

## Eastern Commercial Leasing PLC

Minute of the Annual General Shareholders' Meeting

For the Year 2018

---

### Date, Time, and Location of the Meeting

Held on Tuesday 23 April 2018 from 14:00 – 15:45 O'clock, at the Parichart Room (3rd Floor), Hotel Golden Tulip Sovereign Bangkok, Rama IX Road, Huay Kwang District, Bangkok

### The Meeting

Mr. Preecha Veerapong, the Chairman of the Board, acted as the chairman of the meeting, introduced company directors and auditors attending the Meeting as follows:

#### Attending Directors (9 out of 9 directors, 100% participation):

1. Mr. Preecha Veerapong, the Chairman of the Board
2. Mr. Danucha Veerapong, Vice Chairman of the Board, Chairman of the Executive Committee and CEO
3. Mr. Prapakorn Veerapong, Director, Vice Chairman of the Executive Committee and MD
4. Mrs. Duangrat Jaengmongkol, Director, Member of the Executive Committee, and Company Secretary
5. Mr. Yohichi Shibata Director
6. Mr. Sorapas Suttienkul, Independent Director and Nomination Committee Member
7. Mr. Phiphat Phornsuan, Independent Director, Audit Committee Chairman and Nomination Committee Chairman
8. Mr. Thailuck Leetavorn, Independent Director, and Audit Committee Member
9. Mr. Pakorn Apaphant, PhD, Independent Director, Audit Committee Member and Nomination Committee Member

#### Auditor for the year 2017

Mrs. Suvimol Krittayakiern, Certified Public Accountant Number 2982 participated in the meeting on behalf of Miss Somjintana Polhirunyarat, Certified Public Accountant Number 5599

#### Management Staff Participated in Responding to Shareholders' Questions in This Meeting

1. Mrs. Valaiporn Panyatanya, Deputy Managing Director – Credit
2. Mrs. Charatsaeng Yu-umpai, Deputy Managing Director – Accounting and Finance

### The Meeting

Mr. Preecha Veerapong, the Chairman of the Board, assigned Mr. Danucha Veerapong, the Vice Chairman of the Board, to conduct the meeting.

Eastern Commercial Leasing PLC

Minute of the Annual General Shareholders' Meeting

For the Year 2018

---

Mr. Danucha Veerapong, the Vice Chairman, informed the Meeting that there were shareholders attending by themselves totaling 33 individuals, and via proxy 49 individuals totaling 82 holding in aggregate 675,355,931 shares equivalent to 60.91 percent of the total 1,108,857,244 shares issued and paid up. The quorum requirement per Company's Articles of Association has been met considering the number of attending shareholders no less than 25 individuals holding in aggregate no less than one third of total shares issued and paid up (369,619,082 shares). The Meeting hence proceeded to consider various matters in accordance with the established agenda contained in the meeting invitation document.

Mr. Danucha Veerapong informed the meeting of the voting procedures and vote count of shareholders for each subject matter considered within the agenda as follows:

- As per Article 42, in voting for each agenda considered, a shareholder shall have the right to vote, one vote for one share, with total votes equal to the total number of shares held plus the number of shares under proxy. Utilizing the voting card provided at registration, a shareholder may elect to vote in only one of the three choices namely to vote for, to vote against, or to abstain in each agenda being considered. A shareholder may not split the shares held directly or under proxy to vote in more than one choice.

- Resolution passed or approval on any agenda is by majority votes of the eligible and attending shareholders. For speedy result, vote count shall be administered by accumulating the number of votes against, abstained, and voided in each agenda considered. These votes against, abstained, and voided shall be deducted from the total number of shares attending the meeting to derive at the number of votes for the issue being considered. Voided votes are vote cards with unclear marking or amended marking without signature initial. It is requested that shareholders who vote against or abstained raise their hands so official on duty may come to the shareholders to pick up the voting cards and accordingly record the vote count. To accurately record the vote count in each agenda it is requested that shareholders who wish to leave the meeting room during the meeting in progress to please inform registration official at the front desk.

(Remark: the number of vote count in each agenda may not be equal to the total number of votes when the meeting starts if there are shareholders depart from or enter into the meeting after the meeting has already begun)

- After the meeting, the company shall require collection of the voting cards distributed. It is requested that shareholders return the voting cards prior to their departure.

Eastern Commercial Leasing PLC

Minute of the Annual General Shareholders' Meeting

For the Year 2018

---

Subsequently, Mr. Danucha Veerapong requested one volunteer shareholder to act as witness during vote count for each agenda. The volunteer shareholder at this time introduced himself to be Mr. Manop Serbyubol. Mr. Danucha Veerpong requested for the Thai Investors Association observer, who was the shareholder's right protection volunteer, on field work to introduced oneself to be Khun Jitra Savitkul.

Mr. Danucha Veerapong then proceeded to introduce subject matters for consideration per the Agenda as follows:

**Agenda 1**

To consider ratification of the Minute of the Extra-ordinary General Shareholders' Meeting 1/2560 held on 29 September 2017

Mr. Danucha Veerapong proposed to the meeting to consider ratification of the Minute of the Extra-ordinary General Shareholders' Meeting 1/2560 held on 29 September 2017 the copy of which has been forwarded to shareholders in advance along with the invitation documents.

There were no shareholder enquiries or request for modification of the Minute.

