classified as finance leases, the Group recognised the carrying amount of the lease assets and lease liabilities before transition as right-of-use assets and lease liabilities, respectively at the date of initial application.

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | Separate financial statements |
| Operating lease commitments as at 31 December 2019 | 15,186 | 12,800 |
| Add: Option to extend lease term | 11,451 | 9,509 |
| Less: Contracts reassessed as service agreements | (8,141) | (6,951) |
| Less: Others | (139) | (115) |
| Less: Deferred interest expenses | (2,307) | (1,916) |
| Increase in lease liabilities due to TFRS 16 adoption | 16,050 | 13,327 |
| Liabilities under finance lease agreements originally  available as at 31 December 2019 | 5,089 | 5,089 |
| Lease liabilities as at 1 January 2020 | 21,139 | 18,416 |
| Weighted average incremental borrowing rate  (percent per annum) | 5.25 | 5.25 |
|  |  |  |
| Comprising of: |  |  |
| Current lease liabilities | 4,814 | 4,369 |
| Non-current lease liabilities | 16,325 | 14,047 |
|  | 21,139 | 18,416 |

**5. Significant accounting policies**

**5.1 Revenue and expense recognition**

Interest incomes

*Accounting policies adopted since 1 January 2020*

Interest incomes from loan, factoring, financial lease and hire-purchase contracts are recognised on an accrual basis using the effective interest method over the period of contracts. The effective interest rate is applied to the gross carrying amount of receivables, unless the receivables subsequently become credit-impaired when it is applied to the net carrying amount (gross carrying amount net of the expected credit loss allowance) of the financial asset

*Accounting policies adopted before 1 January 2020*

Interest incomes from loan, factoring, financial lease and hire-purchase contracts are recognised on an accrual basis using the effective interest method over the period of contracts, except for overdue receivables for more than ninety days, interests are recognised on a cash basis.

Fee and service incomes

*Accounting policies adopted since 1 January 2020*

Fee and service incomes are recognised at a point in time upon completion of the service or recognised over the period of contracts, except for fees related to loans directly which are recognised on an accrual basis using the effective interest method over the period of contracts.

*Accounting policies adopted before 1 January 2020*

Fees and service income are recognised on an accrual basis.

**Dividends**

Dividends are recognised when the right to receive the dividends is established.

Finance cost

Interest expense from financial liabilities at amortised cost is calculated using the effective interest method and recognised on an accrual basis.

**Direct expenses charged on loans**

Initial direct expenses at the inception of contract i.e. commission expenses are to be deferred and amortised using the effective interest method.

5.2 Cash and cash equivalents

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

5.3 Receivables

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

5.4 Allowance for expected credit losses - Loan receivables, factoring receivables, and financial lease and hire-purchase receivables

*Accounting policies adopted since 1 January 2020*

The Group recognised expected credit losses on financial assets consisting of loan receivables, factoring receivables, financial lease and hire-purchase receivables, together with financial guarantee contracts, which are measured at amortised cost using the General Approach. The Group classifies their financial assets into three stages based on the changes in credit risk since initial recognition as follow:

Stage 1: Financial assets where there has not been a significant increase in credit risk (Performing)  
For credit exposures where there has not been a significant increase in credit risk since initial recognition and that are not credit-impaired upon origination, the Group recognises allowance for expected credit losses at the amount equal to the expected credit losses in the next 12 months. The Group will use a probability of default that corresponds to remaining maturity for financial assets with a remaining maturity of less than 12 months.

Stage 2: Financial assets where there has been a significant increase in credit risk (Under-Performing)

For credit exposures where there has been a significant increase in credit risk since initial recognition but that are not credit impaired, the Group recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

Stage 3: Financial assets that are credit-impaired (Non-Performing)

Financial assets are assessed as credit impaired when one or more events that have   
a detrimental impact on the estimated future cash flows of that asset have occurred. For financial assets that have become credit-impaired, the Group recognises allowance for expected credit losses at the amount equal to the lifetime expected credit losses of financial assets.

At each reporting date, the Group is to evaluate the increase in credit risk of loan receivables, factoring receivables, and financial lease and hire-purchase receivables since initial recognition by comparing the default risk between the reporting date and initial recognition date. For the basis used in the evaluation, the Group applies an internal quantitative and qualitative basis and uses forecast information to assess the deterioration in credit quality of customers such as:

* Days past due
* Compliance with conditions under debt restructuring contracts or according to court proceedings
* High-risk group and that are closely monitored by management

The Group evaluates the significant increase in credit risk since initial recognition as either individual or collective assessment. The collective assessment is made for portfolios of facilities with similar credit risk characteristics such as payment schedules and contractual credit terms for loan receivables, sectors of business entities being main sources of revenues for factoring receivables, number of parties involved in financial lease and hire-purchase contracts.

Financial assets are assessed to be credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the counterparties have occurred. Evidence of credit-impaired financial assets includes arrears of overdue payment or having indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring. The Group’s policy for overdue receivables are as follows:

* Loan receivables are overdue for more than 90 days or post-dated cheque exceeds 60 days
* Factoring receivables from a private sector are overdue for more than 90 days or for more than 120 days in case of a government sector
* Financial lease and hire-purchase receivables are overdue for more than 90 days

The Group considers their historical loss experiences, adjusted by present perceivable information, and determines adjustment of economic future forecast based on weighted probabilities of situations in calculating the expected credit losses at least once a year. The Group uses most of information announced by the Bank of Thailand or government agencies, adjusted by an internal point of view and weighting of base scenario, best scenario and worst scenario in order to reflect the fair expected credit losses.

The measurement of expected credit losses for financial guarantees is based on the expected payments to reimburse the holder less any amounts that the Group expects to recover.

Expected credit losses are recognised through profit or loss in the statements of comprehensive income.

*Accounting policies adopted before 1 January 2020*

Allowance for doubtful accounts is provided for the estimated loss that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

Allowance for doubtful accounts is made for trade receivables, loan receivables and factoring receivables based on a percentage of the outstanding receivables balance, the number of months overdue and is also based on collection experience and the current status of receivables outstanding at the end of the reporting period.

Allowance for doubtful accounts is made for hire-purchase and financial lease receivables based on a percentage of the outstanding installment contract receivables and net of unearned income, based on the number of months overdue. Allowance is also based on collection experience and the current status of receivables outstanding at the end of the reporting period.

In addition, the Company sets aside further provision based on consideration of additional loss that may be incurred in the future.

Bad debt and doubtful accounts are recognised in profit or loss in the statement of comprehensive income.

5.5 Property foreclosed

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

5.6 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

5.7 Equipment and depreciation

Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building improvement - 5 years

Furniture - 5 years

Computers - 3 years

Office equipment - 5 years

Motor vehicles - 10 years

Depreciation is included in determining income.

No depreciation is provided on assets under construction.

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

5.8 Intangible assets

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

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible asset with finite useful lives is as follows:

Computer software 10 years

No amortisation is provided on computer software under installation.

**5.9 Leases**

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

**The Group as a lessee**

*Accounting policies adopted since 1 January 2020*

The Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Group recognises right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

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

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

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

|  |  |
| --- | --- |
| Office building | 6 years |
| Motor vehicles | 10 years |

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

***Lease liabilities***

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

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

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

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

*Accounting policies adopted before 1 January 2020*

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

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

5.10 Related party transactions

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

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

**5.11 Impairment of non-financial assets**

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

5.12 Employee benefits

**Short-term employee benefits**

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

**Post-employment benefits**

*Defined contribution plans*

The Group and its employees have jointly established a provident fund together with the group company of a major shareholder. The fund is monthly contributed by employees and by the Group. The fund’s assets are held in a separate thrust fund and the Group’s contributions are recognised as expenses when incurred.

*Defined benefit plans*

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

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

Actuarial gain and loss arising from defined benefit plan are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Group recognises restructuring related cost.

5.13 Provisions

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

5.14 Income tax

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

**Current tax**

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

**Deferred tax**

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

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

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

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

**5.15 Financial instruments**

*Accounting policies adopted since 1 January 2020*

The Group initially measures financial assets at its fair value plus, in the case of financial assets that are not measured at fair value through profit or loss, transaction costs. However, trade receivables, that do not contain a significant financing component, are measured at the transaction price as disclosed in the accounting policy relating to revenue recognition.

**Classification and measurement of financial assets**

Financial assets are classified, at initial recognition, as to be subsequently measured at amortised cost and fair value through profit or loss (“FVTPL”). The classification of financial assets at initial recognition is driven by the Group’s business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

***Financial assets at amortised cost***

The Group measures financial assets at amortised cost if the financial asset is held in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (“EIR”) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

***Financial assets at FVTPL***

Financial assets which are security investments held for trading measured at FVTPL are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

**Classification and measurement of financial liabilities**

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

**Derecognition of financial instruments**

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

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

**Impairment of financial assets**

The Group recognises the allowance for expected credit losses (“ECLs”) on their financial assets measured at amortised cost without any signs of credit-impaired events. The financial reporting standards requires to recognise impairment based on an Expected Credit Losses Model and management overlay for the factors which are not captured by the model. The Group accounts for changes in expected credit losses in stages, with different methods in determining the allowance for credit losses and the effective interest rate applied at each stage as mentioned in Note 5.1 and 5.4.

For trade receivables which do not contain a significant financing component, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

**Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

*Accounting policy adopted before 1 January 2020*

**Investments**

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.

5.16 Fair value measurement

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

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

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

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

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

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

6. Significant accounting judgements and estimates

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

**Allowance for expected credit losses**

In determining an allowance for expected credit losses for each type of receivables, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the forecast economic conditions for groupings of various customer segments with similar credit risks, the development of complex expected credit losses model with a series of underlying assumptions, etc. The Group’s historical credit loss experiences and forecast economic conditions may also not be representative of whether a customer will actually default in the future.This estimation has various relevant factors; therefore, the actual results may differ from estimates.

