



บริษัท กรุงเทพโสภณ จำกัด (มหาชน)  
KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED



TOP  
of MIND



Annual Report 2019  
รายงานประจำปี 2562

# Vision and Mission Statement

## **TOP of MIND** is the Vision Statement to the Krungdhep Sophon PCL group of companies:

- For our Customers – Helping our customers to become effective in cost management and business processes through the design of our Solutions with the usage of best in class technology
- For our Employees – Accelerating individual capabilities using strength-based development programs

**The mission statements are written separately by group of companies as follow:**

- Krungdhep Sophon PCL – “ Deliver VALUE to our customers by offering Sound Business and Technology Solutions in combination with IT provisions through our Group of Companies and ensuring Optimum Return on Stakeholders Capital” (Krungdhep Sophon PCL stakeholders are: Customers, Employees, Shareholders, Suppliers and Society/Environment)
- KWC Logistics – “Specializing in Warehouse and Wharf business to manage our customers businesses with accuracy, efficiency and highest effectiveness”
- Krungdhep Document – “As a Business Content Management Expert,KDC will provide Sound Customer Solutions by Delivering outstanding services through our professional employees with customer satisfaction”

### **The Corporate Core Values:**

The Company upholds 4 new core values that has been cascaded down to all its Employees.

- **1. Service Excellence: Through the Innovative Use of Technology and Business Solutions Design**
  - 1.1 Utilize technology to support working within the organization to reduce cost and to increase the work with efficiency and effectiveness
  - 1.2 Continuously look for ways to get better results
- **2. Professional Teamwork: Collaboration through “Touch Points”**
  - 2.1 Collaborate among all functions to achieve business results.
  - 2.2 Perform as a representative of the company by taking good care of the company visitors.
  - 2.3 Share the work development guidelines and be able to show the improvement in the area of responsibility.
- **3. Employee Development: Maximize Individual Potential**
  - 3.1 Continuously demonstrate self-development
  - 3.2 Maximize the potential by taking different assignments within the work function. Share the work development guidelines and be able to show the improvement in the area of responsibility
- **4. Customer Orientation: Zero Disappointment**
  - 4.1 Provide the service to the customers based on what have been agreed upon.
  - 4.2 Seek for customers' needs and exceed their expectations.
  - 4.3 Continuously develop and improve customer services to maintain the customer loyalty

SAFETY FIRST

รถตู้คอนเทนเนอร์ไปท่าเรือใช้ขบวน 3 เท่านั้น

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## Message from the Chairman



Our business improved in 2019. Revenue increased almost 28% while our profit increased about 11%. Our basic outsourcing business did well and our warehousing and wharf business also. The board of directors had recommended to increase dividend by 50 stang to baht 9.50.

We were unfortunate. The Thai economy declined from 4.2% growth in 2018 to 2.4% growth in 2019 because of drought that has affected agricultural production, declined in exports, less tourist arrivals, lower government investment and expenditures mainly from delay in approval of the 2019/2020 government budget.

### Conditions are likely to worsen in 2020.

The current drought could be the worse in 60 years. Government expenditures will take a while to pick up.

Property construction is declining. Tourism will decline by about 30-50% during the first half of the year because of fear and need to contain the spread of Covid-19 virus. All of these will further reduce income and consumption.

The expected increase in exports is likely to be delayed because of the global rush to contain Covid-19. Some economists compared the results to a general strike where economic activities stopped. Covid-19 is highly infectious. It grows exponentially. Although it is mild for most people the death rate could be ten times higher than seasonal flu. About 30-60,000 people in the United States died from seasonal flu which is about .06% of those infected. Covid-19 could cause about 300,000 death in the United States or about 1% of those infected. So it is scary and Northern America and Northern Europe will reduce economic activities for a while until the fear subsides.



The economic downturn may worsen social and political problems. Opposition to the current semi-military government will increase. We expect economic growth for the first half of 2020 to be zero and some small improvements in the second half.

Financially the Thai economy is stable because she will continue to enjoy large current account surplus and the country still has the fiscal capacity to invest in the Eastern Economic Corridor. Hopefully the government can implement these infrastructure projects to improve the future of the country.

Our additional storage warehouse should be ready by October 2020. This will add about 36% to our capacity.

The main business of our company is to take care of the mundane backroom activities of our customers, starting with document storage then following their move into digitalization.

We will continue to invest in our processes, our system and our people to expand and improve the quality of our services to our customers. We recognize the need to digitalize and to understand the trend in digitalization so that we will not be disrupted and left behind.

On behalf of the board of directors I would like to thank our shareholders, our customers, our vendors, stakeholders and various government agencies for their continuous support. Last but not least is our management and staffs who have dedicated their life to the company and continue to learn and grow with the company.

(Chote Sophonpanich)  
Chairman of the Board



## Audit Committee Report

The Board of Directors of Krungdhep Sophon Public Company Limited has appointed an Audit Committee consist of 3 Independent Auditors. These 3 Independent Auditors are qualified and independent announced by the Stock Exchange of Thailand to carry out audits of listed companies. There are MissSuthawan Sakkoson, Chairman of the Audit Committee, Mr.Ovart Phanprechakij, Audit Committee Member and Mr.Arun Chirachavala Audit Committee Member.

The Audit Committee has performed its duties according to the responsibilities assigned by the Board of Directors as the Audit Committee Charter in monitoring corporate governance practices to ensure the transparency administration of policy compliance and management process including honesty and integrity towards shareholders within their scope of Auditor's responsibilities.

The Audit Committee oversees and reviews the importance of corporate governance. In order to ensure the efficiency and effectiveness of the operations improvement including internal Risk Management control,

the Audit Committee has freedom to offer comments and suggestions.

In 2019, the Audit Committee held 4 meetings. The meetings attended by the Senior Management, Audit Committee and Auditor which can be summarized as follows:

### 1. Review of Financial Statement

The Audit Committee reviewed the data and information in both Quarterly and Annual Financial Statement of the company for the year 2019 and its subsidiary companies. The key points have been reviewed, discussed and verified by the auditor prior to submission to the Board of Directors for approval. In addition, the committee also considered the auditor's recommendations on the improvement of internal control weaknesses. The Audit Committee is of the opinion that the report of the Company's Financial Statement and Result of Operations true and correct based on Accounting Standards and can be disclosed as appropriate.

## 2. Review Transaction Related

The Audit Committee reviewed the rational transaction related that may cause Conflicts of Interest among stakeholders of the company and its subsidiary companies by scheduled this particular subject in the main agenda as well as review the complete and accurate disclosure of the Committee's opinion. Any transactions occurred during the normal business operation should be considered beneficial to the company and can be fully disclosed.

## 3. Internal Control and Risk Management Review

The Audit Committee has reviewed to evaluate the adequacy and suitability of the Internal Control System and Risk Management, based on the Internal Audit Standard, by reviewing the result of an Internal Audit which the Audit Plan has been approved. There was a follow up on the improvement upon the recommendation of the 2019 Audit Report.

The company has hired a consulting firm to perform the audit for the Company and its subsidiaries. In conclusion, the Company and its subsidiaries have adequacy internal control appropriated to the Company's business operations. It found no indication of fraud or material deficiency that could cause serious damage. The Audit Committee concluded that the Company has internal control to ensure they can manage risk to a reasonable level of acceptance.

## 4. Corporate Governance and Internal Audit Recommendations

The Audit Committee has the Internal Audit Governance with comprehensive mission. The scope of duties and responsibilities are independent auditing. The Audit Committee is to provide feedback and review the internal audit plan for the year 2019 as well as improving the monitoring and audit plan accordingly if necessary. The audit committee has the opinion that the Internal Audit plan is independent. It covers activities that are adequate and effectiveness with satisfied result in line as targeted.

## 5. Performance Reporting

The Quarterly performance of an Internal Audit has been reported to the Board of Directors by offering useful comments and suggestions to the management for their consideration. In addition, the Audit Committee implemented the Self Evaluation by applying Self-assessment as a guideline in order to improve their future performance.

## 6. Review the Audit Committee's Charter

In accordance with company good corporate governance, the Audit Committee has reviewed the Charter based on the requirement of the Stock Exchange of Thailand.

## 7. Consideration the Appointment of Auditor

The Audit Committee has prepared the result of Auditor selection including remuneration to be presented to the Board of Directors for Shareholders' approval. The meeting approved the appointment from Dr. Virach and Associates Co., Ltd. to serve as the Auditor for the year 2019.

The Audit Committee has performed their assigned job responsibility independently in order to maximize the benefit of the company and stakeholders equally with their ability, knowledge and own discretion. They show transparency of making direct comments without influences from any concerned parties in accordance with good governance practices.

In summary, after the review and consideration of the important items under Audit Committee's job responsibility in 2019, the committee is confident that the Internal Control System and the Risk Management of Krungdhep Sophon Public Company Limited and its subsidiaries represent a reasonable confidence towards the reliability of Financial Statement and results of operations in accordance with the principles of good corporate governance set by the Stock Exchange of Thailand.



(Miss Suthawan Sakkoson)  
Chairman of the Audit Committee

# General Information

## Krungdhep Sophon Public Company Limited

Name	:	Krungdhep Sophon Public Company Limited
Types of Business	:	The Company consists of 3 businesses which are land development, warehouse business and document warehouse business.
Principal Office	:	185 Rajburana Road, Kwaeng Bangpakok, Khet Rajburana, Bangkok 10140
Registration No	:	0107537002435
Homepage	:	www.kwc.co.th
Telephone	:	0-2871-3191-5 Dial 1
Facsimile	:	0-2427-0964
Registered Capital	:	As of December 31, 2019 registered capital is 60,000,000 Baht, divided into ordinary shares of 6,000,000, 10 Baht each
Paid-Up Capital	:	As of December 31, 2019 registered capital is 60,000,000 Baht, divided into ordinary shares of 6,000,000, 10 Baht each

## KWC Logistics Company Limited

Name	:	KWC Logistics Company Limited
Types of Business	:	warehouse and wharf business with over an area of 27000 m <sup>2</sup>
Principal Office	:	185 Rajburana Road, Kwaeng Bangpakok, Khet Rajburana, Bangkok 10140
Warehouse Location	:	1. Bangpakok Warehouse, No 185/1 Rajburana Road, Kwaeng Bangpakok, Khet Rajburana Bangkok 10140 2. Samrae, No 289/1 Taksin Road, Bukkalo, Thonburi, Bangkok 10600
Registration No	:	0105534087373
Homepage	:	www.kwclogistics.in.th
Telephone	:	0-2871-3191-5 Dial 2

## KWC Logistics Company Limited

Facsimile	:	0-2427-0964
Registered Capital	:	As of December 31, 2019 registered capital is 5,500,000 Baht, divided into ordinary shares of 50,000 and preferred shares of 5,000 Baht, 100 Baht each
Paid-Up Capital	:	As of December 31, 2019 paid-up capital is 5,500,000 Baht, divided into ordinary shares of 50,000 and preferred shares of 5,000 Baht, 100 Baht each

## Krungdhep Document Co., Ltd

Name	:	<a href="#">Krungdhep Document Co., Ltd</a>
Types of Business	:	Document storage and document management services
Principal Office	:	185 Rajburana Road, Kwaeng Bangpakok, Khet Rajburana, Bangkok 10140
Warehouse Locations	:	11/1 Pimpa-Sanpudas Road, Amphoe Ban Pho, Chachoengsao 24140
Telephone	:	0-3857-7365-7 and Facsimile 0-3857-7368
Registration No	:	0105538117803
Homepage	:	<a href="http://www.kdc.co.th">www.kdc.co.th</a>
Telephone	:	0-2871-3191-5 Dial 3
Facsimile	:	0-2427-0964
Registered Capital	:	As of December 31, 2019 registered capital is 100,000,000 Baht, divided into ordinary shares of 1,000,000 Baht, 100 Baht each
Paid-Up Capital	:	As of December 31, 2019 paid-up capital is 100,000,000 Baht, divided into ordinary shares of 1,000,000 Baht, 100 Baht each

## Registrar

### [Thailand Securities Depository Company Limited](#)

Address	:	The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400
Telephone	:	02-009-9000
Facsimile	:	0-2009-9991

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## Auditor

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### Dr. Virach & Associates office Co.,Ltd.