**Resolution**

The meeting resolved to ratify the Minute with majority votes comprising the following vote count:

For....	677,893,676.....	Votes, equivalent to .....	100	percent
Against .....		Votes, equivalent to...		percent
Abstained .....		Votes, equivalent to ...	...	percent
Voided .....		Votes, equivalent to ...	...	percent

Of the eligible and attending shareholders

Remarks: There were shareholders and proxy attending this agenda totaling 84 individuals accounting for 677,893,676 shares

**Agenda 2**

To consider ratification of Company's results of operations, and the annual report for the year 2017

Mr. Danucha Veerapong, the Chairman of the Executive Committee, reported on Company's operating results for the year 2017 with details shown in Company's Annual Report 2017 summarized as follows:

## Eastern Commercial Leasing PLC

Minute of the Annual General Shareholders' Meeting

For the Year 2018

---

The year 2017 reported new credit extension totaling Baht 2,660 million, increased by approximately 79% from that of 2016. There were approximately 14,000 customers in total, with revenue increased from Baht 310 to Baht 488 million, a 57% increase. Net profit increased 443% from Baht 23 to Baht 125 million for the year 2016, and 2017 respectively. Net profit per share was Baht 0.15. Debt to equity ratio was 1.95. NPL was 3.19%

Business target for the year 2018 shall be new credit extension from Baht 2,700 to 3,600 million with year-end total credit portfolio anticipated to reach Baht 7,000 million implemented in accordance with the 4-year strategy. The year 2019 anticipates the credit portfolio to rise to Baht 10,000 million. Credit customers still emphasize Japanese make vehicles for example Toyota, Honda, Nissan, Mitsubishi, and big bike motorcycles the latter of which accounting for approximately 40%. This year the target proportion is 50% of the total portfolio. Credit extension for big bike per vehicle is approximately Baht 200,000-300,000 which are primarily Japanese make as well. And for the purpose of expanding the company's channel of distribution, the company expands its ECL center to enhance convenience and access to customers namely Kanchanapisek, Srinakarin, Kasetnavamin, and Sriracha branches. This shall be open concurrently with the Fixman service center. And during the past month, the company has proceeded to start the ECL Asset Co., Ltd., established to provide mortgage, and land sale with the right for redemption services, and engaged paralleled with the business with Partner.

After the report, Mr. Danucha Veerapong provided opportunities for shareholders to raise questions: Subsequent **question and answer session** is summarized below:

**Shareholder under proxy question (Khun Sinchai Sawasdichai):**

1. What is the Fix man center's operating status. How many branches does it have presently, and what is the current year target number of branches opening?
2. What is the purpose of establishing ECL Asset?

**ECL answer (Khun Dhanucha):**

1. The objective of starting the Fix man center is because ECL has on average 10,000 customers per year, and portfolio of 10,000 vehicles. The company envisages potential to engage in additional businesses with these vehicles namely providing services. Because customers will require vehicle maintenance. The starting of the vehicle maintenance center should be for the company's customers. The company shall provide additional promotion and special privilege for customers. Nonetheless, in the future the company has plan to hold discussion with used vehicle dealers in order to entice them to use the services for example vehicle quality inspection including offering of after sale services and used vehicle warranty to reduce dealer customer concern. This

type of business is considered the company's Business Model which should be realized by next year. As for the expansion of Fix man business, there shall be 4 new branches this year, which are located within the vicinity of a large number of used vehicle dealers e.g. Kanchanapisek, Srinakarin, Kasetnavamin, and Sriracha.

2. The company introduced ECL Asset which engages in the business of mortgage, providing sale of land with right for redemption. ECL considers itself having relatively low cost of finance. ECL Asset is a joint venture business with partner who is specialized in land with more than 15 years of experiences. The established interest rate shall be not more than 15%, and targeting highly liquid land which should provide incremental income to ECL.

**Shareholder question (Khun Varapol Laohapolwatana):**

1. What is ECL's leasing business ranking, and what is the size of the leasing business comparing for example with Muang Thai Leasing, Ratchathani.

Suggestion: If possible, please prepare information on market share of the leasing business presenting total value, and company ranking, and the market share ranking.

**ECL answer (Khun Dhanucha):**

1. Comparing to the companies mentioned, for registered companies in the securities exchange, they are classified as the Bank, and Non-bank groups e.g. Ratchathani is a subsidiary of Thanachart Bank with majority of customers being trucks, and big bike. In the credit market there are two company, Ratchathani and ECL, provide quite substantial credit extension for big bike with credit amount per vehicle of Baht 500,000 – 600,000 to Baht million up. ECL provides big bike credit mainly for Japanese make with relatively higher liquidity with receivables approximately Baht 100,000 – 200,000 with ease of buy or sale. As for comparison with Muang Thai Leasing, it is not comparable because Muang Thai provides substantial amount of retail personal loan with thousands of branches. ECL focuses on motor vehicle customer with vehicle registration to be eligible for credit. As for Srisawas, the business resembles Muang Thai Leasing. There are few public company competitors with ECL. As for The lease IT company, it involves smaller credit extension vis-à-vis ECL. Nonetheless ECL may be the only company with largest used vehicle credit extension for Japanese make vehicles. As for other companies, they are not listed in the securities exchange and therefore lack comparative information.

**Shareholder question (Khun Chinpong Krasindhu):**

1. For the next 1-2 years, shall the company's cash flow be sufficient?

2. As for company's operations regarding part warranty, since there are still few branches, would it be able to support the number of customers coming in for services?
3. As for the Japanese, based on the volume of vehicles entering into the contract, assuming all customers purchase warranty, would the four garages be able to provide such services?

**ECL answer (Khun Dhanucha):**

1. The company prepares sufficient cash flow for the Baht 10,000 million target without having to increase capital as may be a burden to shareholders. The D/E ratio of 1.9 is considered far from covenant ratio the company established with bank.
2. During the month of August, the company implemented the testing of Business Warranty with Partner, PG and upon continuing testing, has been aware of which type of services required and which manner. For the year 2019, the company shall start vehicle inspection and warranty in full form with the four branch garages first. The intent of the company for starting garage service is for the B to B business. But to be able to initiate the business, it is necessary to test with retail customer namely B to C during the early stage. At moment the company and Partner PG is studying the strategy regarding price, and services. And the company is still confident that its vehicle maintenance garage is of high quality, and ready to provide services to company customers.

**ECL answer (Mr. Shibata):**

3. At the moment, the Japanese company is designing product relating to part warranty, initially for Bangkok area near the ECL head office, and ECL's branch service garage first.

**ECL answer further (Khun Dhanucha):**

On the issue of warranty, it must start from the preparedness of the credit service center concurrently with the maintenance center in order to compile information on dealer utilizing such services. Upon sale of vehicle by the used vehicle dealers, and mostly with available promotion for after sale service for a year for customer. ECL shall negotiate for the dealer to transfer such after sale services to ECL and should render the utmost satisfaction in order to be able to expand business into other areas.

**Shareholder question (Khun Surapol In-come):**

Regarding government policy relating to interest rate, and penalty fee not to exceed supplementary requirement by the law, whether there is impact on the company, and remedial or preventive measures are available.