**Leases**

***Determining the lease term with extension and termination - The Group as a Leasee***

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

***Estimating the incremental borrowing rate - The Group as a Leasee***

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

**Deferred tax assets**

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

**Post-employment benefits under defined benefit plans**

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

**Fair value of financial instruments**

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

7. Related party transactions

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

1. Rental and service expenses are charged at agreed prices.

2. Sales and purchases of equipment and computer software are at market prices.

3. Dividend income is recognised when declared.

4. Loans between related party is charged at the rate of 1.5 percent per annum.

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

(Unit: Thousand Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | Separate financial statements | |
|  | 2020 | | 2019 | 2020 | 2019 |
| Transactions with subsidiary company |  | |  |  |  |
| (eliminated from the consolidated financial statements) | |  |  |  |  |
| Dividend income | - | | - | 50,000 | 15,000 |
| Collection of payment from customers on behalf of subsidiary | - | | - | 7,049 | 8,455 |
| Commission payment on behalf of subsidiary | - | | - | 6,155 | 11,093 |
| Interest expenses | - | | - | 771 | 419 |
| Transactions with a major shareholder |  | |  |  |  |
| Service expenses | 532 | | 571 | 523 | 444 |
| Purchases of equipment | - | | 74 | - | 74 |
| Dividend payment | 19,027 | | 26,163 | 19,027 | 26,163 |
| Transactions with related companies |  | |  |  |  |
| Other incomes | 1,532 | | 774 | 1,532 | 774 |
| Rental and service expenses | 2,848 | | 1,976 | 2,848 | 1,976 |
| Purchases of equipment and computer software | 516 | | 377 | 289 | 358 |

The balance of the accounts as at 31 December 2020 and 2019 between the Company and its related parties are as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Trade and other receivables - related parties (Note 9) |  |  |  |  |
| Subsidiary | - | - | 632 | 646 |
| Total trade and other receivables - related parties | - | - | 632 | 646 |
|  |  |  |  |  |
| Financial lease receivables - related parties |  |  |  |  |
| Related companies | 2,104 | 3,490 | 2,104 | 3,490 |
| Total financial lease receivables - related parties | 2,104 | 3,490 | 2,104 | 3,490 |
|  |  |  |  |  |
| Hire-purchase receivables - related parties |  |  |  |  |
| Related companies | 9,873 | 3,922 | 9,873 | 3,922 |
| Total hire-purchase receivables - related parties | 9,873 | 3,922 | 9,873 | 3,922 |

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Other current assets - related parties |  |  |  |  |
| Related companies | 125 | - | 125 | - |
| Total other current assets - related parties | 125 | - | 125 | - |
|  |  |  |  |  |
| Trade and other payables - related parties |  |  |  |  |
| Subsidiary | - | - | 60 | 107 |
| Major shareholder | 75 | 123 | 75 | 123 |
| Related companies | 730 | 672 | 516 | 672 |
| Total trade and other payables - related parties | 805 | 795 | 651 | 902 |

Short-term loans from subsidiary

Balances of loans between the Group as at 31 December 2020 and 2019 and its movement is as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Separate financial statements | | | |
| Company | Balance as at 31 December 2019 | During the period | | Balance as at 31 December 2020 |
| Increase | Decrease |
| LIT Service Management Co., Ltd. | 66,000 | 36,000 | (48,000) | 54,000 |
| Total | 66,000 | 36,000 | (48,000) | 54,000 |

The Company had short-term loans from subsidiary in the form of at-call loan agreements carried interest 1.5 per annum.

Directors and management’s benefits

During the years ended 31 December 2020 and 2019, the Group had employee benefit expenses payable to their directors and management as below.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | (Unit: Thousand Baht) | | | |
|  | | | Consolidated and separate financial statements | |
|  | | | 2020 | 2019 |
| Short-term employee benefits | | | 24,716 | 25,590 |
| Post-employment benefits | | | 1,221 | 3,044 |
| Total | | | 25,937 | 28,634 |

8. Cash and cash equivalents

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | (Unit: Thousand Baht) | | | | |
|  | | | Consolidated financial statements | | Separate financial statements | |
|  | | | 2020 | 2019 | 2020 | 2019 |
| Cash | | | 23 | 23 | 20 | 20 |
| Bank deposits | | | 47,180 | 236,208 | 33,946 | 233,929 |
| Total | | | 47,203 | 236,231 | 33,966 | 233,949 |

As at 31 December 2020, bank deposits in saving accounts carried interest rates 0.05 - 0.13 percent per annum (2019: 0.10 - 0.50 percent per annum).

9. Trade and other receivables

| (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Trade receivables - unrelated parties |  |  |  |  |
| Aging counted from due dates |  |  |  |  |
| Not yet due | - | 1,994 | - | 1,994 |
| Past due |  |  |  |  |
| Up to 1 month | 1,754 | - | 1,754 | - |
| 1 - 3 months | 760 | 795 | 685 | 795 |
| 3 - 6 months | - | 1,857 | - | 1,857 |
| Over 12 months | 90 | - | - | - |
| Total | 2,604 | 4,646 | 2,439 | 4,646 |
| Less: Allowance for expected credit losses  (2019: Allowance for doubtful debts) | (1,038) | (387) | (1,038) | (387) |
| Total trade receivables - unrelated parties - net | 1,566 | 4,259 | 1,401 | 4,259 |
| Other receivables |  |  |  |  |
| Other receivables - related parties | - | - | 632 | 646 |
| Other receivables - unrelated parties | 3,742 | 31,547 | 3,725 | 31,370 |
| Total | 3,742 | 31,547 | 4,357 | 32,016 |
| Less: Allowance for expected credit losses  (2019: Allowance for doubtful debts) | (155) | (765) | (155) | (765) |
| Total other receivables - net | 3,587 | 30,782 | 4,202 | 31,251 |
| Trade and other receivables - net | 5,153 | 35,041 | 5,603 | 35,510 |

10. Loan receivables

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated and separate financial statements | | | | | |
|  | Current portion of loan receivables | | Loan receivables - net of current portion | | Total | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Loan receivables | 914,705 | 972,326 | 527,084 | 363,334 | 1,441,789 | 1,335,660 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful debts) | (98,295) | (94,783) | (109,435) | (41,606) | (207,730) | (136,389) |
| Loan receivables - net | 816,410 | 877,543 | 417,649 | 321,728 | 1,234,059 | 1,199,271 |

As at 31 December 2020 and 2019, the loan receivables classified by their aging counted from due dates were as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated and separate financial statements | |
|  | 2020 | 2019 |
| Aging counted from due dates |  |  |
| Not yet due | 704,803 | 1,003,116 |
| Past due |  |  |
| Up to 1 month | 61,033 | 6,486 |
| 1 - 3 months | 398,873 | 86,294 |
| 3 - 6 months | 89,165 | 78,980 |
| 6 - 12 months | 46,912 | 110,702 |
| Over 12 months | 141,003 | 50,082 |
| Total loan receivables | 1,441,789 | 1,335,660 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful debts) | (207,730) | (136,389) |
| Loan receivables - net | 1,234,059 | 1,199,271 |

As at 31 December 2020, the rights on debt collection transferred to the Company as collaterals under agreement between receivables and their counterparties represents 74.4 percent (2019: 71.6 percent) of the loan receivables of the Company.

During the current year, the Company recorded bad debt written-off and reversed allowance for expected credit losses relating to such receivables amounting to Baht 77.9 million (2019: Baht 13.4 million) and during the year 2019, bad debt recovery was Baht 5.5 million (2020: Nil).

11. Factoring receivables

The Company has policy to provide credits approximately at 5 - 100 percent (2019: 30 - 100 percent) of invoice amounts.

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated and separate financial statements | | | | | |
|  | Current portion of factoring receivables | | Factoring receivables - net of current portion | | Total | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Factoring receivables | 953,134 | 986,701 | 87,685 | 92,956 | 1,040,819 | 1,079,657 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful debts) | (53,597) | (46,366) | (35,339) | (52,146) | (88,936) | (98,512) |
| Factoring receivables - net | 899,537 | 940,335 | 52,346 | 40,810 | 951,883 | 981,145 |

As at 31 December 2020 and 2019, the factoring receivables classified by their aging counted from due dates were as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated and separate financial statements | |
|  | 2020 | 2019 |
| Aging counted from due dates |  |  |
| Not yet due | 792,848 | 861,666 |
| Past due |  |  |
| Up to 1 month | 102,533 | 45,982 |
| 1 - 3 months | 37,460 | 21,267 |
| 3 - 6 months | 12,422 | 44,642 |
| 6 - 12 months | 26,734 | 53,126 |
| Over 12 months | 68,822 | 52,974 |
| Total | 1,040,819 | 1,079,657 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful debts) | (88,936) | (98,512) |
| Factoring receivables - net | 951,883 | 981,145 |

During the current year, the Company recorded bad debt written-off and reversed allowance for expected credit losses relating to such receivables amounting to Baht 21.0 million (2019: Baht 9.2 million).

12. Financial lease receivables

As at 31 December 2020 and 2019, terms for financial lease receivables are three - four years on average and are payable in equal installments, with interests charged at fixed rates throughout contracts. The balances of financial lease receivables are classified by due date per contact, as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated and separate financial statements | | | | | |
|  | Current portion of financial lease  receivables | | Financial lease receivables - net of current portion | | Total | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Financial lease receivables | 62,488 | 78,564 | 52,486 | 49,372 | 114,974 | 127,936 |
| Less: Unearned financial incomes | (8,437) | (8,492) | (5,972) | (4,267) | (14,409) | (12,759) |
| Total | 54,051 | 70,072 | 46,514 | 45,105 | 100,565 | 115,177 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful debts) | (628) | (70) | - | (1,302) | (628) | (1,372) |
| Financial lease receivables - net | 53,423 | 70,002 | 46,514 | 43,803 | 99,937 | 113,805 |

As at 31 December 2020 and 2019, financial lease receivables classified by their aging counted from due dates (determined based on an individual contract, whereby if any installment is overdue, the whole contract balance is considered to be overdue) were as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated and separate financial statements | |
|  | 2020 | 2019 |
| Aging counted from due dates |  |  |
| Not yet due | 98,322 | 112,775 |
| Past due |  |  |
| Up to 1 month | 831 | 1,074 |
| 1 - 3 months | 13 | - |
| 6 - 12 months | 14 | - |
| Over 12 months | 1,385 | 1,328 |
| Total | 100,565 | 115,177 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful debts) | (628) | (1,372) |
| Financial lease receivables - net | 99,937 | 113,805 |