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Address : 518/3 Maneeya Center North Building, 7th Floor, Ploenchit Road, Lumpini, Patumwan, Bangkok 10330

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Telephone : 0-2250-0634, 0-2252-2860, 0-2254-8386-7

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Facsimile : 0-2254-1210, 0-2255-2518

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## Legal Advisor

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### Dharmniti Law

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Address : Office 2nd Floor, Nai Lert Tower 2/2 Wireless Road, Lumpini, Bangkok 10330

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Telephone : 0-2252-1260, 0-2655-0711

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Facsimile : 0-2252-1104, 0-2655-0708

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## Internal Audit Advisor

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### DHARMNITI INTERNAL AUDIT CO., LTD

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Address : 178 Dharmniti Building 5th Fl., Soi Permsap (Prachachuen 20) Prachachuen Rd., Bangsue, Bangkok 10800, Thailand

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Telephone : 0-2596-0500 Dial 520, 521

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Facsimile : 0-2596-0539

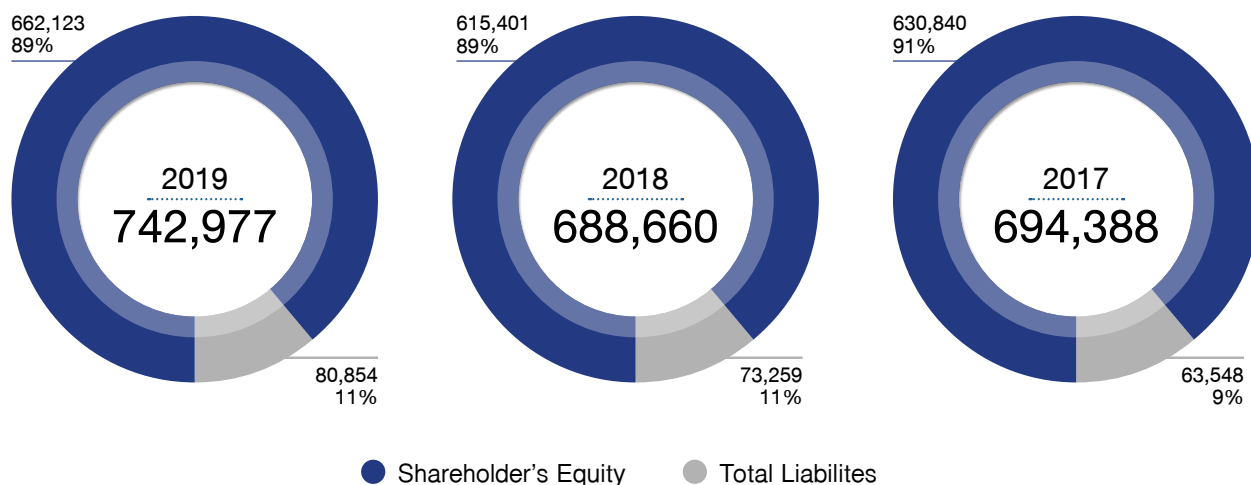
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## Other Important Information

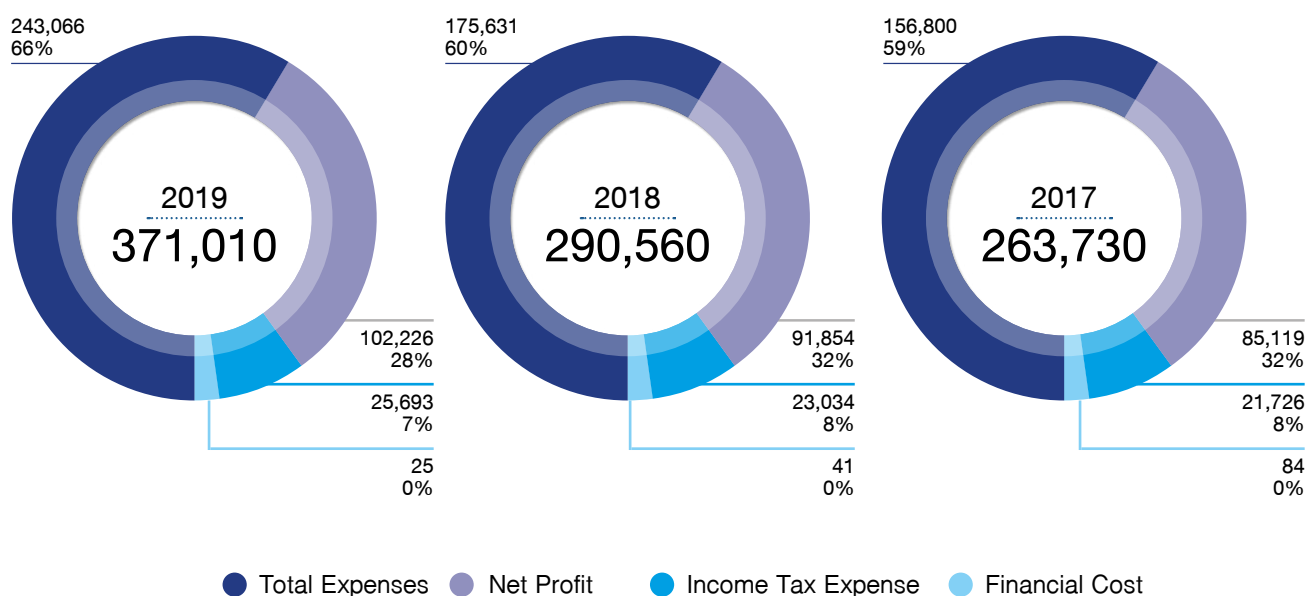
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# Financial Statement Summary

Total Asset (Unit : Thousand Baht)



Total Revenues and Analysis (Unit : Thousand Baht)



(Unit : Thousand Baht)

Items	2019	%	2018	%	2017	%
Current Assets	265,889	36	250,218	36	262,715	38
Quick Assets	205,250	28	194,012	28	211,313	30
Non-Current Assets	438,931	59	409,058	59	396,821	57
<b>Total Asset</b>	<b>742,977</b>	<b>100</b>	<b>688,660</b>	<b>100</b>	<b>694,388</b>	<b>100</b>
Current Liabilities	42,290	6	42,752	6	37,806	5
<b>Total Liabilities</b>	<b>80,854</b>	<b>11</b>	<b>73,259</b>	<b>11</b>	<b>63,548</b>	<b>9</b>
<b>Shareholder's Equity</b>	<b>662,123</b>	<b>89</b>	<b>615,401</b>	<b>89</b>	<b>630,840</b>	<b>91</b>
<b>Total Revenues</b>	<b>371,010</b>	<b>100</b>	<b>290,560</b>	<b>100</b>	<b>263,730</b>	<b>100</b>
Total Expenses	243,066	66	175,631	60	156,800	59
Financial Cost	25	0	41	0	84	0
Income Tax Expense	25,693	7	23,034	8	21,726	8
<b>Net Profit</b>	<b>102,226</b>	<b>28</b>	<b>91,854</b>	<b>32</b>	<b>85,119</b>	<b>32</b>

Financial Ratio	Unit	2019	2018	2017
<b>1. Liquidity Ratio</b>				
Current Ratio : CR	Fold	6.29	5.85	6.95
Quick Ratio : QR	Fold	4.85	4.54	5.59
<b>2. Profitability Ratio</b>				
Gross Margin : GM	%	34.49	39.55	40.55
Net Profit Margin : NP	%	27.55	31.61	32.28
Return on Equity : ROE	%	15.44	14.93	13.49
<b>3. Performance of Operation Ratio</b>				
Return on Asset : ROA	%	13.76	13.34	12.26
Return on Fixed Asset : ROFA	%	23.29	22.46	21.45
Asset Turnover : ATO	Fold	0.50	0.42	0.38
<b>4. Debt Service and Dividend Paid-out Ratio</b>				
Debt to Equity : D/E	Fold	0.12	0.12	0.10
Interest Coverage : IC	Fold	5,119	2,818	1,278
Dividend Paid Out : DP	%	55.76	58.79	56.39
<b>5. Per Share's Information</b>				
Book Value per share : BVS	Baht	110.35	102.57	105.14
Earning per share : EPS	Baht	17.04	15.31	14.19
Dividend per share : DVS	Baht	9.50*	9.00	8.00**
<b>6. Growth Ratio</b>				
Asset Growth	%	7.89	(0.82)	8.84
Revenue Growth	%	27.69	10.17	8.27
<b>7. Collection Performance</b>				
Receivable Turnover	Fold	6.71	5.69	6.16
Average day of Collection	Days	54.42	64.20	59.26

\* Depend on an approval of Shareholders

\*\*and Extra Dividend Baht 10.- per share

# Risk Factors

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**1. National economic situation:** In case of a slowdown or sharp decline of economy, the rate of service using of warehouse and archive business will decrease and it directly affects the income. Realizing this issue, the Company assigns a team to closely monitor the situation and prepares work plans to prevent such risks while seeking new opportunities.

**2. Financial risk:** This risk is unexpected and may occur as a result of domestic and international financial and capital market as well as other important events which may impact the overall economy. The Company may also be affected by the change in financial liquidity, exchange rate and interest rate occurred. Therefore, the strict policy on financial management has been imposed. Trade receivables have been closely followed up to prevent bad debts or long overdue debts. Expenses have been controlled to ensure that funds are spent necessarily and investment in each project is appropriate. Also, financial updates have been monitored and the operating results have been reported monthly and updated on timely basis.