**ECL answer (Khun Dhanucha):**

Based on the Act recently announced, details are not yet clear. However ECL extended credit for motor vehicles and most customers are of medium size and not retail like other companies which

charged interest at the rate higher than 15% or higher than actual. ECL computed flat rate interest of approximately 7% or effective yield of approximately 13-14 % not yet 15%. Therefore, the company will not be significantly affected. Furthermore, the company does not provide credit in the form of Customer Finance. As for the issue of changing basis for interest charge from flat rate to effective yield, it is a misunderstanding since every company computes interest on flat rate basis. But the company shall prepare explanation form for the conversion to effective yield for the benefit of customer.

**Shareholder question (Khun Dilapopsorn Tiammeke):**

Request for clarification of the warranty business whether it is true that used vehicle warranty is a new type of business in Thailand not yet engaged by other companies, the type of company's warranty is for certain part only or not, and in the future, what market share is established in the company's Business Model, and whether warranty business is the same as life insurance business.

**ECL answer (Khun Dhanucha):**

The company utilizes this gap to attract reliability of the used vehicle business which normally purchasers of used vehicle may be concerned and seller would assure them that if there is problem the dealer will fix the vehicle despite the fact that they do not have service garage. ECL has more than 500- 1000 dealer partners. The company would like to enhance dealership credibility for customers purchasing vehicles from them by transferring the after-sale maintenance burden to ECL. Nonetheless the company shall perform prior inspection to find out the origination of the vehicle and quality aspects whether to provide warranty.

This year, there have been a certain number of companies started to engage in warranty business. On average vehicle at the price of Baht 300,000 – 400,000 shall be charged approximately Baht 10,000 – 20,000 warranty fees per year. As for ECL this shall be a combined vehicle credit and warranty fees. As for the proportion of the warranty target, the company has not established a target pending service center testing, and branch opening.

**Shareholder question (Khun Sinchai Sawasdichai):**

1. Any change in the D/E ratio currently?
2. Previously, it is understood that there will be no capital increase until it reaches Baht 10,000 million
3. What rate shall be for the debenture the company considers issuing?

**ECL answer (Khun Dhanucha):**

1. The company continues to maintain the ratio at 3.5 and certainly not to reach 4.0. There have been a number of companies with D/E ratios at 4. But ECL has been able to maintained the ratio

- at 2 all along. Presently there have been seven financial institutions providing financial support and the standard has been at 3.5. The company has applied for credit rating with debenture issuing potential and anticipated launching during the 3<sup>rd</sup> quarter to support business expansion. As for the D/E Ratio, personally he has not been concerned because the company may proceed to issue warrant or increase capital without relying solely on debt to support growth.
2. The company will not increase capital until it reaches Baht 10,000 million. To reach that level, the company needs to prepare on how to proceed going forward. Nonetheless the D/E ratio is still controlled at 3-3.5 which has been considered appropriate under the circumstances. The company shall attempt to avoid creating burden to the shareholders while emphasizing the importance of commercial banks.
  3. The company has been rated BBB- which normally the company at this rating may issue debenture approximately at the rate of 5%. However, such pricing is for debenture issuance for real estate or other business while ECL is for finance business. The company is still confident in its sound financial position including substantial bank support, and hence not planning to issue costly debenture. The company plans to issue debenture at the approximate cost of slightly over 4% and not a substantial size. The company does not anticipate liquidity problem in the future debenture redemption.

**Shareholder question (Khun Mana Lertvitayatrai):**

Has been interested in company's stock as researched from the excellent operating results, and bought the stock at Baht 3.66 per share, but now the price dropped to Baht 2.20 per share, would like to know the reason for such drop.

**ECL answer (Khun Dhanucha)**

ECL historical share prices have been moving up and down in two primary cycles i.e. approximately 7-8 year down trend with the cycle described as up 2 years, and down 2 years. As for the past year, ECL shares may be considered to have provided relatively high return with ranking of 6-7. And upon sale of shares by investment fund, share prices came down. Therefore, it is worthwhile to advise that a number of companies in the same business regardless of being competitors or not experienced share price drop with the higher the price went up, the higher the drop. Nonetheless with share price of slightly over Baht 2 per share and P/E ratios at 19 comparatively considered the lowest among all the listed leasing companies. Company's management has not sold ECL shares, and share price should be monitored in accordance with market condition.

**Shareholder question (Khun Resara Tantayanon):**

As for the new provisioning policy or IFRS9, how would the company plan such provisioning and would it have impact over net income.

**ECL answer (Khun Dhanucha)**

As for this issue, the company emphasizes greatly and therefore hired advisor who has been specialized with experiences in the area of finance and receivable management in studying the various issues compiling information and statistics for due consideration in accordance with such standard. The auditor is requested to provide supplementary information.

**Auditor answer (Khun Suvimol)**

Because the business of the company is hire purchase with tenor of 3-4 years and customers mostly prepaid outstanding balance prior to maturity. Therefore, applying IFRS9, there will be less impact in comparison with commercial bank. Over the past, the company provided for possible doubtful debt based on balance amount, and 100% provisioning for past due, as compared with past experience. However, the company has not classified clearly groups of receivables as required by IFRS9 namely loss amount upon settlement of receivable after deducting vehicle sale. Past practice has already been similar to IFRS9 namely based on previous accounting standards, provisioning would look toward the past regarding the long overdue accounts. Upon application of IFRS9, accounting standard 105 shall be repealed and changed into looking toward the future. Khun Chalot is working on classification of portfolio into the various types both motor vehicles and motor bikes to assess loss percentage. She personally believed ECL should not be significantly impacted unlike commercial bank and consumer finance such as electrical appliances in which collateral value become zero. In the case of ECL, collateral value remained valuable and saleable.

**Advisor answer (Khun Chalot)**

Having the opportunity of providing advisory regarding IFRS9 for the company, I have utilized the receivable portfolio of the company for the past 5 years in accordance with statistical principle, and computed probability of past due (PD) and loss on given default (LGD) incurred from past due accounts. The LGD estimated loss both from foreclosed vehicle collateral sale and vehicle not found to derive at an averaged loss percentage. This LGD shall be created to account for part of the model and submitted for auditor review whether it is adequate. The model is ready pending finalized number to be verified by the auditor.