13. Hire-purchase receivables

As at 31 December 2020 and 2019, terms for hire-purchase receivables are one to two years on average and are payable in equal installments, with interests charged at fixed rates throughout contracts. The balances of hire-purchase receivables were classified by due date per contact, as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated and separate financial statements | | | | | |
|  | Current portion of hire-purchase receivables | | Hire-purchase receivables - net of current portion | | Total | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
| Hire-purchase receivables | 90,561 | 102,152 | 21,021 | 34,730 | 111,582 | 136,882 |
| Less: Unearned financial incomes | (5,467) | (5,685) | (811) | (1,526) | (6,278) | (7,211) |
| Total | 85,094 | 96,467 | 20,210 | 33,204 | 105,304 | 129,671 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful debts) | (1,222) | (981) | (551) | (13,230) | (1,773) | (14,211) |
| Hire-purchase receivables - net | 83,872 | 95,486 | 19,659 | 19,974 | 103,531 | 115,460 |

As at 31 December 2020 and 2019, hire-purchase receivables classified by their aging counted from due dates (determined on an individual contract, whereby if any installment is overdue, the whole contract balance is considered to be overdue) were as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated and separate financial statements | |
|  | 2020 | 2019 |
| Aging counted from due dates |  |  |
| Not yet due | 95,713 | 112,328 |
| Past due |  |  |
| Up to 1 month | 825 | 1,994 |
| 1 - 3 months | 5,454 | 4 |
| 3 - 6 months | 5 | 321 |
| 6 - 12 months | 1,163 | 1,794 |
| Over 12 months | 2,144 | 13,230 |
| Total | 105,304 | 129,671 |
| Less: Allowance for expected credit losses (2019: Allowance for doubtful debts) | (1,773) | (14,211) |
| Hire-purchase receivables - net | 103,531 | 115,460 |

During the current year, the Company recorded bad debt written-off and reversed allowance for expected credit losses relating to such receivables amounting to Bath 13.2 million (2019: Nil).

14. Allowance for expected credit losses

As at 31 December 2020 and 1 January 2020, allowances for expected credit losses and book values of loan receivables, factoring receivables, financial lease and hire-purchase receivables and interest receivables classified by credit quality analysis were as follows:

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | | | | | | |
|  | Consolidated and separate financial statements | | | | | | | | |
|  | Loan receivables | | Factoring receivables | | Financial lease and hire-purchase receivables | | Total | | |
|  | 31 December 2020 | 1 January 2020 | 31 December 2020 | 1 January 2020 | 31 December 2020 | 1 January 2020 | 31 December 2020 | 1 January 2020 |
| **Book value** |  |  |  |  |  |  |  |  |
| Stage 1 | 1,066,457 | 952,446 | 832,268 | 866,287 | 199,635 | 225,475 | 2,098,360 | 2,044,208 |
| Stage 2 | 114,908 | 42,360 | 64,144 | 45,393 | - | - | 179,052 | 87,753 |
| Stage 3 | 260,424 | 340,854 | 144,407 | 167,977 | 6,234 | 19,373 | 411,065 | 528,204 |
| Total book value | 1,441,789 | 1,335,660 | 1,040,819 | 1,079,657 | 205,869 | 244,848 | 2,688,477 | 2,660,165 |
| **Allowance for expected credit losses** |  |  |  |  |  |  |  |  |
| Stage 1 | 60,247 | 20,514 | 5,327 | 3,990 | 353 | 604 | 65,927 | 25,108 |
| Stage 2 | 8,748 | 5,466 | 12,372 | 10,076 | - | - | 21,120 | 15,542 |
| Stage 3 | 138,735 | 212,159 | 71,237 | 82,561 | 2,048 | 9,740 | 212,020 | 304,460 |
| Total allowance for expected credit losses | 207,730 | 238,139 | 88,936 | 96,627 | 2,401 | 10,344 | 299,067 | 345,110 |
| **Net book value** | 1,234,059 | 1,097,521 | 951,883 | 983,030 | 203,468 | 234,504 | 2,389,410 | 2,315,055 |

Total allowance for expected credit losses as presented above excludes that of trade and other receivables.

As at 31 December 2020, the Group classified stage 3 receivables in respect of their credit risks from risk assessment of loan receivables, factoring receivables, financial lease and hire-purchase receivables and interest receivables, of which the total book value was Baht 411.1 million. Status of receivables can be classified as follows:

1. Receivables with 90 days overdue for Baht 46.8 million, of which the debt collection process is under close-monitoring.
2. Receivables with acknowledgement of debt or debt restructuring contracts for Baht 35.0 million, of which the payment has been followed up in order to ensure that it is in accordance with contractual conditions. Such receivables with an amount of Baht 1.9 million contained collateral with a total value of Baht 0.9 million in form of land which was registered as mortgage and of which the ownership had been transferred to the Group.
3. Receivables under litigation which are during prosecution of civil and criminal cases as well as during court trials for Baht 329.3 million. Such receivables with an amount of Baht 17.3 million contained collaterals with a total value of Baht 8.6 million in form of land and building which were registered as mortgage and of which the ownership had been transferred to the Group.

Movements of allowance for expected credit losses for trade and other receivables, loan receivables, factoring receivables, financial lease and hire-purchase receivables and interest receivables for the year ended 31 December 2020 and 2019 are as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | 2020 | |
|  | Consolidated financial statements | Separate financial statements |
| Balance of allowance for doubtful accounts at beginning of the year | 251,636 | 251,636 |
| Add: Adjustment of cumulative effect from  financial reporting standards related to financial instruments (Note 4.1) | 94,626 | 94,626 |
| Beginning at beginning of the year - after adjusted | 346,262 | 346,262 |
| Add: Allowance for expected credit losses | 66,063 | 66,062 |
| Less: Write-off | (112,065) | (112,064) |
| Balance at end of the year | 300,260 | 300,260 |

|  |  |
| --- | --- |
| (Unit: Thousand Baht) | |
|  | 2019 |
|  | Consolidated  and separate financial statements |
| Balance at beginning of the year | 158,914 |
| Add: Allowance for doubtful accounts | 110,522 |
| Add: Bad debt recoveries | 5,500 |
| Less: Written-off | (23,300) |
| Balance at end of the year | 251,636 |

15. Current investments/ Other current financial assets - trading securities

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | | | |
|  | Consolidated and separate financial statements | | | | | |
|  | 2020 | | | 2019 | | |
| Mutual fund | Unit | Cost | Fair value | Unit | Cost | Fair value |
|  | (Thousand) | (Thousand Baht) | (Thousand Baht) | (Thousand) | (Thousand Baht) | (Thousand Baht) |
| We Money Market Fund (R) | - | - | - | 42,572 | 430,000 | 430,200 |
| SCB Treasury Money Plus Open End Fund (Class I) | - | - | - | 26,768 | 300,000 | 299,998 |
|  |  | - | - |  | 730,000 | 730,198 |
| Add: Change in fair value |  | - |  |  | 198 |  |
| Total |  | - |  |  | 730,198 |  |

Movement of trading securities for the years ended 31 December 2020 and 2019 is summarised below.

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Consolidated and separate financial statements | |
|  | 2020 | 2019 |
| Balance at beginning of the year | 730,198 | - |
| Add: Cash paid for purchase of trading securities | 1,340,000 | 1,500,000 |
| Sales during the year - at cost |  |  |
| Proceeds from sales | (2,071,430) | (770,124) |
| Gain on sales | 1,232 | 124 |
| Total | (2,070,198) | (770,000) |
| Add: Gain on change in fair value | - | 198 |
| Balance at end of the year | - | 730,198 |

16. Restricted bank deposits

As at 31 December 2020, the Company had bank deposits subject to withdrawal restrictions of Baht 75 million (2019: Baht 47 million). Restricted bank deposits comprised bank deposits of Baht 1 million of which rights had been transferred to the Company by debtors and withdrawal restrictions were imposed by the bank granting credit facilities to the Company, and bank deposits of Baht 74 million that were used to secure bank guarantees issued by banks on behalf of the Company’s customers (2019: Baht 2 million and Baht 45 million, respectively).

17. Investments in subsidiaries

Detail of investments in subsidiaries as presented in separate financial statements is as follows:

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Subsidiary company | Paid up capital | | Shareholding percentage | | Investment value under cost method | | Dividend received during the years | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  |  |  | (%) | (%) |  |  |  |  |
| LIT Service Management Co., Ltd. | 10,000 | 5,000 | 100 | 100 | 10,000 | 5,000 | 50,000 | 15,000 |
| Ulite Digital Co., Ltd. | 10,000 | - | 100 | - | 10,000 | - | - | - |
| Total |  |  |  |  | 20,000 | 5,000 | 50,000 | 15,000 |

On 26 December 2019, the Extraordinary General Meeting of the Shareholders of LIT Service Management Co., Ltd. (the subsidiary) passed a special resolution to increase the subsidiary’s registered share capital from Baht 5 million (500,000 ordinary shares of Baht 10 each) to Baht 10 million (1,000,000 ordinary shares of Baht 10 each) by issuing 500,000 shares of Baht 10 each, and 100 percent of which were called up amounting to Baht 5 million. The subsidiary registered the increase of its share capital with the Ministry of Commerce on 7 January 2020 and the Company has already paid such share capital in full amount on 7 January 2020.

In addition, on 16 October 2020, the meeting of the Company’s Board of Directors No. 13/2020 approved to establish a new subsidiary (“Ulite Digital Co., Ltd.”) with registered share capital of Baht 10 million divided into 1,000,000 ordinary shares of Baht 10 each. The principal business operation of the subsidiary is engaged in providing installment trading business on electronic platform. The Company shareholding percentage is at 100% interest. The subsidiary was registered with the Ministry of Commerce on 5 November 2020 and the Company already paid such share capital in full amount on 5 November 2020.