**3. Natural Disaster:** In having the warehouse business located near the river, flood is one of the major risk factors. The company installed a good security system which can be monitored and regularly audited by professional staff. The equipment is ready at all times including Property Insurance covered.

**4. Fire:** Fire is a major risk factor of both subsidiary companies. These two companies provide space rental, deposit products and documents or clients property. The company sees the importance in providing full insurance coverage with reasonable protection systems i.e., Smoke Detector, Heat Detector, Water Pump, Fire Hose and Fire Extinguisher. The Fire Drills has been scheduled on a regular basis.

**5. Government Regulations:** As the location of the warehouse has changed from warehousing business area to crowded residential area, there might be some risks of prohibitions or restrictions on the use of heavy trucks. With regard to the impacts of Land and Building Tax Act, B.E. 2562 (2019), it is likely that the Company may have to pay higher land and building tax, hence a higher operating costs. In addition, some other regulations may hinder the business operation, which the Company has been closely monitoring.

**6. Backup Systems:** The backup systems play an important role in Document Storage business. The system stores customer information with good search engine and the specific information can be found quickly. The company considers the backup system is the most important supporting both internal and external. In case of emergency, the UPS is ready at all times. The data recovery is tested regularly. The backup power is ready at all times in case of an emergency with correct and consistent data retrieval.

**7. Personnel:** The Company realizes the importance of personnel management by focusing on the strengths of employees. Our operations shall be continuous to meet the changing technology and enhance efficiency for the organization. We seek new opportunities to expand our market and plan to build effective personnel by encouraging them to attend knowledge training programs to improve their skills and abilities to ensure better performance and service provision to customers.

**8. Sales and Marketing:** Presently, there are changes of current market and consumer demand. The company must be alert in providing fast and efficient service to new and old customers with fair prices including after-sales services (Customer Care) in order to assure the customer will receive customer care services beyond expectations.

## 9. Warehouse Structure and Document

**Storage Care:** The company has hired the Consulting firm to audit warehouse safety structure and systems as well as develop maintenance program in order to maintain warehouse and document storage under secured and available at all times.

## 10. Structure and the pier management:

The company has consulted experts to conduct survey and maintenance the dock structure regularly. In addition, there is also an inspection of the security of the port according to the ISPS Code standard in order to create confidence for the users.

## 11. Cyber threats:

At present, the business competition is increasing. The company therefore opens a channel for customers can access their own information that has carried out with the company or can use various services via online computer, but at the same time it is a vulnerability to be attacked and being affected by cyber

threats through the internet system results in the risk that data may leak and affect customers. The company therefore invested in various disaster prevention systems as well as setting the standard for the security of customer information with the ISO/IEC 27001 standard Which has been continuously certified.

## 12. Technology Distribution:

Data for important documents of customers, at present, it is in digital format or is converted into a more digital format which requires Technology to manage the standard and secure enough that the company has invested in the system for storing and managing enterprise information (Enterprise Content Management) to accommodate the increasing use of customers. At the same time, the changing technology may result in some unnecessary documents with reduced quantities. The company has considered this risk factor and focus on trying to develop new services that are valuable to customers' businesses in order to compensate the business that may be reduced in the future.

# Policy and Business Operations Overview

## Vision Mission and Goals or Company Business Strategy

Determination, continuous improvement and self development aimed at sustaining stakeholders' satisfaction.

## Background and major developments

Previously named "Krungdhep Warehouse Co., Ltd.," and renamed Krungdhep Sophon Public Company Limited, the company was founded by Bangkok Bank Public Company Limited, in 1961, for the purpose of conducting warehousing activities as approved by the Ministry of Commerce, initially utilising warehouses leased from external parties.

In 1965, the company increased registered capital to Baht 30 million to fund business expansion by buying 2 pieces of land and warehouse buildings located in Bangpakong District from Bangkok Bank Public Company Limited. The first piece of land measuring around 32 rai was equipped with docks for ocean freighters and 16 warehouse buildings. The second site at the foot Rama 1 bridge in Thonburi measuring around 1 rai came with a warehouse which covered the entire ground. In addition, the company bought another plot of

land equipped with one warehouse located in Bukkalong Sub-District, Thonburi District of Bangkok Metropolis.

In 1994, the company transferred its entire warehousing business to subsidiary company, KWC Logistics Co., Ltd., Formerly K.W.C. Warehouse Co., Ltd.

The Company has changed its name on November 9, 2014 which subsequently leased all business activities relating to document storage and administration. At present, the Company's total registered capital of Baht 60,000,000 consists of 6,000,000 shares valued at Baht 10 per share.

## Shareholding structure of Group companies

To date, Krungdhep Sophon Public Company Limited's business activities has focused on developing existing land holdings which came equipped with warehousing facilities. (Subsidiary company, K.W.C., Warehouse Co., Ltd., leased these facilities to carry out subsequent business activities.) The Company is currently mulling development options for some land plots located in business districts along with acquisition of new land plots that will be leased out to subsidiary companies as in the case of land located in Chacheongsao Province.

The company invests by holding shares in subsidiary companies, earning returns in the form of dividend income as detailed below.

Company	Country	Business category	Proportion of shareholding (percentage) As of December 31, 2019
KWC Logistics Co., Ltd.	Thailand	Logistics	99.9996 of Baht 5.5 MB registered capital
Krungdhep Document Co., Ltd.	Thailand	Document storage	99.9989 of Baht 100 registered capital

**Remark:** 1) KWC Logistics Co., Ltd. : registered capital is 5,500,000 Baht, divided into ordinary shares of 50,000 and preferred shares of 5,000/100 Baht each.

2) Krungdhep Document Co., Ltd. : registered capital is 100,000,000 Baht, divided into ordinary shares of 1,000,000/100 Baht each

# Business Attributes

## Income Structure

The income structure, not include other revenue of the company in accordance with the Consolidated Financial Statements ended as of December 31, 2017 to 2019 are detailed as follows:

(Unit: Million Baht)

Group of Business	Operation by	Percentage of Sharholding	Income (year)					
			2019	%	2018	%	2017	%
Logistics	KWC Logistics Co., Ltd.	99.9996	53,674	12.79	50,303	14.80	50,194	16.05
Document Storage	Krungdhep Document Co., Ltd.	99.9989	312,437	74.43	236,050	69.42	207,787	66.42
Investment	Krungdhep Sophon Public Company Limited	100.00	53,638	12.78	53,638	15.78	54,839	17.53
Total			419,749	100.00	339,991	100.00	312,820	100.00

Source: Consolidated Financial Statements of the Company

Note: \* KWC Logistics Co., Ltd shareholding structure as of December 31, 2019 in table 1.

**Table 1 : Percentage of holding in KWC Logistics Co., Ltd. by type of share as of 31 December 2019**

Shareholding in accordance with the list of shareholders (Bor.Or.Jor 5)	Quantity of Shareholdings				Total	
	Ordinary Shares	%	Ordinary Shares	%	Ordinary Shares	%
2 Directors of KWC Logistics Co.,Ltd.	2	0.004	-	-	2	0.004
Krungdhep Sophon Public Company Limited	49,998	99.996	5,000	100.00	54,998	99.996
Total	50,000	100.00	5,000	100.00	55,000	100.00

**Table 2 : Proportion of dividend receive by type of share in KWC Logistics Co., Ltd. as of 31 December 2019.**

Shareholding calculation based on entitlement to receive the company's dividend payment	Quality of Shareholdings		Total	
	Ordinary Shares	Preferred Shares	Shares	%
2 Directors of KWC Logistics Co.,Ltd.	2	-	2	0.004
Krungdhep Sophon Public Company Limited-Ordinary Shares	49,998	5,000	54,998	99.996
Total	50,000	5,000	55,000	100.00

**Table 2 : Proportion of dividend receive by type of share in KWC Logistics Co., Ltd. as of 31 December 2019.  
(per)**

Shareholding calculation based on entitlement to receive the company's dividend payment	Quality of Shareholdings		Total	
	Ordinary Shares	Preferred Shares	Shares	%
Directors of KWC Logistics Co.,Ltd.- Preferred Shares - 2 Directors co-receive dividend after paid to Preferred share's holder.	2	-	2	0.0004
Krungdhep Sophon Public Company Limited - Dividend receive to Preferred share's holder (55,000 x 10% x 90%) - Dividend co-receive after paid to Preferred share's holder	- 49,998	495,000 5,000	495,000 54,998	90.00 9.9996
<b>Total right to receive dividends</b>	<b>49,998</b>	<b>500,000</b>	<b>549,998</b>	<b>99.9996</b>
<b>Total</b>	<b>50,000</b>	<b>500,000</b>	<b>550,000</b>	<b>100.00</b>

\*\* According to the articles of association of KWC Logistics Co., Ltd. it is prescribed that the preferred shares shall have the first priority to receive 90 % of the total approved dividend payment and shall also be entitled to a portion of the remaining approved dividend payment on the same basis as ordinary shares.

## Product or Service Features, Marketing and Competition, Product/Service Procurement and Future Business Expansion Trends

### 1. KWC Logistics Co., Ltd.

#### (A) Products and Services

The company operates warehouse business related with space renting and the port of loading/unloading goods for retail customers. The company received an approval and certified by the Department of Inland Transportation and Marine Commerce, ISPS Code (International Ship & Port Facility Security Code).

#### (B) Marketing and Competition

Due to intense competition on rent, the company continues to improve its warehouse by changing its roof from roman roof tiles to metal sheets, maintaining the port facilities in good condition, keeping the surrounding area clean, and providing sufficient space for loading and unloading operations, which are the company's strength. On top of this, the company offers prices that allow it to compete with other operators in the market.

#### (C) Business Development

In order to compete and conduct business more diverse with current market, the name KWC Warehouse was changed to KWC Logistics Co., Ltd. At the same time, Public Warehouse License

was cancelled. The company has been focused on providing customer services on warehouse and distribution points in Bangkok and around the country including the development of IT systems in archiving customers' product data backup system using Trace and Track, and Real Time system to transport goods to support the project. Presently is under evaluation period.

### 2. Krungdhep Document Co., Ltd.

#### (A) Product or Service Features

The company provides storage and management services for document and computer backup media using a world-class barcode document storage management system which can ensure accuracy and quick search and prevent errors in the management system, taking into account various factors that may affect documents and backup media. At every step, there are detailed checks which have achieved ISO 9001-2015 certification as well as digital document scanning, indexing, and hosting service which is a standardized system for digital document storage and management at organizational level called Enterprise Content Management Application or ECM with an aim to response to organizational needs for quick information to support decision-making and maximise operational efficiency. Moreover, the company

has introduced new services such as e-statement which can deliver documents electronically and quickly to customers at low cost and offered sales promotions to increase customers' business value based on the ISO/IEC 27001 security standard.