**Shareholder question (Khun Sanhakij Watanpanyakajon):**

For the company's Baht 7,000 target, what would be the estimated percentage achieved and for branch expansion whether it is nationwide.

**ECL answer (Khun Dhanucha)**

The company has no target for branches nationwide. There is however possibility of having regional service center branches in the north and south for example.

For the past year the company has always had strategy and policy to drive business to reach target which for this year, is still confident of being able to achieve the Baht 7,000 million target.

**Shareholder question (Khun Sinchai Sawasdichai)**

For the first quarter, how much business we have made and what would be the amount at year end.

**ECL answer (Khun Dhanucha)**

For the first quarter 2018 as compared with quarter 1 of the prior year, the portfolio continued to grow. It should be cautioned however that there is a pattern of ups and downs for the company's business which may grow normally in certain quarter, and yet stay flat in other quarter. As for profit, I would like to withhold the answer for this meeting but if the trend is known, it would be similar or close but the amount or growth for quarter 1 shall be pending. But rest assured, that the company shall grow as targeted.

**Shareholder question (Khun Chit Savitkul)**

As noticed from MD&A document, there was discussion of costs of borrowing and write-off for the year 2017 indicating increasing trend. Therefore I would like to have details on how the company is going to manage such issue.

**ECL answer (Khun Jarasaeng)**

Write-off for the year 2016 was Baht 13 million. Write-off was Baht 19 million for the year 2017, increased by 6.77% while the portfolio grew at a greater rate. Bad debt management is faster both in write-off, court filing, and various litigation. The company attempts to write-off with eligibility for tax deduction, and for portfolio management as well.

**ECL answer (Khun Danucha requested K Apisara Sriamorn, Assistant Company Secretary to report on proceeding regarding activities against corruption during the year 2017 with details within Annual Report 2017, page 62-65)**

- The company applied for membership in the 'Private Sector Collective Action Coalition Against Corruption' during October 2015, becoming close to 3 years since then.
- The company established a subcommittee for ethics and against corruption with employee training to be aware of the policy that the company is against corruption in all forms and in the operation of the company, and that directors, executives, and employees must uphold the principle of honesty, transparency, openness, and auditable without involvement in fraud and not taking bribery.

## Eastern Commercial Leasing PLC

### Minute of the Annual General Shareholders' Meeting

#### For the Year 2018

---

- The company prepared policy against corruption announced within the business code clearly and emphasizes compliance with such policy objectively both within and without the organization continuingly with annual review.
- Establish mechanism for accounting and finance operation for disbursement and reporting financial position accurately, transparent, with efficiency in the prevention of fraud and capable of prevention of bribery, and corruption.
- Arrange for corruption risk assessment process which may occur in the various operating units Impacting company's business including internal audit activities covering all those risks and report to the Executive Board and the Audit Committee on a quarterly basis.
- Arrange for channel for information report, complaint, tip with policy protecting informer. The company shall maintain confidentiality and shall not penalize employees providing such information honestly.
- On the communication and joint campaign against corruption practices, the company has prepared desk board with clear view on all departments, every floor, and company uniform stitching with 'Against Corruption' label to be worn by employees at least once a week as a reminder for employees and external parties to be aware of the danger and inviting them to join in the fight against corruption.
- Over the past 3 years, the company has performed and participated in activities to declare its intent in refusal to participate in corruption practices in all forms continuingly and cooperate to entice fight against corruption extensively and helped drive the public sector for process improvement with transparency and accept the participation and verification from the private sector and civil society for the protection of public interests.
- During the year 2017, the company participated in two activities namely:  
On 6 September 2017, directors, management, and employee representatives participated in the 'National Day Against Corruption 2017' organized by the Anti-Corruption Organization of Thailand (ACT) for all companies to jointly disclose 'cheaters' and stimulate courage among Thais to be courageous in the uncovering of fraud and corruption with people's power who would like to have the Thai society truly without cheating. And on 21 November 2017, the CEO, and employees of the company participated in the CAC Conference 2017 organized by the Private Sector Collective Action Coalition Against Corruption (CAC) under the topic Bright Spots: Shine a light of hope on corrupt-less society participated by honorable qualified speakers both local and foreign sharing knowledge and experiences.

Eastern Commercial Leasing PLC

Minute of the Annual General Shareholders' Meeting

For the Year 2018

---

Khun Dhanucha informed the meeting that if there are no further questions, to ratify the operating results of the company

**Resolution**

The meeting resolved to ratify the Company's operating results for the year 2017 as proposed by the Board with majority votes comprising the following vote count:

For....	678,217,501.....	Votes, equivalent to .....	100	percent
Against .....		Votes, equivalent to... ..		percent
Abstained .....		Votes, equivalent to ... ..		percent
Voided .....		Votes, equivalent to ... ..		percent

Of the eligible and attending shareholders

Remarks: There were shareholders and proxy attending this agenda totaling 85 individuals accounting for 678,217,501 shares

**Agenda 3**

To consider approving Company's Statement of Financial Position and the Statement of Comprehensive Income for the year ended on 31 December 2017

Mr. Danucha Veerapong proposed to the Meeting to consider approving Company's Statement of Financial Position, Statement of Comprehensive Income for the year ended on 31 December 2017, which were audited by Company's auditor and included in the Annual Report forwarded to shareholders in advance prior to the meeting date.

Mr. Danucha Veerapong provided opportunities for shareholders to raise their questions or make suggestions. The Executive Committee members and Company Auditors were available to respond to their questions:

There was none.