18. Equipment

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | | |
|  | Building improvement | Furniture | Computers | Office equipment | Motor vehicles | Construction in progress | Total |
| **Cost** |  |  |  |  |  |  |  |
| 1 January 2019 | 5,231 | 818 | 10,342 | 3,239 | 6,493 | 519 | 26,642 |
| Additions | 34 | - | 344 | 1,573 | 9,249 | 12,374 | 23,574 |
| Transfer in/ (out) | 12,893 | - | - | - | - | (12,893) | - |
| Disposals/ write-offs | (5,230) | (118) | (508) | (4) | (6,493) | - | (12,353) |
| 31 December 2019 | 12,928 | 700 | 10,178 | 4,808 | 9,249 | - | 37,863 |
| Adjustment due to TFRS 16 adoption | - | - | - | - | (9,249) | - | (9,249) |
| 1 January 2020 | 12,928 | 700 | 10,178 | 4,808 | - | - | 28,614 |
| Additions | - | - | 644 | 233 | - | - | 877 |
| Write-offs | - | (293) | (470) | (341) | - | - | (1,104) |
| 31 December 2020 | 12,928 | 407 | 10,352 | 4,700 | - | - | 28,387 |
| **Accumulated depreciation** | |  |  |  |  |  |  |  |
| 1 January 2019 | 4,217 | 678 | 3,413 | 2,147 | 3,181 | - | 13,636 |
| Depreciation for the year | 2,608 | 79 | 2,876 | 688 | 954 | - | 7,205 |
| Depreciation for disposals/ write-offs | (5,230) | (118) | (508) | (2) | (3,319) | - | (9,177) |
| 31 December 2019 | 1,595 | 639 | 5,781 | 2,833 | 816 | - | 11,664 |
| Adjustment due to TFRS 16 adoption | - | - | - | - | (816) | - | (816) |
| 1 January 2020 | 1,595 | 639 | 5,781 | 2,833 | - | - | 10,848 |
| Depreciation for the year | 2,585 | 20 | 2,728 | 679 | - | - | 6,012 |
| Depreciation for write-offs | - | (293) | (468) | (322) | - | - | (1,083) |
| 31 December 2020 | 4,180 | 366 | 8,041 | 3,190 | - | - | 15,777 |
| **Net book value** |  |  |  |  |  |  |  |
| 31 December 2019 | 11,333 | 61 | 4,397 | 1,975 | 8,433 | - | 26,199 |
| 31 December 2020 | 8,748 | 41 | 2,311 | 1,510 | - | - | 12,610 |
| **Depreciation charge for the years** (Included in administrative expenses) | | | | |  |  |  |
| 2019 | |  |  |  |  |  | 7,205 |
| 2020 | |  |  |  |  |  | 6,012 |

(Unit: Thousand Baht)

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | | |
|  | Building improvement | Furniture | Computers | Office equipment | Motor vehicles | Construction in progress | Total |
| **Cost** |  |  |  |  |  |  |  |
| 1 January 2019 | 5,231 | 818 | 10,215 | 3,239 | 6,493 | 519 | 26,515 |
| Additions | 34 | - | 326 | 1,438 | 9,249 | 12,112 | 23,159 |
| Transfer in/ (out) | 12,631 | - | - | - | - | (12,631) | - |
| Disposals/ write-offs | (5,230) | (118) | (508) | (4) | (6,493) | - | (12,353) |
| 31 December 2019 | 12,666 | 700 | 10,033 | 4,673 | 9,249 | - | 37,321 |
| Adjustment due to TFRS 16 adoption | - | - | - | - | (9,249) | - | (9,249) |
| 1 January 2020 | 12,666 | 700 | 10,033 | 4,673 | - | - | 28,072 |
| Additions | - | - | 618 | 230 | - | - | 848 |
| Write-offs | - | (293) | (470) | (341) | - | - | (1,104) |
| 31 December 2020 | 12,666 | 407 | 10,181 | 4,562 | - | - | 27,816 |
| **Accumulated depreciation** | |  |  |  |  |  |  |  |
| 1 January 2019 | 4,217 | 678 | 3,409 | 2,147 | 3,181 | - | 13,632 |
| Depreciation for the year | 2,570 | 79 | 2,830 | 668 | 954 | - | 7,101 |
| Depreciation for disposals/ write-offs | (5,230) | (118) | (508) | (2) | (3,319) | - | (9,177) |
| 31 December 2019 | 1,557 | 639 | 5,731 | 2,813 | 816 | - | 11,556 |
| Adjustment due to TFRS 16 adoption | - | - | - | - | (816) | - | (816) |
| 1 January 2020 | 1,557 | 639 | 5,731 | 2,813 | - | - | 10,740 |
| Depreciation for the year | 2,534 | 20 | 2,675 | 652 | - | - | 5,881 |
| Depreciation for write-offs | - | (293) | (468) | (322) | - | - | (1,083) |
| 31 December 2020 | 4,091 | 366 | 7,938 | 3,143 | - | - | 15,538 |
| **Net book value** |  |  |  |  |  |  |  |
| 31 December 2019 | 11,109 | 61 | 4,302 | 1,860 | 8,433 | - | 25,765 |
| 31 December 2020 | 8,575 | 41 | 2,243 | 1,419 | - | - | 12,278 |
| **Depreciation charge for the years** (Included in administrative expenses) | | | |  |  |  |  |
| 2019 | | |  |  |  |  | 7,101 |
| 2020 | |  |  |  |  |  | 5,881 |

As at 31 December 2020, certain furniture, computers and office equipment have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 4.0 million (2019: Baht 4.1 million).

19. Intangible assets

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | Consolidated financial statements | | |
|  | Computer software | Computer software under installation | Total |
| **Cost** |  |  |  |
| 1 January 2019 | 4,777 | 5,106 | 9,883 |
| Additions | 95 | 3,618 | 3,713 |
| Write-offs | - | (4,497) | (4,497) |
| 31 December 2019 | 4,872 | 4,227 | 9,099 |
| Additions | 22 | 22,580 | 22,602 |
| Transfer in/ (out) | 8,202 | (8,202) | - |
| Write-offs | (243) | - | (243) |
| 31 December 2020 | 12,853 | 18,605 | 31,458 |
| **Accumulated amortisation** |  |  |  |
| 1 January 2019 | 1,597 | - | 1,597 |
| Amortisation for the year | 439 | - | 439 |
| 31 December 2019 | 2,036 | - | 2,036 |
| Amortisation for the year | 690 | - | 690 |
| Amortisation for write-offs | (124) | - | (124) |
| 31 December 2020 | 2,602 | - | 2,602 |
| **Net book value** |  |  |  |
| 31 December 2019 | 2,836 | 4,227 | 7,063 |
| 31 December 2020 | 10,251 | 18,605 | 28,856 |
| **Amortisation charge for the years** (included in administrative expenses) | |  |  |
| 2019 |  |  | 439 |
| 2020 |  |  | 690 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | Separate financial statements | | |
|  | Computer software | Computer software under installation | Total |
| **Cost** |  |  |  |
| 1 January 2019 | 4,777 | 5,106 | 9,883 |
| Additions | 95 | 3,618 | 3,713 |
| Write-offs | - | (4,497) | (4,497) |
| 31 December 2019 | 4,872 | 4,227 | 9,099 |
| Additions | 22 | 22,021 | 22,043 |
| Transfer in/ (out) | 7,843 | (7,843) | - |
| Write-offs | (243) | - | (243) |
| 31 December 2020 | 12,494 | 18,405 | 30,899 |
| **Accumulated amortisation** |  |  |  |
| 1 January 2019 | 1,597 | - | 1,597 |
| Amortisation for the year | 439 | - | 439 |
| 31 December 2019 | 2,036 | - | 2,036 |
| Amortisation for the year | 685 | - | 685 |
| Amortisation for write-offs | (124) | - | (124) |
| 31 December 2020 | 2,597 | - | 2,597 |
| **Net book value** |  |  |  |
| 31 December 2019 | 2,836 | 4,227 | 7,063 |
| 31 December 2020 | 9,897 | 18,405 | 28,302 |
| **Amortisation charge for the years** (included in administrative expenses) | | |  |
| 2019 |  |  | 439 |
| 2020 |  |  | 685 |

In 2019, the Company recorded write-off of computer software under installation for Baht 4.5 million due to change in new software development for the Company’s financial service operation. Partial computer software modules had already been completed and go-lived during the current year.

20. Income tax

20.1 Deferred tax assets

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| **Deferred tax assets** |  |  |  |  |
| Allowance for expected credit losses (2019: Allowance for doubtful debts) | 60,052 | 50,328 | 60,052 | 50,328 |
| Provision for long-term employee benefits | 2,159 | 1,913 | 2,094 | 1,867 |
| Leases | 85 | - | 62 | - |
| Deferred initial fees income from financial lease and hire-purchase contracts | 19 | 21 | 19 | 21 |
| Total | 62,315 | 52,262 | 62,227 | 52,216 |
| **Deferred tax liabilities** |  |  |  |  |
| Deferred commission expenses | (632) | (602) | (632) | (602) |
| Deferred expense on debenture issuance | (1,655) | (2,945) | (1,655) | (2,945) |
| Difference of income recognised under financial lease contracts | (6) | (26) | (6) | (26) |
| Total | (2,293) | (3,573) | (2,293) | (3,573) |
| **Deferred tax assets - net** | 60,022 | 48,689 | 59,934 | 48,643 |

20.2 Income tax expenses

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (Unit: Thousand Baht) | | | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| **Current income tax:** |  |  |  |  |
| Current income tax charge for the year | 39,315 | 45,092 | 30,462 | 31,437 |
| **Deferred tax:** |  |  |  |  |
| Relating to origination and reversal of temporary differences | 7,593 | (16,810) | 7,634 | (16,815) |
| **Income tax expenses reported in the statements of comprehensive income** | 46,908 | 28,282 | 38,096 | 14,622 |

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | (Unit: Thousand Baht) | | | | |
|  | | | Consolidated financial statements | | Separate financial statements | |
|  | | | 2020 | 2019 | 2020 | 2019 |
| Deferred tax relating to actuarial gain | | | - | (93) | - | (77) |

Reconciliations between accounting profit and income tax expenses for the years ended 31 December 2020 and 2019 are shown below.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  |  | (Unit: Thousand Baht) | | | | |
|  | | | Consolidated financial statements | | Separate financial statements | |
|  | | | 2020 | 2019 | 2020 | 2019 |
| Accounting profit before tax | | | 118,149 | 131,380 | 124,031 | 79,216 |
| Applicable tax rate | | | 20% | 20% | 20% | 20% |
| Accounting profit before tax multiplied by income tax rate | | | 23,630 | 26,276 | 24,806 | 15,843 |
| Effects of: | | |  |  |  |  |
| Bad debts written-off | | | 22,413 | 4,656 | 22,413 | 4,656 |
| Non-deductible expenses | | | 453 | 135 | 453 | 135 |
| Additional expense deductions allowed | | | (304) | (2,417) | (10,300) | (5,417) |
| Others | | | 716 | (368) | 724 | (595) |
| Total | | | 23,278 | 2,006 | 13,290 | (1,221) |
| Income tax expenses reported in the statements of comprehensive income | | | 46,908 | 28,282 | 38,096 | 14,622 |

21. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Interest rate | | Consolidated and separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
|  | (Percent per annum) | (Percent per annum) |  |  |
| Bank overdrafts | MOR + 0.25 | - | 7,915 | - |
| Short-term loans from financial institutions | 3.80, MOR - 1.75 | 4.50, MOR - 2.50 | 150,000 | 150,000 |
| Bills of exchanges | - | 4.60 - 5.20 | - | 100,000 |
| Total |  |  | 157,915 | 250,000 |
| Less: Deferred interest on bills of exchanges |  |  | - | (237) |
| Total |  |  | 157,915 | 249,763 |

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

22. Debentures

(Unit: Thousand Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | |  | Consolidated and separate financial statements | |
| No. | Date of issuance | | Conditions | 2020 | 2019 |
| 1. | 2 May 2017 | | Issued name registered, unsecured and unsubordinated debentures without a debenture holders’ representative, 3-year debentures at a coupon rate of 5.75% per annum with interest payable every 3 months | - | 85,000 |
| 2. | 22 August 2017 | | Issued name registered, unsecured and unsubordinated debentures without a debenture holders’ representative, 2.5-year debentures at a coupon rate of 6.00% per annum with interest payable every 3 months | - | 300,000 |
| 3. | 1 February 2018 | | Issued name registered, unsecured and unsubordinated debentures without a debenture holders’ representative, 2-year debentures at a coupon rate of 6.00% per annum with interest payable every 3 months | - | 315,000 |
| 4. | 21 March 2019 | | Issued name registered, unsecured and unsubordinated debentures without a debenture holders’ representative, 2-year debentures at a coupon rate of 6.25% per annum with interest payable every 3 months | 200,000 | 200,000 |
| 5. | 29 October 2019 | | Issued name registered, secured and unsubordinated debentures with a debenture holders’ representative, 1-year debentures at a coupon rate of 5.00% per annum with interest payable every 3 months | - | 150,000 |
| 6. | 19 December 2019 | | Issued name registered, secured and unsubordinated debentures with a debenture holders’ representative, 2-year debentures at a coupon rate of 5.25% per annum with interest payable every 3 months | 520,600 | 520,600 |
| 7. | 19 December 2019 | | Issued name registered, secured and unsubordinated debentures with a debenture holders’ representative, 3-year debentures at a coupon rate of 5.50% per annum with interest payable every 3 months | 393,000 | 393,000 |
| 8. | 13 November 2020 | | Issued name registered, unsecured and unsubordinated debentures with a debenture holders’ representative, 1-year debentures at a coupon rate of 5.75% per annum with interest payable every 3 months | 150,000 | - |
| Total | |  |  | 1,263,600 | 1,963,600 |
| Less: Deferred issuing expenses | | | | (8,276) | (14,724) |
| Debentures | | | | 1,255,324 | 1,948,876 |
| Less: Portion due within one year | | | | (865,586) | (847,967) |
| Debentures - net of current portion | | | | 389,738 | 1,100,909 |

Movements of the debenture account for the years ended 31 December 2020 and 2019 were summarised below.

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated and separate financial statements | |
|  | 2020 | 2019 |
| Balance at beginning of the year | 1,963,600 | 850,000 |
| Add: Increase during the year | 150,000 | 1,263,600 |
| Less: Redemption during the year | (850,000) | (150,000) |
| Balance at end of the year | 1,263,600 | 1,963,600 |

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

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

23. Liabilities under hire-purchase receivables agreements

The Company has loans in form of hire-purchase agreements, whereby it is committed to pay equal monthly installments throughout terms of the agreements. The terms of the agreements are generally between 24 periods (2019: 10 and 24 periods). The installment payments required under the hire-purchase agreements were as follows:

(Unit: Thousand Baht)

|  |  |  |
| --- | --- | --- |
|  | Consolidated and separate financial statements | |
|  | 2020 | 2019 |
| Liabilities under hire-purchase receivables agreements | 5,361 | 79,233 |
| Less: Deferred interest expenses | (55) | (1,335) |
| Total | 5,306 | 77,898 |
| Less: Portion due within one year | (5,306) | (72,592) |
| Liabilities under hire-purchase receivables agreements - net of current portion | - | 5,306 |

**24. Leases**

**The Group as a lessee**

The Group has lease contracts for various items of property, plant, and equipment used in its operations. Leases generally have lease terms between 3 - 4 years.

1. **Right-of-use assets**

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

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | Consolidated financial statements | | |
|  | Office building | Motor vehicles | Total |
| 1 January 2020 | 16,435 | 8,433 | 24,868 |
| Depreciation for the year | (3,287) | (926) | (4,213) |
| 31 December 2020 | 13,148 | 7,507 | 20,655 |

|  |  |  |  |
| --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | |
|  | Separate financial statements | | |
|  | Office building | Motor vehicles | Total |
| 1 January 2020 | 13,647 | 8,433 | 22,080 |
| Depreciation for the year | (2,729) | (926) | (3,655) |
| 31 December 2020 | 10,918 | 7,507 | 18,425 |

1. **Lease liabilities**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | (Unit: Thousand Baht) | |
|  | Consolidated  financial statements | | Separate  financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Lease payments | 18,014 | 5,589 | 15,478 | 5,589 |
| Less: Deferred interest expenses | (1,675) | (500) | (1,416) | (500) |
| Total | 16,339 | 5,089 | 14,062 | 5,089 |
| Less: Portion due within one year | (5,255) | (2,191) | (4,769) | (2,191) |
| Lease liabilities - net of current portion | 11,084 | 2,898 | 9,293 | 2,898 |

A maturity analysis of lease payments is disclosed in Note 39.3 under the liquidity risk.

1. **Expenses relating to leases that are recognised in profit or loss**

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | For the year ended 31 December 2020 | |
|  | Consolidated  financial statements | Separate  financial statements |
| Depreciation expense of right-of-use assets | 4,213 | 3,655 |
| Interest expense on lease liabilities | 1,124 | 991 |

1. **Others**

The Group had total cash outflows for leases for the year ended 31 December 2020 of Baht 5.9 million.

25. Other financial liabilities

The balance of other financial liabilities as at 31 December 2020 is as follows:

|  |  |  |
| --- | --- | --- |
|  | (Unit: Thousand Baht) | |
|  | Consolidated financial statements | Separate financial statements |
| **Other current financial liabilities** |  |  |
| Bid bonds deposit financial awaiting for return to customers - current portion | 31,155 | 31,155 |
| Cash receipt awaiting for return to receivables | 24,163 | 23,846 |
| Credit deposit | 9,449 | 9,449 |
| Total | 64,767 | 64,450 |
| **Other non-current financial liabilities** |  |  |
| Bid bonds deposit awaiting for return to customers - net of current portion | 12,113 | 12,113 |
| Total | 12,113 | 12,113 |
| **Total other financial liabilities** | 76,880 | 76,563 |

As at 31 December 2020, the Company had bid bonds deposit awaiting for return to customers of Baht 43 million (2019: Baht 21 million) which arose from the Company being a guarantor with a bank that issued bank guarantees for bid bonds on behalf of the Company’s customers.

26. Provision for long-term employee benefits

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

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Thousand Baht) | | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Provision for long-term employee benefits at beginning of year | 9,646 | 6,302 | 9,336 | 6,124 |
| Amount included in profit or loss: |  |  |  |  |
| Current service costs | 1,101 | 760 | 1,012 | 710 |
| Interest costs | 128 | 166 | 122 | 160 |
| Past service costs | - | 1,953 | - | 1,956 |
| Amount included in other comprehensive income: |  |  |  |  |
| Actuarial (gain) loss arising from |  |  |  |  |
| Demographic assumptions changes | - | (311) | - | (257) |
| Financial assumptions changes | - | 391 | - | 348 |
| Experience adjustments | - | 385 | - | 295 |
| Total | 10,875 | 9,646 | 10,470 | 9,336 |
| Less: Portion due within one year | (6,220) | - | (6,220) | - |
| Provision for long-term employee benefits | 4,655 | 9,646 | 4,250 | 9,336 |

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days’ compensation at the latest wage rate. The law was effective from 5 May 2019. This change is considered as a post-employment benefits plan amendment and caused the Group has additional long-term employee benefit liabilities of Baht 1.96 million (The Company only: Baht 1.96 million) as a result. The Group reflected the effect of the change by recognising past service costs as expenses in the statements of comprehensive income for the year 2019.

The Company has obligation relating to long-term employee benefits to be paid within one year for Baht 6.2 million which was included in other current liabilities.

As at 31 December 2020 and 2019, the weighted average duration of the liabilities for long-term employee benefits is approximately 13.3 years.

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

|  |  |  |
| --- | --- | --- |
|  | Consolidated and separate financial statements | |
|  | 2020 | 2019 |
| Discount rate | 1.7 | 1.7 |
| Future salary increase rate | 5.5 | 5.5 |
| Employee turnover rate (depending on age of employees) | 10.0 - 30.0 | 10.0 - 30.0 |

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at 31 December 2020 and 2019 are summarised below:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | As at 31 December 2020 | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | Increase 1% | Decrease 1% | Increase 1% | Decrease 1% |
| Discount rate | (0.5) | 0.5 | (0.4) | 0.5 |
| Salary increase rate | 0.6 | (0.5) | 0.5 | (0.5) |
| Employee turnover rate (20 of based assumption) | (0.4) | 0.7 | (0.3) | 0.6 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | As at 31 December 2019 | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | Increase 1% | Decrease 1% | Increase 1% | Decrease 1% |
| Discount rate | (0.5) | 0.5 | (0.4) | 0.5 |
| Salary increase rate | 0.5 | (0.4) | 0.4 | (0.4) |
| Employee turnover rate (20 of based assumption) | (0.4) | 0.5 | (0.3) | 0.5 |

27. Share capital

27.1 Additional share subscription from exercises of warrants

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Year | Warrants | Ordinary shares | Exercise price | Amount |
|  | (units) | (shares) | (Baht/share) | (Thousand Baht) |
| 2019 | 1,461,100 | 730,550 | 4 | 2,922 |
| 2020 | (No exercise of warrants) | | | |

As at 31 December 2019, the Company’s paid-up capital increased from Baht 220,718,906 to Baht 221,449,456 and share premium increased by Baht 5,844,400 as a result of the exercised share warrants.