#### **(B) Marketing and competition**

Document storage/management and Computer Back-up media has become well known due to market understanding and recognition of potential benefits, be able to help increase speed and convenience to customers' needs which makes the service easier, faster and more accurate. Solving various major problems such as long-term cost reduction, economizing storage space and minimizing risks arising from in-house document and/or data storage etc. During the past year, marketing techniques have changed quite substantially while 2 types of competition can be described as follows:

1. Competing in existing product and service segment by expanding various forms of services or offering in-depth services such as entering details into documents deposited by customers, and horizontal services, namely offering nationwide services. At the same time price competition prevails as major competitors want to increase their market share.

2. Competing on the basis of new products and services such as converting documents into digital format. This new trend in data usage and management helps to minimize storage space, expedite data search and enable concurrent data sharing. Various organizations have adopted this technique to improve operational efficiency and maximize customer satisfaction to gain greater market share.

Customer features. Customer groups that demand state-of-the-art services are mainly large organizations which have to deal with huge quantities of documents and data that are difficult to manage, hence the need for expert service providers who can offer advice or convenient services to cost costs or importantly, immediately transform existing procedures. Target groups that can expect to benefit from this service include business conglomerates or government agencies that own important data which form the basis for decision-

making and various action plans. Because existing laws recognize the importance of documents and data, various organizations have been assigned to collect and manage documents more effectively. Risk factors confronting every organization also drive home the importance of efficient data and document management. The company firmly believes that an efficient management system that is quick, correct and accurate can ensure data confidentiality and safety at a reasonable service charge. This is the main factor which will affect customers' decision to select service providers. Moreover, software application for managing digital document will gain wider recognition by users because the ability to archive all types of records and able to automatically store document history in the system. This system is accepted by law. It can connect information from multiple systems to support the increasing operational efficiency. In addition, customers are beginning to have greater demand for operational efficiency such as demand for document approval before storage or publication and demand for analysis of activities related to internal documents.

#### **(C) Competitive conditions**

The business is facing increased competition in terms of pricing strategy and service quality to gain market share, and more new entrants are competing in the market. Additionally, substitute services are being offered, for example, document scanning that can destroy some documents more quickly while others are not printed out in paper such as e-Tax invoice. In terms of customers, the company found that customers are demanding more, especially for additional services that can meet new organizational needs which can help create business excellence for customers' organizations.

#### **Number and size of the competition**

At present 9 players in the market can be divided into 3 categories.

Large players: 3 companies account for 81% market share

Medium-sized companies: 3 players hold 14% market share

Small scale operators: 3 companies account for 5% market share

#### **(D) Product or service procurement**

Since the main income comes from services whose factors consist of personnel and technology, products or raw materials constitute a small part of work process and cost structure. The company provides transport service that covers the entire country and has quality suppliers as well as service system that promotes close collaboration to ensure service quality and efficiency. The company is the role model for digital document system, sends electronic invoices and digital reports to customers, and adopts technology in services to reduce errors and risks and increase security. In terms of environmental impact in the service process, the company strives to decrease energy consumption from biomass by reducing the size, switching to electronic formats, using renewable energy such as sunlight and wind, and minimizing waste.

#### **(E) Future business growth trends**

There is a continuous growth trend in document storage since customers increasingly understand and see the importance of systematic document management. As backup media storage is facing a downward trend due to the shift to online backup, the company has set out to develop new services that will complement its core business such as document storage in a secure storage room, digital document and data management in the form of Business Content Management Hosting with customers as renters without investment, and additional related services that meet customers' needs. The company has made a 40 million baht investment to create a building for digital services to improve efficiency and security management. The building has been operated since the third quarter of 2019.

# Assets Using for Business Operation

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## 1. Krungdhep Sophon Public Company Limited

(A) Land comprising 32 Rai located at Rajburana Road, Bangpakok, Rajburana, Bangkok Metropolis. The land is composed of

- Warehouse amounting 16 houses, aggregate areas of 27,690 Square Meter.
- Wharfs, size 6,000 ton amounting 2 wharfs
- 3-Floor Office Building

(B) Land comprising 789 Square Wah located at Taksin Road, Bukkalo, (Bangsaikai), Thonburi, Bangkok Metropolis having the 4-Floor commercial building amounting 1 building

(C) Land comprising 573 Square Wah located at Payamai Road, Bangkokyai (South), Khlongsan (Bangkokyai) Bangkok Metropolis having one warehouse, fully utilized, with the area of 2,257 Square Meter.

**Item (A) to (C) have the book value approximately 28,103,453 Baht**

The possession purpose is to hold for warehouse business operation

(D) Land comprising 101 Rai located at Saenpoodas, Banpho, Chachoengsao Province that has been developed for Krungdhep Document Co., Ltd to lease for its storage business

**It has the book value approximately 106,407,695 Baht**

The possession purpose is to hold for document storage business operation.

## 2. KWC Logistics Co., Ltd

(A) Warehouse amounting 1 house with the area of 1,657 Square Meter, as the company's proprietary, located at Taksin Road, Bukkalo, (Bangsaikai), Thonburi, Bangkok Metropolis

(B) Warehouse amounting 16 house including the 2 wharfs located at Rajburana Road, Bangpakok, Rajburana, Bangkok Metropolis leasing from Krungdhep Sophon Public Company Limited for warehouse and wharf business operation.

## 3. Krungdhep Document Co., Ltd

(A) Document Storage Building No.1 (Phase1) house with the area of 5,000 Square Meter including rackings, office building, field, and food court, valued at 80,000,000 Baht constructed on the land leased from Krungdhep Sophon Public Company Limited in Chachoengsao Province, started to store the documents and received the revenue from September 1996.

(B) Document Storage Building No. 1 (Phase 2) with the area of 5,000 Square Meter including rackings valued at 40,000,000 Baht started to operate from the beginning of 2002 year.

(C) Document Storage Building No. 2 with the area of 8,000 Square Meter including rackings valued at 151,000,000 Baht started to operate from March 2006.

(D) Document Storage Building No. 3 with the area of 10,000 Square Meter including rackings valued at 138,000,000 Baht started to operate from September 2014.

(E) VAS Building with the area of 1,160 Square Meters with computers and scanners valued at 38,165,000 Baht started to operate from August 2019.

## Legal Disputes

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As of December 31, 2019 Krungdhep Sophon Public Company Limited and its subsidiaries has not have material legal disputes that are potentially affected to the assets of Krungdhep Sophon Public Company Limited exceeding 5% of Shareholders' Equity and there are no disputes that is materially affected to the business operation of Krungdhep Sophon Public Company Limited.

# Shareholders

As at 31 December 2019 list of the 10 largest shareholders of Krungdhep Sophon Public Company Limited, including the shares held by related parties under Section 258 of the Securities Act is as follows.

No	Name of Shareholders	Nationality	Shares	Percent
1	Watana Chote Co., Ltd.	Thai	943,680	15.73
2	Bangkok Bank PCL.	Thai	530,000	8.83
3	Vayupak Fund 1	Thai	501,667	8.36
4	Bangkok Insurance PCL	Thai	350,800	5.85
5	Mr. Charn Sophonpanich	Thai	239,023	3.98
6	Mr. Choedchu Sophonpanich	Thai	189,840	3.16
7	Mr. Chai Sophonpanich	Thai	178,202	2.97
8	Mr. Chatri Sophonpanich	Thai	174,260	2.90
9	Khunying Chodchoy Sophonpanich	Thai	167,040	2.78
10	Mr. Rabin Sophonpanich	Thai	152,440	2.54
	<b>Total</b>		<b>3,426,952</b>	<b>57.10</b>

Shareholders who hold shares more than 0.5% = 31 persons (78.90% of the total issued shares)

Shareholders who hold shares less than 0.5% = 287 persons (21.08% of the total issued shares)

# Dividend Payment Policy

Krungdhep Sophon Public Company Limited has it policy to pay the dividend approximately 50% of the net profit based on the consolidated financial statements. The payment of dividend in the past 3 years are as follows:

Year	Dividend Payment Per Share (Baht)	Net Profit per Share (Baht)	Rate of Dividend Payment (%)
2019	9.50*	17.04	55.76
2018	9.00	15.31	58.78
2017	8.00	14.19	56.38

\*Subject to the consideration and approval of the Shareholders Meeting of the Company

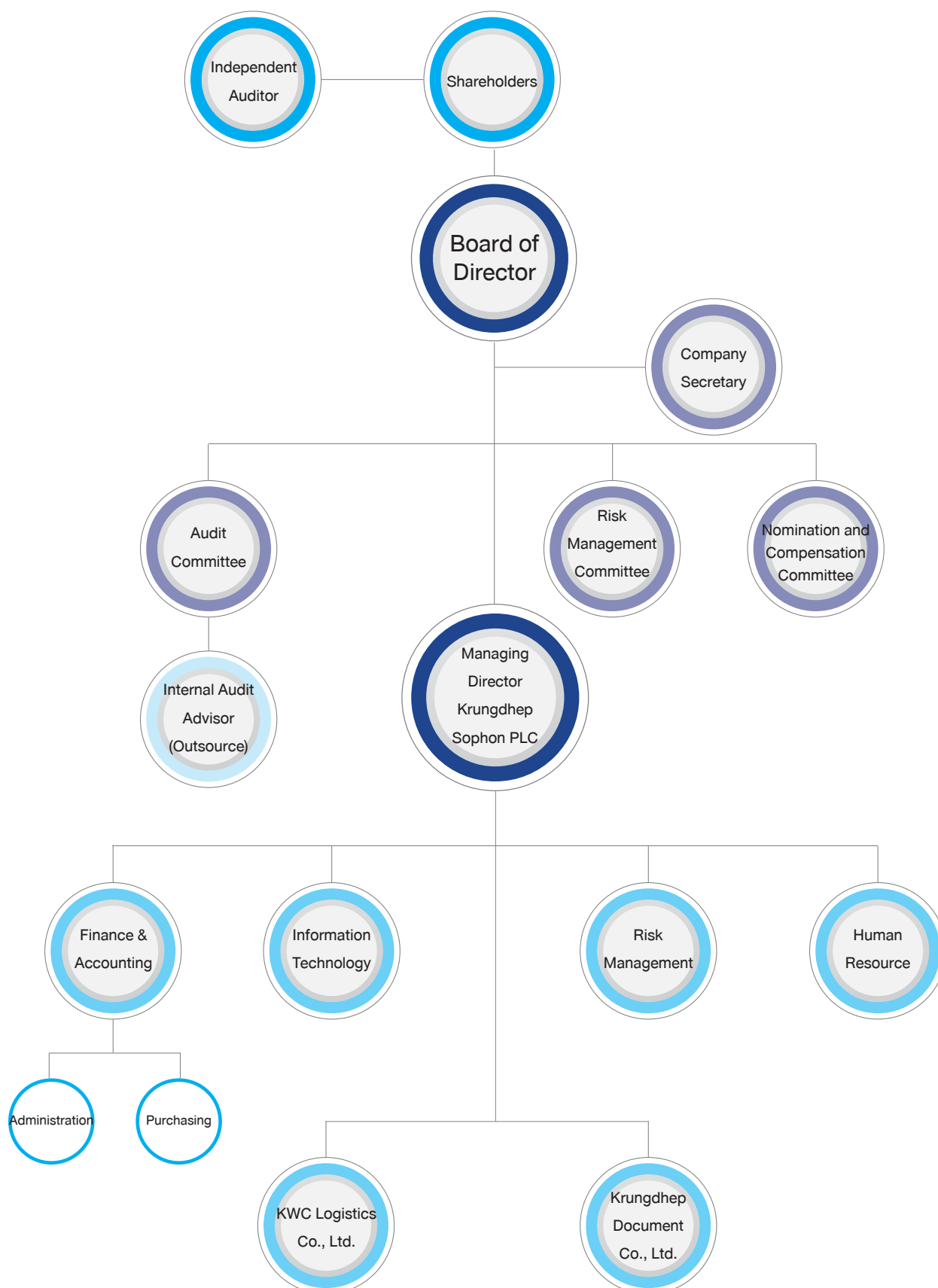
There are few key factors that the Company use to consider the the dividend payment to the shareholders of the Company and its subsidiary units. They are the condition and efficiency of the cash flow and liquidity of the Company and its subsidiary units, and the need of usage of such cash for generation of working capital to drive business.