**Resolution:**

The Meeting resolved to approve the Statement of Financial Position, and Statement of Comprehensive Income for the year ended 31 December 2017 with majority votes comprising the following vote counts

For....	685,242,870.....	Votes, equivalent to .....	100	percent
Against .....		Votes, equivalent to... ..		percent
Abstained .....		Votes, equivalent to ... ..		percent
Voided .....		Votes, equivalent to ... ..		percent

## Eastern Commercial Leasing PLC

Minute of the Annual General Shareholders' Meeting

For the Year 2018

---

Of the eligible and attending shareholders

Remarks: There were shareholders and proxy attending this agenda totaling 96 individuals accounting for 685,242,870 shares

### Agenda 4

To consider approving appropriation of legal reserve from operating results for the year 2017, and dividend declared

Mr. Danucha Veerapong requested the meeting to consider approving appropriation of dividend declared for the year 2017 as proposed by the Board of Directors namely

4.1 Operating results for the year 2017 reported net profit of Baht 124,170,702.30 (after paying corporate income tax at the rate of 20%) and without retained loss. The Board proposed to the meeting to consider approving appropriation of profit for legal reserve amounting to Baht 6,382,853.96

4.2 Alter the appropriation of legal reserve, there remained balance of profit amounting to Baht 117,787,848.34 and unappropriated retained earnings available for dividend declared additionally amounting to Baht 200,935,864.72. In order to maintain the level of compensation to shareholders continually, it was requested that the meeting approve dividend declared from operating results January – December 2017 to existing shareholders 923,619,591 shares, and to new shareholders from the last exercise of right under warrant ECL-W2 on 23 February 2018 185,237,653 shares totaling 1,108,857,244 shares eligible for dividend, at the rate of Baht 0.04 (four satangs) per share amounting to Baht 44,354,289.76 or 37.66% of net profit for the year 2017, the amount lower than the company's established payout ratio of 50% of net profit after tax and legal reserve to retain fund to support further credit extension.

The Board proposed the shareholders eligible for dividend to be shareholders eligible to attend this meeting as per the established name list on 21 March 2018 and dividend declared payable on 7 May 2018.

Prior to resolution in this agenda, Mr. Danucha Veerapong provided opportunities for shareholders to raise their questions, other issues, or suggestion.

### Shareholder question (Khun Warapol Laohapolwatana)

For the first years, dividend yield was around 6%, and this year 37.66% of net profit resulted in much lower yield at slightly over 1% yield. Propose that the company should return higher yield to shareholders and after passing the expansion period whether higher dividend is possible.

**ECL answer (Mr. Danucha)**

Based on dividend paid and share prices of early years of Baht 1.20 – 1.40, rate of dividend at 4-8 satangs resulted in yield approximately 6%. During the company's high growth period engaging in finance business, the company might require borrowing from bank to pay dividend which became part of costing. The company has reviewed the various profiles of shareholders with different preferences with certain shareholders for growth stock with some held the shares since Baht 1 until present, and to maintain balance among various shareholders, it was prudent to reserve part of the available fund for further expansion which should reduce funding costs. Nonetheless the company shall consider the suggestion for future years to maintain the level of dividend declared in accordance with policy to retain all shareholders with the company.

There was no further question.

**Resolution**

The meeting approved the appropriation legal reserve, and dividend declared from retained earnings at the rate of Baht 0.04 (four satangs) per share amounting to Baht 44,354,289.76 payable on 7 May 2018 with majority votes comprising

the following vote counts:

For....	684,922,870.....	Votes, equivalent to .....	99.95	percent
Against .....	330,000.....	Votes, equivalent to ... ..	0.05	percent
Abstained .....	.....	Votes, equivalent to ... ..	...	percent
Voided .....	.....	Votes, equivalent to ... ..	...	percent

Of the eligible and attending shareholders

Remarks: There were shareholders and proxy attending this agenda totaling 97 individuals accounting for 685,252,870 shares

**Agenda 5**

**To consider the appointment of directors replacing directors scheduled to be retired**

To adhere to good governance practices, prior to the proceeding of this agenda, directors with rotational retirement and proposed to be reinstated for another term, have requested to leave the Meeting namely Mr. Danucha Veerapong, Mr. Yohichi Shibata, and Mr. Phiphat Phonrnsuwan.

## Eastern Commercial Leasing PLC

### Minute of the Annual General Shareholders' Meeting

For the Year 2018

---

Mr. Danucha Veerapong informed shareholders that at this meeting, he was one of the three directors scheduled to be retired, and requested Mr. Prapakorn Veerapong, the Managing Director to conduct the meeting on his behalf.

Mr. Prapakorn Veerapong explained details to shareholders that during this meeting a third of the directors or three directors are scheduled to be retired namely:

1. Mr. Danucha Veerapong, Director, Chairman of the Executive Committee, and Chief Executive Officer
2. Mr. Yohichi Shibata Director
3. Mr. Phiphat Phornsuan Independent Director, and Audit Committee Chairman

All three directors are eligible to be reinstated. However, Mr. Phiphat Phornsuan provided prior notice not to be reinstated because of greater commitments and has been in the position for quite some time. And because of his other positions as director, independent director, Chairman of the Audit Committee, Chairman of the Nomination and Remuneration Committee, also tendered his resignation from all other positions to be effective the day after the shareholders' meeting. Coupled with the company's encouragement for participation at the Meeting and announcement to shareholders for them to submit qualified and appropriate individuals to represent themselves via SET channel and company's website to the Board during 1 October 2017 to 30 December 2017, there were no candidates being submitted during the period.

The Nomination and Remuneration Committee held meeting and resolved unanimously to propose individual with appropriate qualification to be appointed as new independent director and member of the Audit Committee replacing Mr. Phiphat Phornsuan, namely Khun Prapasri Permsab.

Khun Prapasri is fully qualified with experiences with no prohibitive characters described within Public Company Act, with appropriate qualification in accordance with the definition of independent director and company's established charter of the Board of Directors, no conflicting interests with the company, and capable of expressing opinion independently., in accordance with the relevant principles.

Khun Prapasri graduated with her bachelor's degree in accountancy with honor, and master degree in the United States of America, with working experiences in an audit firm and holding audit job all along.

This appointment consideration shall pave the way for qualified accounting professional for the future. On 26 February 2018, the Board resolved to appoint Khun Prapasri Persab as new director in the position as independent director and Chairperson of the Audit Committee replacing Mr. Phiphat Phornsuan effective the day after the shareholders' approval date.

Furthermore, the Nomination and Remuneration Committee has convened to consider the various qualification including performance as company directors of Mr. Danucha Veerapong, and Mr. Yohichi Shibata in the past, and concluded that the two directors are qualified, knowledgeable and experienced beneficial to the business engagement of the company, and resolved to submit to the shareholders' meeting for approval consideration the two retiring directors to be reinstated for another term.