27.2 Reconciliation of number of ordinary shares

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

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Registered capital | | Paid-up capital | |  |
|  | Number of ordinary shares | Amount | Number of ordinary shares | Amount | Share premium |
|  | (Thousand shares) | (Thousand Baht) | (Thousand shares) | (Thousand Baht) | (Thousand Baht) |
| As at 1 January 2019 | 300,000 | 300,000 | 220,719 | 220,719 | 76,473 |
| Increase from exercised warrants | - | - | 730 | 730 | 5,845 |
| As at 31 December 2019 | 300,000 | 300,000 | 221,449 | 221,449 | 82,318 |
| As at 31 December 2020 | 300,000 | 300,000 | 221,449 | 221,449 | 82,318 |

28. Warrants

On 26 April 2017, the Company issued and allocated 160,000,000 units of warrants for rights to purchase the Company’s ordinary shares No. 1 (LIT-W1) to the existing shareholders of the Company. Details are as follows:

|  |  |
| --- | --- |
| Type | Name registered and transferrable |
| Offering price per unit | Baht 2.50 |
| Maturity of warrants | 5 years from the date of issuance |
| Exercise price | Baht 4.00 per share, subject to change in accordance with the conditions of rights adjustments |
| Conversion ratio | 1 ordinary share per 2 warrants, subject to change in accordance with the conditions of rights adjustments |
| Conditions and period of exercise | 1. Exercises of the warrants can be made on the 25th of January, April, July and October of each year throughout the term of the warrants, with the first exercise date on 25 July 2017, and the warrant holders have to deliver notification of their intention to exercise the warrants at least 5 business days prior to each exercise date. The final exercise date is 25 April 2022 and warrant holders have to deliver notification of their intention to exercise the warrants at least 15 business days prior to this final exercise date. |
|  | 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. |
|  | 1. Unexercised warrants can be accumulated to exercise during the next exercise period, until the maturity of the warrants. |

During the current year, no warrant had been exercised; therefore, as at 31 December 2020 and 2019, there were 157,100,152 units unexercised warrants outstanding, calculating to a value of Baht 392.75 million.

29. Statutory reserve

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

30. Interest incomes

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  |  | | Consolidated and separate financial statements | |
|  |  |  | 2020 | 2019 |
| Interest incomes from |  |  |  |  |
| Loan contracts |  |  | 121,192 | 143,304 |
| Factoring contracts |  |  | 108,605 | 117,305 |
| Financial lease contracts |  |  | 9,075 | 13,606 |
| Hire-purchase contracts |  |  | 9,860 | 16,715 |
| Total interest incomes |  |  | 248,732 | 290,930 |

31. Fee and service incomes

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Fee and service incomes from |  |  |  |  |
| Loan contracts | 58,815 | 84,950 | 1,295 | 7,730 |
| Factoring contracts | 49,569 | 41,255 | 49,569 | 32,475 |
| Financial lease contracts | 381 | 233 | 381 | 233 |
| Hire-purchase contracts | 44 | 56 | 44 | 56 |
| Letters of guarantee | 9,965 | 13,517 | 9,965 | 13,517 |
| Letters of credit | - | 1,251 | - | 1,251 |
| Others | 22 | 22 | 22 | 22 |
| Total fee and service incomes | 118,796 | 141,284 | 61,276 | 55,284 |

32. Other incomes

(Unit: Thousand Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
|  |  |  |  |  |
| Revenues from sales | 10,044 | 5,134 | 10,044 | 5,134 |
| Costs of sales | (8,512) | (4,359) | (8,512) | (4,359) |
| Net of revenues and costs | 1,532 | 775 | 1,532 | 775 |
| Dividend income from subsidiary | - | - | 50,000 | 15,000 |
| Interest incomes from late payment | 23,635 | 17,896 | 23,635 | 17,896 |
| Gain from sales of trading securities | 1,232 | 124 | 1,232 | 124 |
| Others | 2,497 | 5,595 | 2,436 | 5,374 |
| Total other incomes | 28,896 | 24,390 | 78,835 | 39,169 |

The net of revenues and costs is a service performed for goods procurement and supply to customers which is presented at net amount between sales and cost of sales and is shown as other incomes in the statements of comprehensive income.

33. Expenses by nature

Significant expenses classified by nature are as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | (Unit: Thousand Baht) | | | |
|  | Consolidated financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Salaries and other employee benefits | 85,057 | 89,088 | 73,142 | 72,134 |
| Expected credit losses (2019: Bad debts and doubtful accounts) | 66,063 | 110,522 | 66,062 | 110,522 |
| Lease and services expenses | 4,835 | 12,926 | 4,167 | 11,457 |
| Legal advisor fees | 4,302 | 3,215 | 3,742 | 2,735 |
| Special business tax | 9,937 | 10,426 | 9,937 | 10,426 |
| Financial management fees | 2,454 | 4,828 | 2,429 | 4,740 |
| Depreciation and amortisation | 10,915 | 7,643 | 10,221 | 7,540 |

34. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares issued during the year.

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

As at 31 December 2020, the warrants are excluded from the potential ordinary shares since their exercise price is in excess of the fair value of the ordinary shares.

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

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Consolidated financial statements | | | | | |
|  |  | | Weighted average number | |  | |
|  | Profit for the year | | of ordinary shares | | Earnings per share | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  | (Thousand Baht) | (Thousand Baht) | (Thousand shares) | (Thousand shares) | (Baht) | (Baht) |
| **Basic earnings per share** |  |  |  |  |  |  |
| Profit for the year | 71,241 | 103,098 | 221,449 | 221,221 | 0.32 | 0.47 |
| **Effect of dilutive potential ordinary shares** |  |  |  |  |  |  |
| Warrants (LIT-W1) | - | - | - | 20,834 |  |  |
| **Diluted earnings per share** |  |  |  |  |  |  |
| Profit for the year - assuming the conversion of dilutive potential ordinary shares | 71,241 | 103,098 | 221,449 | 242,055 | 0.32 | 0.43 |

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | Separate financial statements | | | | | |
|  |  | | Weighted average number | |  | |
|  | Profit for the year | | of ordinary shares | | Earnings per share | |
|  | 2020 | 2019 | 2020 | 2019 | 2020 | 2019 |
|  | (Thousand Baht) | (Thousand Baht) | (Thousand shares) | (Thousand shares) | (Baht) | (Baht) |
| **Basic earnings per share** |  |  |  |  |  |  |
| Profit for the year | 85,935 | 64,594 | 221,449 | 221,221 | 0.39 | 0.29 |
| **Effect of dilutive potential ordinary shares** |  |  |  |  |  |  |
| Warrants (LIT-W1) | - | - | - | 20,834 |  |  |
| **Diluted earnings per share** |  |  |  |  |  |  |
| Profit for the year - assuming the conversion of dilutive potential ordinary shares | 85,935 | 64,594 | 221,449 | 242,055 | 0.39 | 0.27 |

35. Dividend payment

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Dividend | Approved by | Dividend per share | Amounts of dividend paid | Dividend payment period |
|  |  | (Baht per share) | (Thousand Baht) |  |
| **For the year 2020** |  |  |  |  |
| The interim dividend in respect of operation income for 2019 | Board of Directors' meeting on 1 April 2020 | 0.24 | 53,148 | April 2020 |
| **For the year 2019** |  |  |  |  |
| Dividend for 2018 | Annual General Meeting of the shareholders on 19 April 2019 | 0.33 | 72,837 | May 2019 |

36. Provident fund

The Group and its employees jointly registered a provident fund scheme under Provident Fund Act B.E. 2530. The fund is monthly contributed by the employees at the rate of 5 percent of their basic salaries and by the Group at the same rate. The fund is managed by SCB Asset Management Company Limited and will be paid to the employees upon termination in accordance with the rules of the fund. The contributions for the years 2020 and 2019 amounting to Baht 1.47 million and Baht 1.23 million, respectively, were recognised as expenses for the Group (The Company only: Baht 1.28 million and Baht 1.09 million, respectively).

37. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Group is organised into business units based on its services and has two reportable segments as follows:

1. Financial services in various forms such as hire-purchase, financial leases, factoring from selling and service, loans and goods procurement for supply to customers.

2. Credit information services and analysis including credit management project.

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

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

Revenue and profit, and total assets and total liabilities information regarding the Group’s operating segments for the years ended 31 December 2020 and 2019 are as follows.

.

37.1 Results of operations separated by business segment

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

|  | (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- | --- |
|  | | 2019 | | | |
|  | | Financial services in various forms | Credit information services and analysis | Elimination of transaction | Consolidated financial statements |
| **Revenue** | |  |  |  |  |
| Revenues from customers | |  |  |  |  |
| * Interest incomes | | 290,930 | - | - | 290,930 |
| * Fee and service incomes | | 55,284 | 86,000 | - | 141,284 |
| Other incomes | | 24,169 | 640 | (419) | 24,390 |
| **Total revenues** | | 370,383 | 86,640 | (419) | 456,604 |
| Finance cost | | (84,397) | - | 419 | (83,978) |
| Service expenses | | (23,037) | (17,245) | - | (40,282) |
| Administrative expenses | | (88,211) | (2,231) | - | (90,442) |
| Bad debts and doubtful accounts | | (110,522) | - | - | (110,522) |
| Income tax expenses | | (14,622) | (13,660) | - | (28,282) |
| **Profit for the year** | | 49,594 | 53,504 | - | 103,098 |

37.2 Assets and liabilities separated by business segment

|  | (Unit: Thousand Baht) | | | | |
| --- | --- | --- | --- | --- | --- |
|  | | Financial services in various forms | Credit information service and analysis | Elimination of transaction | Consolidated financial statements |
| **Segment assets** | |  |  |  |  |
| 31 December 2020 | | 2,658,808 | 66,667 | (74,691) | 2,644,784 |
| 31 December 2019 | | 3,553,301 | 69,197 | (71,753) | 3,550,745 |
|  | |  |  |  |  |
| **Segment liabilities** | |  |  |  |  |
| 31 December 2020 | | 1,615,511 | 9,013 | (54,691) | 1,569,833 |
| 31 December 2019 | | 2,476,986 | 7,953 | (66,753) | 2,418,186 |

Geographic information

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

Major customers

For the years 2020 and 2019, the Group has no major customer with revenue of 10 percent or more of an entity’s revenues.