## Risk Management

The Sophonpanich group and those related group are the majority share holders of more than 50% of total shares, and are deemed to be able to control the votes and consensus of the shareholders in most of the important matters to be considered for approval such as the appointment of the board of directors. The exception applies to matters in relation to laws and regulations which require that a ratio of 3 within 4 votes are agreed and conceded by the shareholders. As such, the other shareholders will be unable to obtain or collect consensus with their own group and counter balance the proposal from major shareholders.

# Management Structure

## Organization Structure



## The Board of Directors

As of December 31, 2019 the Board of Directors of Krungdhep Sophon Public Company Limited is composed of 9 Members as follows:

No	Name of Directors	Position	No of Meeting of Directors	
			No of Meeting held	No of Meeting Attended
1	Mr.Chote Sophonpanich	Chairman	9	9
2	Miss Suthawan Sakkosol	Independent Director and Chairman of the Audit Committee	9	8
3	Mr. Amorn Asvanunt	Independent Director Member of the Risk Management Committee and Chairman of the Nomination and Compensation Committee	9	7
4	Mrs. Acharaporn Hemakom	Independent Director and Chairman of the Risk Management Committee	9	8
5	Mr. Ovarit Phanprechakij	Independent Director Member of Audit Committee and Member of Risk Management Committee	9	9
6	Mr. Arun Chirachavala	Independent Director and Member of the Nomination and Compensation Committee	9	9
7	Mr.Somsak Jaitrong	Executive Director and Member of the Nomination and Compensation Committee	9	8
8	Mr. Lau Ting Fai	Director	9	9
9	Mr.Charnchai Lamyordmakpol	Director, Managing Director and Member of the Nomination and Compensation Committee and Managing Director	9	9

## Directors Authorized to Sign on Behalf of Krungdhep Sophon Public Company Limited

Two directors jointly sign and seal of the company. Mr. Ovarit Phanprechakij and Mr. Amorn Asawanont does not have the authority to sign on behalf of the Company.

## Roles, Duties and Responsibilities of the Board of Directors

The Board of Directors is duty bound to act in accordance with the law, the company's objectives and resolutions of the Shareholders' Meeting, including compliance with the criteria and regulations of the Stock Exchange of Thailand and the Exchange and Securities Commission.

The Board of Directors is accountable to the shareholders for the company's business operations and corporate governance in accordance with the management objectives and maximization of shareholders' benefit whilst taking into account the benefits of all stakeholder groups. The Board of Directors also gives consent on

determination of the vision, mission, strategy, target, work plan, and budget of the Company, and establishes a mechanism of performance governance, monitoring, and evaluation in accordance with the setting target.

The Board of Directors appoints the Managing Director who functions as Chief Executive Officer, and determines remuneration rate. The Managing Director shall not hold the position of Chairman of the Board of Directors. The Board of Directors have set the following scope of work as their duties and responsibilities to authorize:

### 1. Set up of Policies and Procedures

#### 1.1 Human Capital Resources

The Board of Directors have the authority to select and appoint key management resources and committees to help manage the business processes in accordance to the regulations of the Company:

#### The Committees are:

- Audit Committee
- Risk Management Committee
- Nomination and Compensation Committee

**Members of Management:**

- Managing Director of Krundhep Sophon PCL
- General Manager of KWC Logistics Co.,Ltd. and Managing Directors of Krungdhep Document Co.,Ltd.
- The Financial Controller or Chief of Finance
- Company Secretary

**1.2 Businesses**

The Board of Directors have the authority to approve policies and procedures to consider business strategies, business action plans, business budget, organization structure, salary structure, the company's compensation and benefit scheme and structure, and manpower requisition.

**1.3 Finance**

The Board of Directors have the authority to approve the annual budget laying out the targets on revenue, expenses and net profits, inclusive of :

- Capital expenditure (CAPEX)
- Operation expenditure (OPEX)

## 2. Regulate and Manage the Managing Director of Krungdhep Sophon PCL to manage the Company and its subsidiary units within the rules and regulations and targets as set up the board of directors

**Related Parties Transaction Practice**

In accordance with clause 89/2 of the Securities and stock Exchange Act (4th edition) B.E. 2551, the company's Board of Directors Meeting No. 3/2551 held on August 2008, considered and approved the principle of authorizing the management to approve transactions in case of the company or its subsidiary has transactions with their executive director (s) or related parties, assuming that these transactions are normal business transactions or transactions that support normal business undertakings under general trade conditions in the same manner that a conscionable person may transact with partner(s) joined by a general agreement under similar circumstances, subject to commercial bargaining power and without any influence to their status as director, executive or related party. In this regard, the management will submit Quarterly. Related transactions reports to the Board of Directors whenever any such transaction has been approved.

**EXECUTIVES**

Executives comprise

No	Name of Executive	Position
1	Mr. Charnchai Lamyordmakpol	Director and Managing Director Krungdhep Sophon Public Company Limited
2	Mr. Charoen Fongsataporn	Financial Controller Krungdhep Sophon Public Company Limited
3	Miss Sukanya Preechaharn	Senior Manager Human Resource

**Company Secretary**

The Board of Directors has appointed Miss Pawarisa Kerdphoungaew to be the Corporate Secretary. The responsibilities and duties of the Corporate Secretary include the following:

1. To prepare and collect the following documents as required by the Securities and Stock Exchange Act, namely,

- Directors' registration
- Notification of the Board of Directors' meeting, report of the Board of Directors' Meeting and the company's Annual Report
- Notification of the Shareholders' Meeting and Report of the Shareholders' Meeting

2. Collating and maintaining reports on stake holdings submitted by directors or executives to the Company Secretary. Dispatching copies of the reports

of stake holdings to the Chairman of the company and Chairman of the Audit Committee within 7 days from receiving date of the reports.

3. Maintaining Shareholders' registration, Articles of Association, regulations of the company, and other matters related to shareholders in compliance with laws and regulations.

4. Organizing Board of Directors' meetings, shareholders' meetings in accordance with the laws and regulations of the Stock Exchange and the Securities and Exchange Commission, and all relevant public company law.

5. Undertaking any other activities in accordance with notifications issued by the Capital Market Supervision Committee, and other activities assigned by the company's Board of Directors.

## Remuneration for directors and executives

### Policy on directors' remuneration

In 2014, the Board of Directors has appointed the Nomination and Remuneration Committee, and determined the policy, rule and procedure for the nomination, remuneration and other benefits of the director, Managing Director, and the member of the sub-committee. The Nomination and Remuneration Committee shall assist in governing the remuneration to be transparent at the appropriate level, taking into account the scope of duties, roles, and responsibilities of the Board of Directors and each sub-committee, and time allocation to perform the duty with the Company. The said remuneration shall be adequate to motivate the nomination of director and the retention of good director to wilfully perform his/her duties and dedicate himself/herself to create usefulness for the Company. In addition, the payment of the director/committee member's remuneration in the group and the size of the companies with similar business is considered in comparison in accordance with the regulations and policies related to the remuneration of the director/committee member and managing director.

### Remuneration Policy for high level executives

It is the company's policy to pay suitable but not excessive remunerations to high level executives, taking into account the scope of responsibilities and duties of each executive according to the expectations or the company's target, and the economic value of the task. Towards this end, a salary structure has been prepared along with a wage payment plan, to ensure appropriate and fair remuneration that can motivate and compare with other companies in a similar line of business and in accordance with relevant laws and regulations. The remuneration package is within the regulation of the company and in line to the business performance of the company.

### Summary of total remunerations paid to each director:

#### Directors' remuneration

- 1) Monetary compensation
  - 1.1 Remuneration for 9 Company's directors in the amount of 4,620,000 Baht
  - 1.2 Remuneration for the Audit Committee Nomination and Remuneration Committee and the Risk

Management Committee in the amount of 280,000 Baht (Remuneration in the form of meeting allowance).

Type of Remuneration	Monthly Remuneration (Baht/Month)	Meeting Allowance (Baht/Time)
1) The Director's Remuneration <ul style="list-style-type: none"><li>- Chairman of the Board</li><li>- Director</li></ul>	75,000 25,000	
2) The Sub-Committee Member's Remuneration <ol style="list-style-type: none"><li>2.1 Audit Committee<ul style="list-style-type: none"><li>- Chairman of the Committee</li><li>- Member</li></ul></li></ol>	30,000 15,000	
<ol style="list-style-type: none"><li>2.2 The Nomination and Remuneration Committee and Risk<ul style="list-style-type: none"><li>- Chairman of the Committee</li><li>- Member</li></ul></li></ol>		40,000 20,000

The Annual General Meeting of Shareholders for 2019 held on April 22, 2019 resolved to approve the determination of the director's remuneration for 2019 not exceeding 5 million Baht. The said remuneration includes monthly salary and meeting allowance. The details of the monthly remuneration, meeting allowance, remuneration of the sub-committees for the Chairman of the Committee are as follows.