In this agenda, the Board felt appropriate to propose to the shareholders for approval consideration individuals to be appointed directors replacing directors through rotational retirement as follows:

- |                            |  |
|----------------------------|--|
| (1) Mr. Danucha Veerapong  | Director, and Chairperson of the Executive Committee to be reinstated as director for another term |
| (2) Mr. Yohichi Shibata    | Director to be reinstated as director for another term   |
| (3) Mrs. Prapasri Permsab* | As new director, to be appointed independent director and Chairperson of the Audit Committee       |
- \*replacing Mr. Phiphat Phorsuwan who resigned

All three individuals' background information, and qualification of director have been provided to shareholders in advance along with the invitation documents and Annual Report.

Mr. Prapakorn Veerapong proposed to the meeting to vote for the appointment of director individually, requesting cooperation for shareholders who vote against or abstained, please mark the voting cards for the appointment of directors individually, and submit voting card to officials on duty for prompt vote count.

There were no enquiries from shareholders.

Mr. Prapakorn requested for three votes.

**Resolution:**

**The Meeting passed resolution with majority votes comprising:**

**1. Resolution passed to appoint Mr. Danucha Veerapong as director for another term**

For....	684,942,870	Votes, equivalent to	.....99.95	percent
Against .....		Votes, equivalent to	.....	percent
Abstained .....	310,000.	Votes, equivalent to	.....0.05...	percent
Voided .....		Votes, equivalent to	... ..	percent

Of the eligible and attending shareholders

**2. Resolution passed to appoint Mr. Yohichi Shibata as director for another term**

For....	684,942,870	Votes, equivalent to	.....99.95	percent
---------	-------------	----------------------	------------	---------

## Eastern Commercial Leasing PLC

Minute of the Annual General Shareholders' Meeting

For the Year 2018

---

Against .....	Votes, equivalent to .....	percent
Abstained .....310,000...	Votes, equivalent to .....0.05...	percent
Voided .....	Votes, equivalent to ... ..	percent

Of the eligible and attending shareholders

### 3. Resolution passed to appoint Mrs. Prapasri Permsab as director

For.... 684,942,870	Votes, equivalent to .....	99.95	percent
Against .....	Votes, equivalent to .....	percent	
Abstained .....310,000...	Votes, equivalent to .....0.05...	percent	
Voided .....	Votes, equivalent to ... ..	percent	

Of the eligible and attending shareholders

Reinstated directors returned to the Meeting.

## Agenda 6

### To consider the appointment of auditor and establishing audit fees for the year 2018

Mr. Danucha Veerapong informed the Meeting that with counsel from the Audit Committee, the Board considered it appropriate to propose for appointment Mrs. Somjintana Polhiranrat Certified Public Accountant Registration No. 5599 or Mr. Nopalerk Pitsanuvong, CPA Registration Number 7764 or Miss Supaporn Mangjit, CPA Registration Number 8125 all from DIA International Audit Co., Ltd. as Company's external auditor for the year 2016. The audit firm has been working efficiently providing good quality services. Auditor of the company, and auditor of the joint venture shall be the same audit firm in which the Board shall supervise to ensure timely preparation of financial reports and auditors as listed have no relationship with or vested interest in the Company, executives, or major shareholders whatsoever. Proposed audit fees for the year 2018 would be Baht 1,400,000 (one million and four hundred thousand only), increasing Baht 245,000 from prior year as a result of increasing amount of works.

Mr. Danucha Veerapong provided opportunities for shareholders to raise their queries.

There were no queries.

#### Resolution:

The meeting passed resolution appointing Mrs. Jintana Polhiranrat or Mr. Nopalerk Pitsanuvong or Miss Supaporn Mangjit, all auditors from DIA International Audit Co., Ltd. as Company's external auditor for the year 2018 with established audit fee amounting to Baht 1,400,000 (one million and

---

four hundred thousand only), an increase of Baht 245,000 from prior year, with majority votes comprising the following vote count:

For....	685,252,870	Votes, equivalent to .....	100.00	percent
Against .....		Votes, equivalent to .....		percent
Abstained .....		Votes, equivalent to .....		percent
Voided .....		Votes, equivalent to ... ..		percent

Of the eligible and attending shareholders

**Agenda 7**

**To consider establishing compensation amount for directors and audit committee members for the year 2016**

Mr. Danucha Veerapong stated that compensation has been carefully considered by the Board of Directors of the Company by comparison with other company in the same industry, operating results, and hereby presented for approval at the shareholders' meeting an increase of Baht 1.5 million from the existing approved amount of Baht 7 million since 2017 totaling not to exceed Baht 8.5 million, with Board discretion for the allocation of the amount.

For the year 2017, the appropriation has been in the form of monthly salary, meeting fees with no other benefits with details presented in the Annual Report 2017, page 28, item 6.4, compensation for directors and management.

Mr. Danucha Veerapong asked the shareholders if there were any suggestions or queries

Shareholder comment (Mr. Surapol In-come)

I would have agreed to the request for increasing compensation from Baht 7 to Baht 8.5 million during normal time. However, since the company payout ratio was only 37.7% against policy of no less than 50% on ground of reserving fund for expansion this year. But at the same time there is request for increasing benefit for directors which I disagreed.

**Resolution**

**The meeting resolved to approve compensation for directors and the Audit Committee members with majority votes comprising the following vote count:**

For....	684,732,870	Votes, equivalent to .....	99.92	percent
Against .....	520,000.....	Votes, equivalent to .....	0.08...	percent
Abstained .....		Votes, equivalent to .....		percent
Voided .....		Votes, equivalent to .....		percent

Of the eligible and attending shareholders

Remarks:

There were shareholders and proxy totaling 97 individuals holding 685,252,870 shares participating in this agenda.

**Agenda 8**

**To consider other matter**

Mr. Danucha Veerapong provided opportunities for shareholders queries or additional suggestion.

**Shareholder Question (Khun Vichai Jirachatmongkol):**

Suggest that director compensation should be prepared in table form indicating increase or decrease, and in the event of increase, provide reasoning for ease of consideration

1. Is it correct that 2016 credit target is Baht 3,600 million?
2. During 2019, based on the quantum leap target, what strategy the company plans to implement e.g. customer base, or branch.
3. Baht 10,000 million is for which year.
4. Regarding bad debt, what is the percentage of reserve, bad debt percentage, which account are they compared with?