38. Commitments and contingent liabilities

As of 31 December 2020 and 2019, the Group has commitments other than those disclosed in other notes as follows:

38.1 Capital commitments

As at 31 December 2020, the Group had capital commitments of Baht 5.3 million and the Company only of Baht 5.1 million relating to the development and installation of the Company’s credit business and operating information technology system (2019: The Company only: Baht 21.9 million).

38.2 Service commitments

The Group have entered into several agreements in respect of other services. The terms of the agreements are generally between 1 and 3 years.

As at 31 December 2020 and 2019, The Group has future minimum payments from service agreements as follows:

(Unit: Million Baht)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Consolidated  financial statements | | Separate financial statements | |
|  | 2020 | 2019 | 2020 | 2019 |
| Payable |  |  |  |  |
| In up to 1 year | 5.4 | 4.5 | 3.8 | 3.9 |
| In over 1 and up to 3 years | 0.3 | 3.6 | 0.1 | 3.0 |

38.3 Guarantees

As at 31 December 2020, the Company had commitments of approximately Baht 113 million (2019: Baht 96 million) as a result of its guarantees to banks on behalf of customers to whom the banks issued bank guarantees for bid bonds. The Company has pledged deposits of Baht 74 million (2019: Baht 45 million) to secure these bank guarantees as Note 16.

38.4 Employee Joint Investment Program

In 2018, the Group began an Employee Joint Investment Program (“the EJIP”), with a program life of 3 years starting from 1 April 2018 to 31 March 2021. This program is a staff benefit which supports employees of the Group who meet certain criteria and voluntarily join the EJIP to invest in the Company’s shares. Employees who are EJIP participants have an obligation to pay monthly contributions at the rate of 10% of their basic salaries, but not exceeding Baht 100,000 per month and the Group is obliged to monthly contribute the same amount. For the year 2020, the amounts contributed by the Group of Baht 1.47 million (2019: Baht 1.48 million) and the Company only of Baht 1.33 million (2019: Baht 1.34 million) were presented under personnel expenses.

39. Financial instruments

Financial risk management objectives and policies

The Group’s financial instruments, principally comprise cash and cash equivalents, other current financial assets, trade and other receivables, loan receivables, factoring receivables, financial lease receivables, hire-purchase receivables, restricted bank deposits, bank overdrafts and short-term loans, trade and other payables, long-term loans, debentures, and financial liabilities. The financial risks associated with these financial instruments and how they are managed is described below.

39.1 Credit risk

The Group is exposed to credit risk primarily with respect to trade and other receivables, loan receivables, factoring receivables, financial lease receivables and hire-purchase receivables which is the risk that a counterparty or a borrower fails to comply with conditions and covenants stated in the agreement resulting in non-performing debt and adverse effect over the Group’s income and capital fund. The Group manages the risk, adopting appropriate credit control policies and procedures, evaluating credit analysis from customers’ information and monitoring status of customers on a continuous basis. The maximum exposure to credit risk is limited to the carrying amounts of receivables net of allowance for expected credit losses stated in the statements of financial position.

The Group reviews expected credit losses model which is in compliance with TFRS 9 related to the impairment of financial assets by continually reviewing numbers and information used in calculation to ensure that the model is appropriate.

**The maximum exposure to credit risk of financial assets**

The maximum exposure to credit risk is gross carrying amounts of financial assets before the effect of mitigation through use of collateral arrangements and any operations to increase creditability. For financial assets recognised in the statements of financial position, the maximum exposure to credit risk equals their gross carrying amounts before deducting allowance for expected credit losses.

**Credit quality analysis**

The Group presents the table of credit quality of financial assets exposed to credit risk in Note 9 -14 to the financial statements.

Financial instruments and cash deposits

The Group manages the credit risk from balances with banks and financial institutions by making investments only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group’s Board of Directors on an annual basis, and may be updated throughout the year subject to approval of the Group’s Executive Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty’s potential failure to make payments.

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

39.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rate and securities price may have an effect on the financial positions of the Group. As the Group has no assets or liabilities denominated in foreign currencies and no investments in market securities; therefore, the Group only has interest rate risk.

**Interest rate risk**

The Group has interest rate risk which is the risk that the value of financial instruments will fluctuate as a result of changes in market interest rates. The Group manages the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels.

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

(Unit: Million Baht)

|  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 | | | | | | |
|  | Fixed interest rate | | Floating | Non- |  | |  |
|  | Within | Over 1- | interest | interest |  | | Interest rate |
|  | 1 year | 5 years | rate | bearing | Total | | per contract |
|  |  | | | | | (% p.a.) | |
| **Financial assets** |  |  |  |  |  | |  |
| Cash and cash equivalents | - | - | 5 | 42 | 47 | | 0.05 - 0.13 |
| Trade and other receivables | - | - | - | 5 | 5 | | - |
| Loan receivables | 816 | 418 | - | - | 1,234 | | 7.50 - 15.00 |
| Factoring receivables | 900 | 52 | - | - | 952 | | 13.50 - 15.00 |
| Financial lease receivables | 53 | 47 | - | - | 100 | | 6.00 - 7.82 |
| Hire-purchase receivables | 84 | 20 | - | - | 104 | | 5.35 - 7.50 |
| Restricted bank deposits | - | 74 | 1 | - | 75 | | 0.13 - 0.80 |
| **Financial liabilities** |  |  |  |  |  | |  |
| Bank overdrafts and short-term loans from financial institutions | 100 | - | 58 | - | 158 | | Note 21 |
| Trade and other payables | - | - | - | 3 | 3 | | - |
| Debentures | 865 | 390 | - | - | 1,255 | | 5.25 - 6.25 |
| Liabilities under hire-purchase receivables agreements | 5 | - | - | - | 5 | | 1.99 |
| Lease liabilities | 5 | 11 | - | - | 16 | | 1.99 - 4.91 |
| Other financial liabilities | - | - | - | 77 | 77 | | - |

(Unit: Million Baht)

|  | Consolidated financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 | | | | | | |
|  | Fixed interest rate | | Floating | Non- |  | |  |
|  | Within | Over 1- | interest | interest |  | | Interest rate |
|  | 1 year | 5 years | rate | bearing | Total | | per contract |
|  |  | | | | | (% p.a.) | |
| **Financial assets** |  |  |  |  |  | |  |
| Cash and cash equivalents | - | - | 108 | 128 | 236 | | 0.10 - 0.50 |
| Current investments | - | - | - | 730 | 730 | | - |
| Trade and other receivables | - | - | - | 35 | 35 | | - |
| Loan receivables | 878 | 322 | - | - | 1,200 | | 6.50 - 15.00 |
| Factoring receivables | 940 | 41 | - | - | 981 | | 13.70 - 15.00 |
| Financial lease receivables | 70 | 44 | - | - | 114 | | 6.00 - 7.50 |
| Hire-purchase receivables | 95 | 20 | - | - | 115 | | 4.75 - 7.50 |
| Restricted bank deposits | - | 45 | 2 | - | 47 | | 0.38 - 1.05 |
| **Financial liabilities** |  |  |  |  |  | |  |
| Bank overdrafts and short-term loans from financial institutions | 100 | - | 150 | - | 250 | | Note 21 |
| Trade and other payables | - | - | - | 1 | 1 | | - |
| Debentures | 848 | 1,101 | - | - | 1,949 | | 5.00 - 6.25 |
| Liabilities under hire-purchase agreements | 73 | 5 | - | - | 78 | | 1.94 - 2.60 |
| Liabilities under financial lease agreements | 2 | 3 | - | - | 5 | | 1.99 - 4.91 |

(Unit: Million Baht)

|  | Separate financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2020 | | | | | | |
|  | Fixed interest rate | | Floating | Non- |  | |  |
|  | Within | Over 1- | interest | interest |  | | Interest rate |
|  | 1 year | 5 years | rate | bearing | Total | | per contract |
|  |  | | | | | (% p.a.) | |
| **Financial assets** |  |  |  |  |  | |  |
| Cash and cash equivalents | - | - | 5 | 29 | 34 | | 0.05 - 0.13 |
| Trade and other receivables | - | - | - | 6 | 6 | | - |
| Loan receivables | 816 | 418 | - | - | 1,234 | | 7.50 - 15.00 |
| Factoring receivables | 900 | 52 | - | - | 952 | | 13.50 - 15.00 |
| Financial lease receivables | 53 | 47 | - | - | 100 | | 6.00 - 7.82 |
| Hire-purchase receivables | 84 | 20 | - | - | 104 | | 5.35 - 7.50 |
| Restricted bank deposits | - | 74 | 1 | - | 75 | | 0.13 - 0.80 |
| **Financial liabilities** |  |  |  |  |  | |  |
| Bank overdrafts and short-term loans from financial institutions | 100 | - | 58 | - | 158 | | Note 21 |
| Trade and other payables | - | - | - | 3 | 3 | | - |
| Short-term loans from subsidiary | 54 | - | - | - | 54 | | 1.50 |
| Debentures | 865 | 390 | - | - | 1,255 | | 5.25 - 6.25 |
| Liabilities under hire-purchase receivables agreements | 5 | - | - | - | 5 | | 1.99 |
| Lease liabilities | 5 | 9 | - | - | 14 | | 1.99 - 4.91 |
| Other financial liabilities | - | - | - | 77 | 77 | | - |