No	Name and Surname	Board of Directors	Audit Committee	Nomination and Compensation Committee	Risk Management Committee
1	Mr. Chote Sophonpanich	900,000	-	-	-
2	Miss Suthawan Sakkosol	300,000	360,000	-	-
3	Mr. Amorn Asvanunt	300,000	-	40,000	40,000
4	Mrs. Acharaporn Hemakorn	300,000	-	-	80,000
5	Mr. Lau Ting Fai	300,000	-	-	-
6	Mr. Arun Chirachavala	300,000	180,000	40,000	-
7	Mr. Ovarit Phanprechakij	300,000	180,000	-	40,000
8	Mr.Somsak Jaitrong	900,000	-	40,000	-
9	Mr.Charnchai Lamyordmak	300,000	-	-	-
	<b>Total</b>	<b>3,900,000</b>	<b>720,000</b>	<b>120,000</b>	<b>160,000</b>

**Remark:** \* Refer to 2019 AGM, Directors' remuneration was approved at 5 million baht. Actually used according to the shareholders' meeting 4,900,000 Baht.

#### Human Resources Capital

The total number of Employees of the Company and its Subsidiaries as of December 31, 2019.

Company	Position	Permanent Employees (person)	Temporary Employees (person)
Krungdhep Sophon PCL.	Executive	3	
	Accounting	6	
	Procurement	3	
	HR	4	
	Planning And Engineering	1	
	Finance	4	
	Administration	2	
	IT	1	
KWC Logistics Co., Ltd.	Executive	1	
	Customer Service	3	
	Operation	5	
	Administration	6	
Krungdhep Document Co., Ltd.	Executive	1	
	IT	5	
	Business Development	9	
	Operation	81	16
<b>Total</b>		<b>135</b>	<b>16</b>

**Note :** - Full time employees refer to employees who receive remuneration in the form of regular monthly salary.  
- Temporary employees refer to employees who work on daily basis and receive wages that are higher than the daily minimum wage rate determined by labor laws.

## (2) Employees' remuneration

### (A) Salary and Bonus

In 2019, financial remuneration of the employees of the Company and its subsidiaries consisting of

(Unit: Baht)

Type	Year 2019	Year 2018
Salary	85,239,837.19	53,402,160.25
Bonus	7,641,730.08	6,552,359.18
<b>Total</b>	<b>92,881,567.27</b>	<b>59,954,519.43</b>

### (B) Contributions to the Provident Fund in 2019

Employees of the company and its subsidiaries paid up 5-10 percent of their salary into the Provident Fund ; Which the company has contributed into the fund 5-10 percent of salary to the Provident Fund for Employees.

(Unit: Baht)

	Year 2019	Year 2018
Provident Fund Contribution	3,873,002.56	3,127,179.29

### (C) Other Employees' benefits granted

In addition to remuneration in the form of salary, contributions to the Provident Fund, overtime pay, living expenses, diligence reward, etc.,. The company also grants other employee benefits such as group life and health insurance, office uniforms, annual health check-up.

personnel development at every level and in all aspects including Management, Technical skills, Information Technology, Safety and Health, with a view to providing knowledge and capability needed to maximize operational efficiency, which will in turn improving the Company's Professional standing and ensure future International Standardization

#### 5.2 Employee training programs

There were both Internal and External Skills Development Training for management and employees scheduled in 2019 as follows:

**Internal Learning programs are comprised of 3 courses:**

1. Professional Excel Advance Essential Workshop
2. Fire drill and fire evacuation
3. Process quality improvement by Lean

**External training for 41 courses as follows**

1. Mini Master of Management Program
2. Rules on Shareholders' Meeting and Board of Directors' Meeting
3. Board Reporting Program (BRP) 29/2019
4. Chief Transformation Officer (CTO) For CEO or C-Level
5. Solving Problems of Accounting Documents and Documents Related to Accounting Recognition
6. Labor Law on Advanced Personnel Management

### (3) Human Resources Turnover during the last 3 years

- In 2019, a total of 70 employees resigned and retired and 60 new employees were hired
- In 2018, a total of 53 employees resigned and retired and 57 new employees were hired
- In 2017, a total of 82 employees resigned and retired and 88 new employees were hired.

### (4) Significant labor disputes that occurred during the last 3 years

-none-

## (5) Employee Development

### 5.1 Human Resources Capital Policy

The company supports and promotes

7. IR Workshop "Effective MD&A: Best Practices & Tips" & Visit PTTOR's Oil Business Academy
8. Individual Development Planning Technique
9. Technique for Writing Competency-Based Job Description and KPI-Based Job Description Batch 26
10. DCP 283/2019
11. Issues on Receipt-Payment Voucher
12. Accounting Problems of Property Lease Business, Contract Planning in Accordance with the New Law and Method of Accounting Records
13. Negotiation Techniques in Purchasing
14. What Should the Employers Who Are Required to Send Funds Pursuant to Student Loan Fund Act, B.E. 2017 do?
15. Advances for Corporate Secretaries Program 2019
16. Issues on Accounting Records Under Accounting Standards No. 16 - Lands, Buildings and Equipment
17. Technique for Dealing with Debts and Problematic Debtors
18. Win Over Customers with 5 Service Skills
19. Adjustment of Brief Items Required in Financial Statements
20. Electronic Withholding Tax System
21. Professional Record of Income-Expense Statements Related to The Business
22. Technique for Writing CG Report in Accordance with Good Corporate Governance
23. Audit adjustments
24. Popular Case Study: Suspected Cash Corruption in The Organization and Preventive Measures
25. TFRS 16 Lease Agreements and Deferred Tax Issue
26. The next age of marketing digital marketing
27. Logistics Development towards Excellence with LEAN
28. Leader 4.0 - Excellent People and Excellent Jobs Change Strategies into Greater Results than Competitors
29. Proactive CRM and CEM Loyalty Solution
30. Coaching for Leadership
31. Creating Facebook Page for Marketers and New SME 2019
32. 7 Steps to Become Great Sellers Batch 7
33. Empower Service Mind towards Excellent Service Provision
34. Building Electrician Level 1
35. Home and Commercial Air-Conditioning Technician (Air-Conditioning Technician)
36. Upgrade Team Performance with Human Management Skills Batch 9

37. Proactive Work for Supervisors towards Corporate Results
38. Essential Skills for Productive Supervisor Batch 7
39. Work Leadership Skill Development
40. Technique for Being Commander
41. Great Technique in Preparing to Be Professional Supervisors Batch 12

#### **(6) Operational Security**

The Company is aware of a significance of the operational security whereas the guideline of practice is established to attain the security objective as follows.

(6.1) The company sends employees and executives to attend training related to the operational security for recognition and awareness on the operational safety, such as the course of the operational security officer, as well as the security training at all level required by law. In addition, the company also organizes the practical training on fire prevention and regular dockyard drills on a quarterly basis in accordance with the government regulations. At present, the company docks' compliance with ISPS Code has been certified by SOC.

(6.2) The Company improves an environment in working area to upgrade both service and security in workplace.

- Improve warehouse building by replacing asbestos roofing tiles with metal sheets.
- Improve electrical system in the Company's area.
- Install guide post and define the vehicle route in warehouse area.
- Apply the technology to support the security surveillance
- Yearly inspect the dock's structural strength and plan the repair.

#### **(7) Safety, Occupational Health and Environment**

The company is focused to conduct business in compliance to socio economic requirements and standard pertaining to safety, occupational health and environment as follow:

(7.1) The Company will follow the regulations and procedures in relation to safety, occupational health and environment with the following process:

- Appoint a professional safety officer to oversee, analyze, and improve safety, occupational health, and environment.
- provision of annual safety plan to the Department of Labor and Welfare

- develop professional in safety manual and provide professional in safety knowledge training to employees
- announce, publish and post symbols in relation to hazard/danger awareness and symbols in relation to safety, occupational health and environment
- Prepare signboard showing the statement of the employer's and the employee's rights and duties in the business establishment.
- Send the employees to participate in training of the safety, occupational health, and environment-related courses such as supervisory safety officer, standard of the building electrician, and safety on use of forklift.
- create signs with information on duties and responsibilities of employer and employees on safety, occupational health and environment
- provide training courses of safety specialist and senior technical safety specialists to qualified employees
- announcement and appoint safety, occupational health and environment committee
- implement annual fire drill together with first aid process
- collect analytical data and statistics on professional in safety

(7.2 ) The Company is committed to provide safe work environment to the lives of its employees and their assets with the following details:

- provision of safety equipment and gear that meets industry standard for employees to wear and protect during work such as safety belt, safety shoes, safety gloves, illuminating vests or jacket, and masks
- develop action plan on evaluation of work safe environment such as on light, sound and heat

- Improve the environment and working area to reduce the operational risk such as goose step and vehicle routing / printing section area separation from working area, installation of air filter system in operational area.
- Examine and sharing the operational area applying technology of VMS system and barrier gate system.

(7.3 ) Management and employees are committed and support activities in promoting quality occupational health and environment.

(7.4 ) The company will disclose information openly. About the relationship of the operations of the Company to the safety, health and environment.

(7.5 ) Company has set up safety, occupational health and environment committee at work place to ensure sufficient and appropriate facilities pertaining to safety, hygiene, and protect the losses to both employees and employers, by providing strict guidelines on how to conduct work in a safety manner, eliminating accident and incident on premise, and elimination of disease contamination within workplace, as follow:

- provision of safety equipment and gear that meets industry standard for employees to wear and protect during work such as safety belt, safety shoes, safety gloves, illuminating vests or jacket, and masks
- hold a safety, occupational health and environment committee meeting at least one time per year
- provide safety policies and procedures with signed approval from authorized management team and circulate the policies to employees
- Monthly survey safety and environment in workplace by safety, occupational health, and environment working group.
- develop safety plans to submit to safety, occupational health and environment committee to be trained in safety committee training courses

# Good Corporate Governance

Krungdhep Sophon Public Company Limited's policy on Good Governance

## Krungdhep Sophon Public Company Limited's policy on Good Governance

Realizing the importance of Good Governance as a key factor in sustaining business enterprises, and the foundation for on-going efforts to promote organizational efficiency and productivity, and to foster confidence among shareholders, investors, customers, trading partners, employees as well as all related parties, including society and the environment, the company has adopted the following principles of Good Governance

1. Shareholders' rights Category
2. Equitable treatment of shareholders Category
3. Stakeholders' roles Category
4. Data disclosure and transparency Category
5. Accountability of the Board of Directors

## Implementation of Good Corporate Governance Policy

### Category 1 Shareholders' rights

#### 1.1 Recognizing the importance of shareholders' rights

The Board of Directors realizes the importance of the company's shareholders who have the right of ownership, the right to make decisions on major changes, and the power to control the company through the Board of Directors who has been elected to act on their behalf, the company has adopted the policy of giving equal importance to the right of every shareholder in accordance with the principle of equality, fairness as well as the relevant laws or regulations. Shareholders' basic rights such as the right to participate in shareholders' meetings, the right to buy/sell/transfer shares, to obtain adequate business information, or to receive a share of business profit, will be protected and shareholders will be encouraged to exercise their rights to the fullest extent. To facilitate contact and enquiry regarding shareholders' rights in various matters, the company has appointed an Investor Relations Officer who will answer questions from shareholders and investors. The including rules and regulations of the company posted in website: [www.kwc.co.th](http://www.kwc.co.th)

#### 1.2 The right to participate in Shareholders' meetings

Participation in shareholders' meetings is a fundamental right of shareholders and has significant impact on the enterprise's decision making process, hence the Board gives due importance to the right to participate in Shareholders' Meetings and encourages shareholders to exercise their right to participate in shareholders' meetings to the fullest extent. Shareholders have the right to be informed of rules, regulations and methods for participating in such meetings and to receive the necessary data and information relating the meeting agenda prior to the meetings so that they will be prepared to cast their votes, to express opinions or pose questions to directors, and to exercise their right to appoint other people as proxy. The company's policy to encourage shareholders to exercise the abovementioned rights is clearly evident from the various procedures which have been adopted as follows:

(1) Announcing news of Shareholders' Meetings through public media: when the Board has reached a unanimous decision regarding the date, time and place of the meeting and has determined the agenda of the meetings, the company shall notify the Stock Exchange of Thailand so that the news can be released immediately to shareholders.