**ECL answer (Mr. Danucha Veerapong):**

1. New credit for this year shall be Baht 3,600 million, or Baht 300 million per month.
2. On finance, the company is prepared with funding from supporting financial institutions, the debenture issuance capability, and supporting marketing reasoning has been our almost 40 years of experiences. Up until now there has been service center opening in the area where vehicle trading has increased to enable ease of customer access. Target customers remain unchanged because motor vehicles with Toyota, Honda, Mitsubishi, Nissan makes of mid-size accounted for more than 80% of total motor vehicle sales. The majority of the population utilized these types of vehicles. It is believed that good marketing shall be able to capture substantial amount of this business and there should be no problem or obstacle in meeting the target.
3. End of 2019

**ECL answer (Khun Charatsaeng)**

4. The company does not establish percentage for bad debt.

**Auditor answer further (Khun Suvimol)**

Hire purchasing business provisioning is per SEC regulation establishing provisioning procedure based on aging schedule, if exceeding 12 months shall require 100% provisioning as indicated in the

Note to financial report. As for this year the company has had substantial credit growth, current balance requires 1% provisioning. The write-off had been for customers under litigation and receivables which were deductible for tax purpose. Overall, provisioning is less than prior year. Credit administration has been better because of larger customer base, greater divider resulting in lower percentage referring to Note to financial report page 83 in the Annual Report. And for the 7-10 installment past due, there requires 50% provisioning reviewing individually which may be considered to be conservative and receivable under litigation, 100% provisioning is required. I would like to add that the company's business is hire purchasing for motor vehicle and not a trading company, therefore profit is generated out of interest. In the case of electrical appliances with installment sale, profit will be partly from trading which can be substantial, in addition to interest income. But for ECL, the issue is on interest computed on an effective yield basis and therefore different from electrical appliance trader.

**Shareholder question**

1. On the accounting recording, would like to know whether hire purchase income is recorded in lump sum amount on the transaction date or amortized, or commission paid to dealer and commission or bonus for employees which understood to have been added on Q4.

**ECL answer (Khun Danucha)**

1. This year the company provided for employee benefit amortized monthly to avoid volatility during the last quarter.

**ECL answer (Khun Charatsaeng)**

To add to the question regarding dealer commission, on disbursement it is on cash basis. From accounting standpoint, it is amortized also the same way as hire purchase income in which finance charge is recorded as unearned, and recognized upon installment payment receipt based on effective yield.

**Auditor answer (Khun Suvimol)**

Commission in the past accounting standard requires recording as expense but after accounting standard revision during 1999, it is considered part of merchandize cost and therefore amortized over the period.

**Shareholder question**

1. On warranty business, would it be the same as insurance business in which they are under the Office of Insurance Commission supervision having to answer to such questions as customer's

right for cancellation after 3 months, refund upon cancellation, whether the company comes under the same rule.

**ECL answer (Khun Danucha)**

Not the same, by way of comparison, it is similar to purchasing apple care insurance, which may be for used merchandize but providing supplementary after sale service for a period of 1 year. Upon purchase, it cannot be cancelled after three months with merchandize return. On the other hand on transfer where the vehicle is transferrable, the insurance coverage follows the vehicle having been inspected but not with the individual owner.

**Auditor answer (Khun Suvimol)**

1. Accounting standards to be implemented next year will include TFRS 15 relating to customer contract. Therefore, terms of contract must be reviewed as to the extent of warranty. What type of services are included namely revenue from sale, and revenue from services the latter of which is the warrant part whether this warranty is inclusive of services. Composition of revenue must be broken down concurrently with the review of contract for example selling software with product warranty. If there is no hidden service component, warranty simply results in contingent liabilities where cost shall be incurred upon product claiming for repair. We need to estimate possibility or product failure. If the software is sold along with warranty in which we are required to visit customer 3 days every week, the sale become partly product, and partly advance service receipt. ECL's warranty is likewise needed to be reviewed whether there is hidden service component. If there is an agreed term for maintenance services e.g. quarterly check then it may be interpreted as having a service component, and the income on service part will be required to be recorded as advance service receipt.

**Shareholder question**

1. ECL's earning is based on the interest differential, and as market rate is Japan is quite low. Does the Japanese partner provide low interest rate funding support?
2. Regarding the joint venture with the Japanese over the past two years, what kind of know-how was brought in by the Japanese, and what profit or value added benefits to ECL from such know-how.

**ECL answer (Khun Danucha)**

1. We have held discussion that in future PFS will talk to Japanese banks after participated in the joint venture for 2 years, there is possibility of credit limit support or credit limit from overseas as alternative. However, company's cash flow remains sufficient corresponding with the portfolio expansion this year.

2. It should be noted that the investment in PG is for the long-term development, and trading between parties. Apart from hire purchase business, the joint venture will enhance creditability of the company and help provide funding support at a lower cost. There is also the business development aspect, vehicle service center development or the initiation of warranty product which we will engage in the future but may be too early to conclude on the success of such venture.

**Shareholder question**

1. In the present used vehicle market, whether there is low interest business such as 2-3% and what strategy the company has in such competition.

**ECL answer (Khun Danucha)**

1. Presently for new vehicle, interest charged is at 1.9 – 2% and primarily from such group as Kasikorn Leasing, Thai Panich Leasing or the various bank group, providing relatively low rate of interest. However for the used vehicle market, few compete on the basis of low interest rate because used vehicles are relatively more risky such as risk of impairment, borrower's risk. If big leasing company decides to extend used vehicle credit 6-10 years and at the rate of 2-3%, the whole leasing market may be up for substantial change.

**Shareholder question**

1. On the company's ECL Asset, would like to know which market we shall enter, whether we have established credit target and at what amount, and what percentage return the company anticipates to achieve.