(Unit: Million Baht)

|  | Separate financial statements | | | | | | |
| --- | --- | --- | --- | --- | --- | --- | --- |
|  | 2019 | | | | | | |
|  | Fixed interest rate | | Floating | Non- |  | |  |
|  | Within | Over 1- | interest | interest |  | | Interest rate |
|  | 1 year | 5 years | rate | bearing | Total | | per contract |
|  |  | | | | | (% p.a.) | |
| **Financial assets** |  |  |  |  |  | |  |
| Cash and cash equivalents | - | - | 106 | 128 | 234 | | 0.10 - 0.50 |
| Current investments | - | - | - | 730 | 730 | | - |
| Trade and other receivables | - | - | - | 36 | 36 | | - |
| Loan receivables | 878 | 322 | - | - | 1,200 | | 6.50 - 15.00 |
| Factoring receivables | 940 | 41 | - | - | 981 | | 13.70 - 15.00 |
| Financial lease receivables | 70 | 44 | - | - | 114 | | 6.00 - 7.50 |
| Hire-purchase receivables | 95 | 20 | - | - | 115 | | 4.75 - 7.50 |
| Restricted bank deposits | - | 45 | 2 | - | 47 | | 0.38 - 1.05 |
| **Financial liabilities** |  |  |  |  |  | |  |
| Bank overdrafts and short-term loans from financial institutions | 100 | - | 150 | - | 250 | | Note 21 |
| Trade and other payables | - | - | - | 1 | 1 | | - |
| Short-term loans from subsidiary | 66 | - | - | - | 66 | | 1.50 |
| Debentures | 848 | 1,101 | - | - | 1,949 | | 5.00 - 6.25 |
| Liabilities under hire-purchase agreements | 73 | 5 | - | - | 78 | | 1.94 - 2.60 |
| Liabilities under financial lease agreements | 2 | 3 | - | - | 5 | | 1.99 - 4.91 |

39.3 Liquidity risk

Liquidity risk is the risk that the Group will be unable to liquidate their financial assets and/or procure sufficient funds in a timely manner to discharge their debts obligations on due date or acquiring funds at a higher unacceptable cost thus affecting the Group’s income and capital fund at present and in the future.

The Group manages liquidity risk by means of appropriate structuring of short-term and long-term sources of capital. In addition, the Group has a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements.

The table below summarises the maturity profit of the Group’s non-derivative financial instruments as at 31 December 2020 based on contractual undiscounted cash flows:

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | Consolidated financial statements | | | |
|  | | On  demand | Less than 1 year | 1 to 5  years | Total |
| **Non-derivatives** |  |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | | 8 | 150 | - | 158 |
| Trade and other payables |  | - | 3 | - | 3 |
| Debentures |  | - | 865 | 390 | 1,255 |
| Liabilities under hire-purchase receivables agreements | | - | 5 | - | 5 |
| Lease liabilities |  | - | 5 | 11 | 16 |
| Other financial liabilities |  | - | 65 | 12 | 77 |
| **Total non-derivatives** |  | 8 | 1,093 | 413 | 1,514 |

(Unit: Million Baht)

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  | Separate financial statements | | | |
|  | | On  demand | Less than 1 year | 1 to 5  years | Total |
| **Non-derivatives** |  |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | | 8 | 150 | - | 158 |
| Trade and other payables |  | - | 3 | - | 3 |
| Short-term loans from subsidiary |  | 54 | - | - | 54 |
| Debentures |  | - | 865 | 390 | 1,255 |
| Liabilities under hire-purchase receivables agreements | | - | 5 | - | 5 |
| Lease liabilities |  | - | 5 | 9 | 14 |
| Other financial liabilities |  | - | 65 | 12 | 77 |
| **Total non-derivatives** |  | 62 | 1,093 | 411 | 1,566 |

**39.4 Fair value of financial instruments**

As of 31 December 2020, the Company had no assets that were measured at fair value using different levels of inputs.

As of 31 December 2019, the Company had the following assets that were measured at fair value using different levels of inputs as follows:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | |
|  | Consolidated and separate financial statements | | | |
|  | 31 December 2019 | | | |
|  | Level 1 | Level 2 | Level 3 | Total |
| **Financial assets measured at fair value** |  |  |  |  |
| Current investments | - | 730 | - | 730 |

As at 31 December 2020 and 2019, the Group had financial assets and liabilities that measured at cost, and of which fair values have to be disclosed using different levels of inputs as follows:

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | | |
|  | Consolidated financial statements | | | | |
|  | 2020 | | | | |
|  | Book | Fair value | | | |
|  | value | Level 1 | Level 2 | Level 3 | Total |
| **Assets for which fair value are disclosed** | |  |  |  |  |
| Cash and cash equivalents | 47 | 47 | - | - | 47 |
| Trade and other receivables | 5 | - | 5 | - | 5 |
| Loan receivables | 1,234 | - | 1,234 | - | 1,234 |
| Factoring receivables | 952 | - | 952 | - | 952 |
| Financial lease receivables | 100 | - | - | 106 | 106 |
| Hire-purchase receivables | 104 | - | - | 100 | 100 |
| Restricted bank deposits | 75 | 1 | 74 | - | 75 |
| **Liabilities for which fair value are disclosed** | |  |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | 158 | 8 | 150 | - | 158 |
| Trade and other payables | 3 | - | 3 | - | 3 |
| Debentures | 1,255 | - | 1,268 | - | 1,268 |
| Liabilities under hire-purchase receivables agreements | 5 | - | - | 5 | 5 |
| Lease liabilities | 16 | - | - | 14 | 14 |
| Other financial liabilities | 77 | - | 77 | - | 77 |
| (Unit: Million Baht) | | | | | |
|  | Consolidated financial statements | | | | |
|  | 2019 | | | | |
|  | Book | Fair value | | | |
|  | value | Level 1 | Level 2 | Level 3 | Total |
| **Assets for which fair value are disclosed** | |  |  |  |  |
| Cash and cash equivalents | 236 | 236 | - | - | 236 |
| Trade and other receivables | 35 | - | 35 | - | 35 |
| Loan receivables | 1,200 | - | 1,200 | - | 1,200 |
| Factoring receivables | 981 | - | 981 | - | 981 |
| Financial lease receivables | 114 | - | - | 116 | 116 |
| Hire-purchase receivables | 115 | - | - | 101 | 101 |
| Restricted bank deposits | 47 | 2 | 45 | - | 47 |
| **Liabilities for which fair value are disclosed** | |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | 250 | - | 250 | - | 250 |
| Trade and other payables | 1 | - | 1 | - | 1 |
| Debentures | 1,949 | - | 1,966 | - | 1,966 |
| Liabilities under hire-purchase agreements | 78 | - | - | 70 | 70 |
| Liabilities under financial lease agreements | 5 | - | - | 4 | 4 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| (Unit: Million Baht) | | | | | |
|  | Separate financial statements | | | | |
|  | 2020 | | | | |
|  | Book | Fair value | | | |
|  | value | Level 1 | Level 2 | Level 3 | Total |
| **Assets for which fair value are disclosed** | |  |  |  |  |
| Cash and cash equivalents | 34 | 34 | - | - | 34 |
| Trade and other receivables | 6 | - | 6 | - | 6 |
| Loan receivables | 1,234 | - | 1,234 | - | 1,234 |
| Factoring receivables | 952 | - | 952 | - | 952 |
| Financial lease receivables | 100 | - | - | 106 | 106 |
| Hire-purchase receivables | 104 | - | - | 100 | 100 |
| Restricted bank deposits | 75 | 1 | 74 | - | 75 |
| **Liabilities for which fair value are disclosed** | |  |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | 158 | 8 | 150 | - | 158 |
| Trade and other payables | 3 | - | 3 | - | 3 |
| Debentures | 1,255 | - | 1,268 | - | 1,268 |
| Liabilities under hire-purchase receivables agreements | 5 | - | - | 5 | 5 |
| Lease liabilities | 14 | - | - | 12 | 12 |
| Other financial liabilities | 77 | - | 77 | - | 77 |
| (Unit: Million Baht) | | | | | |
|  | Separate financial statements | | | | |
|  | 2019 | | | | |
|  | Book | Fair value | | | |
|  | value | Level 1 | Level 2 | Level 3 | Total |
| **Assets for which fair value are disclosed** | |  |  |  |  |
| Cash and cash equivalents | 234 | 234 | - | - | 234 |
| Trade and other receivables | 36 | - | 36 | - | 36 |
| Loan receivables | 1,200 | - | 1,200 | - | 1,200 |
| Factoring receivables | 981 | - | 981 | - | 981 |
| Financial lease receivables | 114 | - | - | 116 | 116 |
| Hire-purchase receivables | 115 | - | - | 101 | 101 |
| Restricted bank deposits | 47 | 2 | 45 | - | 47 |
| **Liabilities for which fair value are disclosed** | |  |  |  |  |
| Bank overdrafts and short-term loans from financial institutions | 250 | - | 250 | - | 250 |
| Trade and other payables | 1 | - | 1 | - | 1 |
| Debentures | 1,949 | - | 1,966 | - | 1,966 |
| Liabilities under hire-purchase agreements | 78 | - | - | 70 | 70 |
| Liabilities under financial lease agreements | 5 | - | - | 4 | 4 |

Fair value hierarchy of financial assets and liabilities as at 31 December 2020 and 2019 has been prepared in accordance with Notes 5.16 to the financial statements.

As at 31 December 2020 and 2019, the methods and assumptions used by the Group in estimating the fair values of financial instruments are as follows:

1. For financial assets and liabilities with short-term maturity, including cash and cash equivalents, trade and other receivables, trade and other payables, overdrafts and short-term loans, restricted bank deposits, their carrying amounts in the statement of financial position is approximate their fair values.
2. Fair values of loan, factoring, financial lease, and hire-purchase receivables are estimated by discounting expected future cash flows by current market interest rates of the loans with similar terms and conditions.
3. Fair values of debentures, lease liabitlies are estimated by discounting expected future cash flows by the current market interest rate of the borrowings with similar terms and conditions.
4. Fair value of long-term loans with floating interest rate is assumed to approximate their book value.

40. Capital management

The primary objective of the Group’s capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2020, the Group’s debt-to-equity ratio was 1.46:1 (2019: 2.14:1) and the Company’s was 1.56:1 (2019: 2.30:1).

41. Event after the reporting period

On 24 February 2021, a meeting of the Company’s Board of Directors No.2/2021 passed a resolution to propose that the Annual General Meeting of the Shareholders to consider approving the dividend payment for the year 2020 to the Company’s shareholders at Baht 0.18 per share or a total dividend of approximately Baht 39.86 million. Such dividend will be paid and recorded after it is approved by the Annual General Meeting of the shareholders.

42. Approval of financial statements

These financial statements were authorised for issue by the Company’s Board of Directors on 24 February 2021.