(2) Convenience in exercising the right to attend meetings: the date, time and place of the meeting must be convenient and easy for shareholders to participate. For example, in 2019, the company scheduled the 25th Annual General Meeting of Shareholders on April 22, 2019 at 11.00 am, at The Emporium Suites by Chatrium Hotel (Heliconai 1-3 Room Floor EL) No. 622 Sukhumvit 24 Alley, Klongton Khet Khlong Toei, Krung Thep Maha Nakhon 10110 This arrangement made it convenient for shareholders to come and exercise their right to participate in the meeting.

(3) Providing data to supplement the meeting agenda: The Company distributed a letter of invitation to the meeting, along with data and documents that are relevant to agenda items that had already been posted on the Website: [www.kwc.co.th](http://www.kwc.co.th) 30 days prior to the date of the meeting. Thailand Securities Depository Co., Ltd., which acts as the Company's Share Certificate Registrar,

was also delegated to send the letter of invitation to the Meeting to all shareholders no less than 15 days before the date of the meeting. If Shareholders are unable to attend the meeting in person, they are invited to authorize appropriate persons to attend the meeting on their behalf. In addition to attaching a proxy form approved by the Ministry of Commerce to be signed by shareholders who are unable to attend in person, the company normally places newspaper advertisements on 3 consecutive days to announce the meeting schedules. Prior to the meeting in 2019, newspaper announcements were made no less than 3 days.

(4) Convenient pre-registration: On the date of the meeting, the company's officers stand ready to welcome and assist shareholders who wish to pre-register no less than 2 hours before the meeting. As shareholders' data are already stored in the computer, the registration process is speedy and accurate.

(5) Shareholders are given opportunity to ask questions and express their opinion: Directors and high level executives attend Annual General Meeting of Shareholders to offer clarifications and respond to various questions from shareholders, they also encourage shareholders to propose recommendations in matters that benefit the company which obtain good cooperation from shareholders. The relaxed and friendly atmosphere of the meeting drew creative recommendations from shareholders. As a result of the abovementioned method to encourage shareholders to exercise their rights. The 25th Annual General Meeting of Shareholders have 27 shareholders are attending the meeting and have appointed 29 proxies for a total of 56 shareholders, accounted for a total of 3,802,238 shares or 63.37 percent of total issued shares.

### **Category 2 Equitable treatment of shareholders**

In their capacity as owners of the company, all shareholders shall have equal right as shareholders in every respect. It is therefore the company's policy to oversee all shareholders, including executive or non-executive shareholders of the company or foreign shareholders, to ensure equal and fair treatment as well as compliance with laws criteria, not only in regard to protection of the abovementioned basic shareholders' rights, but also including equal treatment at shareholders' meetings, internal data control to ensure that they are used properly and not to take advantage of other shareholders. Directors and executives are also required

to disclose information regarding their personal stake holdings to prevent conflict of interests

### **2.1 Shareholders' meetings**

In order to safeguard management and operational transparency as well as fairness for all shareholders alike, shareholders must be able to express their opinions or question executives and to participate in decision-making. The company's regulations therefore require that major issues such as operating results, financial statements, allocation of profit from the previous year, election of directors and appointment of auditors shall be submitted to Shareholders' Meetings for their consent or approval.

Company recognizes the importance of equal treatment for all shareholders including minority shareholders and shareholders who are foreign nationals. In order to allow all shareholders to participate in the company's operations, the company has adopted the policy of giving all shareholders the right to propose agenda items and/or the name(s) of person (s) to be selected as Directors prior to each meeting. This policy ensures that agenda items are thoroughly reviewed for the benefit of the Company and that person (s) who are suitably qualified can be selected and can execute their duties efficiently for the greatest benefit of the company and all stakeholders. Towards this end, every shareholder who holds the company's share(s) for a minimum period of 12 months up to the day of the proposal shall be entitled to propose the agenda of the meeting or propose the name of person(s) who are suitably qualified to be elected as Company's Director, effective from October 19, 2019 to December 31, 2019. Shareholders have been informed of this matter via the Stock Exchange of Thailand and announcement placed on the company's Website [www.kwc.co.th](http://www.kwc.co.th), along with clear-cut procedure and transparent criteria for consideration by shareholders who can contact us by E-mail address: [infokwc@kwc.co.th](mailto:infokwc@kwc.co.th), or by registered mail addressed to The Company Secretary, Krungdhep Sophon Public Company Limited, within the specified period of time prior to the Shareholders Meeting.

In order to convene a shareholders' meeting, apart from posting a notification of the meeting schedule and the accompanying documents on web-site: [www.kwc.co.th](http://www.kwc.co.th), the company also sends out the aforesaid notification of the meeting schedule to shareholders no less than 15 days prior to the date of the meeting.

Notification of the meeting schedule is also advertised in newspapers on 3 consecutive days, but not less than 3 days before the meeting takes place.

Notification of the meeting shall specify the date, time and place of the meeting, as well as a comprehensive agenda of the meeting as required by law. The agenda shall include matters that are submitted to the meeting for information as well as matters that require decision by voting, including the Board of Directors' opinion, comprehensive and adequate data to support shareholders' consideration and voting on each and every agenda item.

In addition, notification of the meeting will also provide succinct information regarding all the documentation that shareholders are required to present before being admitted to the meeting. A proxy form approved by the Ministry of Commerce will also be attached in a format that enables the shareholder to determine the direction of vote, thereby allowing shareholders who wish to authorize other people to attend the meeting on their behalf to make the necessary authorization. At the Shareholders' Meeting in 2019, the company provided another option for shareholders by proposing the names of the independent director, for shareholders to select as proxy to participate in the meeting and vote on their behalf.

On the date of the meeting, the company will allow shareholders to register for attending the meeting no less than 2 hours before the meeting commence. Apart from shareholders who are listed as shareholders as at the closing date for share transfers and proxies who have been authorized by shareholders, the company's directors and executives of the company also recognize the importance to participate in the shareholders' meetings to listen to shareholders' questions, views and recommendations.

At the start of the Shareholders' Meeting and before proceeding with the agenda of the meeting, the Company Secretary shall inform the meeting of the names of directors who are participating in the meeting as well as the criteria for voting. During the meeting, the Chairman of the meeting will also give all shareholders equal opportunity to exercise their rights to review the company's operations, to question, express opinions and propose various recommendations to the fullest extent. The Chairman and relevant executives will answer questions from shareholders and listen to various views and recommendations made by shareholders for the

sake of joint consideration or future implementation as deemed appropriate. These questions, views and recommendations shall be duly recorded in the report of the meeting.

Shareholders are free to vote for or against, or to abstain from voting on, every agenda proposed resolution of the Shareholders' Meeting as they see fit. In regard to the election of the company's directors, shareholders shall vote for or against, or abstain from voting for each director. In taking votes on each proposed resolution, if no one objects, disagrees or abstains from voting, it shall be deemed that shareholders have voted to approve or agree to the company's proposed resolution. If any shareholder objects, disagrees or abstains from voting, the company will allocate a ballot only to the shareholder who objects, disagrees or abstains from voting.

Final decision of the Shareholders' Meeting, the Company Secretary shall inform the Shareholders' Meeting of the number of votes cast for or against each resolution on the agenda and the number of people who abstained from voting. The resolution shall be determined by the majority of votes cast by shareholders, with each share counted equally as 1 vote. The resolution of the meeting and the number of votes cast on each agenda item shall be duly recorded. Accurate and comprehensive reports of the Shareholders' Meeting shall also be prepared and sent to the relevant government departments within the required time frame, and shall be distributed to shareholders via the company's website: [www.kwc.co.th](http://www.kwc.co.th), 14 days after the meeting, so that shareholders and related parties can review and inspect the report.

## **2.2 Supervision of internal data usage**

To prevent directors and relevant executives from using internal data for the purpose of buying, selling securities or to seek inappropriate personal benefits for themselves or other people, the company's policy requires that directors and executives shall observe Clause 59 of the Securities and Stock Exchange Act B.E. 2535, and report holdings of the company's shares to the Office of the Securities and Exchange Commission within the required time frame, and also report to the meeting of the company's Board of Directors.

In addition to compliance with laws and regulations, the company has also adopted a business ethics policy which requires that secrets of the company

and its customers shall not be disclosed or used for own or other people's personal benefits. This disciplinary policy shall be strictly exercised by directors, executives and employees.

### **2.3 Rule for disclosing stake holdings of directors and executives**

In the event that company directors and executives have a stake in a transaction, the company's policy requires directors and executives to disclose data regarding their own or related parties' stake holdings in any transaction that may cause conflict of interests, thereby enabling decisions to be made for the benefit of the company as a whole. In this regard, directors and executives who stand to lose or benefit from any transaction with the company shall not participate in the decision to execute that transaction.