**ECL answer (Khun Danucha)**

1. Let me introduce partners in ECL Asset to shareholders. Khun Danucha invited the two directors namely Mr. Kittichai Trirachpong, and Khun Nopdol to meet shareholders. The two individuals have been engaged in this type of business over the past 15 years. Current joint venture with ECL is at 40/60. Over the past there have been customers who would like to borrow with land collateral or land title deed pledged as collateral. Over the past the company has already registered this type of business but remains engaged only in credit extension for vehicle with registration. Up until now, the company is in its good cash flow position as supported by financial institutions quite substantially with averaged costs at 4-5%. It is viewed as an opportune time to start this type of business. We have had customers who need financial for jet ski or golf cart but we cannot provide financing without vehicle registration. As for now if there is land collateral we will be able to provide credit. Nonetheless acceptable land must be liquid and valuable. We will

not extend credit for title deed valued at Baht 100,000 – 400,000. The company is confident of the potential and expertise of the joint venture partner in the reviewing of the various lands pledged or sale with right of redemption as collateral. Rate charged shall not be greater than 15% and for the total exposure, the amount will not exceed 10% of total portfolio. There shall be proportional control on credit extension. ECL is considered non-bank institution which provides all types of secure credit as an appropriate supplementary credit business

**Shareholder question**

1. Does DIA International Audit prepare accounting for the subsidiary and if so does it mean DIA will take care of both the parent and the subsidiary?
2. Does the audit fee for subsidiary need to be acknowledged by shareholders as well?
3. As for subsidiary audit fee, we would like to know detailed breakdown of audit fees

**ECL answer (Khun Danucha)**

1. DIA International Audit is the auditor of the subsidiary

**Auditor answer (Khun Suvimol)**

1. DIA shall be subsidiary's auditor. If it is audited by others, DIA may need to use other auditor's working paper, and wasting time. ECL and subsidiary will have separate book keeping but with common accounting policies.
2. This issue depends on company policy because the appointment is by shareholders. Certain company will only mention parent company, certain company mentioned the whole group.
3. Audit fees for ECL subsidiary are approximately Baht 200,000 – 300,000 or Baht 30,000 per quarter, and annual book with audit fees of Baht 100,000.

**Shareholder question (Khun Chao Boonyamarn)**

1. Request information on head counts. Based on 2016 information, there were 150 employees, and 2017, 200 employees. With target credit of Baht 7,000 – 10,000 million, how many more employees the company will need? Based information of the past 2-3 years head counts have risen quite significantly, whether there is enough space for the increasing employees.
2. Early this year, there was information from other leasing company that their Bangkok customers became slow in paying instalment resulted in increasing NPL whether there is slow down trend for ECL customers.
3. On the new credit target of Baht 3,600 million or Baht 300 million on monthly average whether there has been any months with credit extension exceeding Baht 300 million.

**ECL answer (Khun Danucha)**

1. The company has open its credit service centers spread out in various areas in Bangkok, and in the regions representing spreading out marketing function to the various centers. The company intends to utilize the most limited number of staff. With the portfolio expansion, the company has strategy to utilize freelance or outsourcing marketing function without having all permanent employees. The head counts of 200 are considered appropriate. If there will be increase, it should be justified by the progressive business increase including utilization of various technology to replace the additional head counts.
2. One of the leasing companies provided motorcycles for government authority for government employee or BMA employees. Interest rates are charged on different basis with that of ECL. Motorcycle and motor vehicle are completely different because when foreclosed motorcycles have no value because of the starting costs of Baht 10,000 or 30,000, value at foreclose becomes a few thousands. Which in the case of individual characteristic is not of concern but the entities they work with are. Purchasing motorcycle costing Baht 20,000 – 30,000 requires monthly installment of Baht 1000 – 2000 in which most people are able to pay at this rate. But in the ECL business, it appears that there is increasing analysis of individual borrower characteristics. ECL customers however are required to pay at a minimum Baht 7,000 – 8,000. Analyst needs to find out whether they are on NCB, what professions they are in, age appropriate with the vehicle used or not.
3. Certain months the amount came close to Baht 300 million. Please note that for Q-1, we will not be ready for the financial report. But still confident that over the 6-month period or in the 7<sup>th</sup> month credit extension shall surpass Baht 350 million or may even exceed Baht 400 million. Because for next year the target shall increase to Baht 450 million per month which is the continuing growth.

**Shareholder question**

1. Have read that the implementation of IFRS or TFS for the year 2019, may be deferred for 2-3 years. If it is true whether it would be beneficial to the company.

**ECL answer (Khun Danucha)**

1. News about the deferred implementation is still not clear. Even if there is no deferment the company does not anticipate impact since the company has been prepared for the implementation of IFRS9 with good counseling and with standard provisioning prior to implementation is indicative of well preparedness. The company is prepared to adjust and along with gradual adjustment but will monitor competitors whether they adjust as well, and what will be

their movements. If only ECL adjusts, we may become the only affected company resulting in lower profit than other leasing companies.

**Shareholder question**

1. Would like to ask Mr. Shibata who has worked with ECL for 2-3 years, what has been his impression and whether he would like to increase the proportion of shareholding, and the relatively low share price whether it will be able to sell.
2. As for fixman, whether the company will sell through franchising as previously proposed or not

**ECL answer (Mr. Shibata)**

1. Over the period of approximately 2 years working with ECL, ECL performance is considered rather good, and successful. At the moment there has been dispatched of 4-5 Japanese to participate in business development with ECL and Fixman. Going forward there shall be increasing good relationship for the purpose of continuing engagement in business.

**ECL answer (Khun Danucha)**

2. If it is successful in the following year with expansion, and increasing customers, the expansion of business through franchising is already in the strategy as planned.

**Shareholder question**

1. Whether there will be impact on the company with the credit computation on declining balance basis.

**ECL answer (Khun Danucha)**

2. The company will have no impact as a result of this announcement. This morning's paper has already explained about this announcement with the emphasis on increasing public understanding of the basis for computation and the not change from flat rate to effect rate as generally understood.

When there was no other matter to consider, Mr. Preecha Veerapong, the Chairman of the Meeting, thanked the shareholders who spent time participating in the Meeting and approved matters in the agenda proposed by the Board, and called the meeting adjourned.

The meeting adjourned at 15:45 o'clock

Mrs. Duangrat Jaengmongkol,  
Company Secretary

Mr. Preecha Veerapong  
The Chairman of the Meeting