### **Category 3 Stakeholders' roles**

Realizing the importance of shareholders who constitute one category of stakeholders as mentioned above, the company will give due importance to, and recognize, the rights of other stakeholder groups including the company's employees, customers, related financial institutions, trade partners and society, including the importance to the respect of human rights and anti-corruption, whilst ensuring fair and transparent treatment of every stakeholder group in accordance with various relevant laws and regulations. This policy will help to strengthen cooperation between the company and each and every stakeholder group for the benefit of the organization's operations and stability. Towards this end, the company has endeavored to treat each stakeholder group as follows :

**Shareholders** Recognizing the importance and respecting the equal rights of every shareholder, organizational management and administration have been based on the principle of caution and efficiency to ensure sustained growth of the company and appropriate returns for shareholders. Shareholders will receive accurate and transparent information on operating results along with documents relating to financial statements and also venue of Shareholders' Meeting. Advance notification and data are also provided prior to all Shareholders' Meetings.

**Employees** Apart from appropriate welfare benefits and remunerations, the company supports employees' personal development and promotes continuous development of employees' capabilities/work skills.

**Customers** In accordance with the principle of honesty and loyalty, the company strives to protect and maximize customer's benefit. The company responds to customers' needs by offering quality products and excellent services to all customers alike and providing comprehensive and accurate data and information whilst treating customers with respect at all times.

**Trade Partners** The company cooperates with trade partners by exchanging data and information that benefit joint business operations and ensure success of the company's operations, whilst abiding by the principle of honesty, loyalty and fairness for all trade partners.

**Society** The company cooperates and supports public and private sector policies and activities as deemed appropriate in each case. Business operations will be conducted and controlled within the framework of the law while avoiding cooperation with, or support of, enterprises that violate the laws or businesses that adversely impact the environment. The company also encourages among all employees and executives on a continuing basis to promote and instill awareness of corporate social responsibility.

**Trade Competitors** The Company establishes a policy for the fair treatment and responsibility on its competitors and conduct under a framework of good competition rule, and avoidance of corruption method in damaging its trade competitors. However, the Company focuses on a competition in value and impression of service, and an excellent achievement quality to meet the customer expectation more than a price competition. In case where price is a key element of the selection consideration, the Company always offers a reasonable price in accordance with the guideline of practice.

(1) Openly compete in business operation without a policy to use any means for the illegal acquisition of the competitor's information in conflict with the code of ethics and professional code of conduct.

(2) The Company aims at fair quotation which is suitable for achievement quality and customer expectation.

(3) Strictly comply with the terms and conditions specified in the employment contract.

(4) Deliver quality services and achievement to meet the customer expectation at fair price.

### **3.1 Corporate Social Responsibility Policy**

Krungdhep Sophon Public Company Ltd. and its subsidiaries are committed to conduct our business

growth on the basis of corporate governance, social responsibility and environmental sustainability. We hold responsibility for corporate actions to encourage a positive impact on the environment and stakeholders including employees, clients, investors, business partners, local communities and others for their long-term benefits.

Our goal is to maintain positive relationship among industrial sectors and local communities and upgraded the progress simultaneously. In order to move forward and meet company objectives based on our Vision and Mission Statement to support social responsibility and environmental awareness, the Corporate Social Responsibility Policy was established as follows:

1) To conduct business with honesty, transparency, fairness and accountability. The company is focusing on the growth of the group, together with the quality of life of employees, local communities and the quality of society. All dimensions of the environment, including the interests of stakeholders.

2) To operate the business with a focus on corporate governance under professional ethics awareness and verifiable, especially the process involved or vulnerable to fraud within the company. This includes all types of corruptions whether direct or indirect.

3) Giving the importance to the respect of human rights, by not taking advantage of employees, customers, business partners as well as individuals in the society and treat that individual reasonable, equal and fair.

4) Operated by having employees of the company and its subsidiaries perform their duty in compliance with company's regulations as mentioned above. In addition, the company also pays attention on the importance of Training and Development including future career success of their employees.

5) Operated by paying special attention on reasonable price offering of Standard Services for better living conditions of employees, consumers and society. These services are Advance Information Technology, Health and Safety which will be beneficial to employees, consumers, society and environment.

6) Operated by supporting the development and environmental protection and conservation, energy efficiency, water, fuel, plastics and paper effectively.

7) Operated by a focus on local community development. The company needs a strong community

support in order to run business smoothly. Community participation is something that must be practiced regularly in parallel with a sustainable business practices. The company and its subsidiaries sponsor events and activities including the support of educational programs for schools and Institutions and focus on supporting the development of youth in the community. This also includes the relief to victims of natural disasters and other disasters.

8) Conducting the business by focusing on Innovation to social development and environmental sustainability which includes Marketing Policy, Investment, Product Offering and Services to Corporate Social Responsibility as well as providing extra services to our customers' needs appropriately.

### **3.2 Anti-Corruption Policy**

The company is committed to doing business with integrity and the highest anti-corruption standards by adhering to social responsibility and stakeholder. It refers to the entire groups of employees, customers, shareholders, partners, social and environmental. To make decision and carry out the business successfully, the company has established the written Anti-Corruption Policy as a guideline based on corporate governance and ethical awareness.

#### **Definition of Anti-Corruption Policy**

Corruption means to bribe not to be in any form by offering the promise given pledged claims or accepting money, property or other benefits that are not appropriate. All should be aware that in many countries it is a criminal offence to bribe or attempt to bribe a government official and that it may also be an offence to provide secret commissions or payments either to government officials or within business dealings direct and indirect including customers and partners. Unless, there is permission of local laws, rules, regulations, customs and traditions or traditional trade can be done.

#### **Four main Principles of Corruption**

1. Political Support means providing cash or political contributions, gifts or prizes and/or attending the event, as well as encouraging employees to participate in political activities on behalf of the company in order to gain a business advantage. This does not include the employees participating in the rights of individual freedom. The company operates a fair policy based on

a philosophy that the Company is free from professional politician, political or affiliated parties. The company will comply strictly not giving or offering anything of value for the purpose of obtaining or retaining business.

2. Charitable Donations may cause a risk to the company because such activity is money spending related without tangible rewards and lead to corruption activity. To prevent charitable donation from being hidden incomplete or false documentation, many anti-corruption laws have criteria for books, records and internal financial controls as follows:

2.1 Must prove that there is actually a charity project. The project has been implemented to support the objectives successfully with true benefit to society.

2.2 Must prove that a donation to a charity is not related to reciprocal benefits to any person or any government organization unless receive a normal Award Recognition for example, logo presentation announced at the venue or public posting in the media.

3. Donations (Sponsorships): Aims to Business Branding or reputation of the company or risk of a payment for services or benefits. There may be a risk of payment for services or benefits are difficult to measure and track. Cash or cash equivalents may relate to Bribery. The company has set a policy and guidelines on donations (Sponsorships) on review processes and details control as well as auditing as follows:

3.1 Must prove that the requester has done the said project and the objective was successful truly beneficial to the society.

3.2 Must prove that the donations or any form of benefits can be calculated as money and does not consider a favor to any person for example, offer lodging and meals unless receiving the Awards as a normal business practices.

4. Gift and Entertainment/Hospitality and Other Expenses: Review and Audit processes including evaluation criteria should be under company Policy and Guidelines and compliance with Corporate Social Responsibility (CSR).

### **Report Fraud, Misconduct and any Breaches of the Code (Whistleblower Policy)**

If you are aware of fraud or misconduct, or believe there is a serious breach of the Code, once received the report from either internal or external, the company has assigned an Independent agency to investigate the facts as the following process:

1. The company has set contacts and complaints channel on the website, Annual Report, Corporate Governance Report and Business Ethics Manual for fast fact-finding process which includes:

1.1 Sufficient clarification with details of evidence and complaints must be true and / or enough to investigate.

1.2 The summary of important materials will be submitted to a focal person whom responsible for submission to the Investigation Committee which includes: Committee Center (Compliance), Human Resources Management Department, section of a person receives complaints and section of a person making a report (an employee case) to expand its fact-finding.

1.3 The personal making the report will be kept fully informed throughout the investigation and will not be personally disadvantaged whether a person is an employee or a third party.

1.4 The reporter may remain anonymous unless the reporter/the appellant sees that disclosure will be useful and enable the company to report the progress or able to request additional information in order to protect any future harassment.

2. Process to ensure Fairness: The Investigation Committee will make sure that all reporting will be kept strictly confidential and secure within the law. The person making the report will be kept fully informed throughout the investigation. The Committee is aware of safety and damage to the whistleblower or the complainant and the respondent or those who cooperated in the investigation including sources of information or related parties. The action is signed and ratified by all parties concerned.

3. Reporting Process: The Investigation Committee is responsible to report the Fact-finding directly to Krungdhep Sophon PLC Managing Director, Audit Committee and Board of Directors based on each incident by reviewing the appropriate report prior to the presentation to authorized personnel under Investigation Committee as the following criteria:

3.1 Managing Director, Krungdhep Sophon PCL: concerning general management which has quite serious effect and under the supervision of the Managing Director of Krungdhep Sophon Public Co., Ltd.

3.2 Audit Committee: related with Corporate Governance Policy and/or an intention act of fraud with serious impact.

3.3 Board of Directors: the Audit Committee is of the opinion that the incident should be reported for

information and/or to consider taking action on matters related to the Policy and Regulations and/or issues affect executives.

#### 4. Disciplinary Action and Result of Operations

4.1 The punishment shall be in accordance with the Disciplinary action and/or legal requirements.

4.2 In case, the reporter may be in contacted, the written result of investigation process will be notified.

4.3 If there will be any amendments, the committee leader will report to the authorized personnel respectively.

4.4.1. Company employee who violated or do not comply with the said policy will be considered taking under Disciplinary Action. There may be a warning notice and punishment or termination of employment. If found intentional violation, there may be litigation in civil and criminal penalties.

4.4.2 Due to any violation or non-compliance with this company's Directors policy, there will be an investigation and punishment with written warning notice or penalties as defined by law. If found intentional violation, there may be litigation in civil and criminal penalties.

### Anti-Corruption Policy

All Directors, management and employees of the Company cannot accept corrupt in any form either directly or indirectly. The policy applies to the entire workforce, operations, subsidiaries and affiliates, in terms of all dealings and transactions in all countries and all agencies involved. The entire Krungdhep Sophon PCL workforce are required to read, understand and review this policy regularly to comply with business practices and local law requirements.

### Responsibilities

1. Board of Directors is responsible for policy setting and oversees a system that supports Anti-Corruption Policy effectively. The managers are required to enforce the policy, educate employees as a corporate culture and ensure that the management is aware of the importance of this policy.

2. Audit Committee is responsible for reviewing the financial reports and accounting systems and internal controls. To ensure the effectiveness and up to date of Internal Audit and Risk Management systems are met International Standards.

3. Managing Director and the Management team are responsible to set and encourage the Anti-Corruption system within the entire organization by communicating to employees and other stakeholders, including perform regular review of rules and regulations to comply with the change of business and local law requirements. Page 4

4. Senior Accounting and Finance Manager and Internal Auditor have duties and responsible for auditing and review the operations that are performed correctly according to the company practices guidelines, legal and corporate governance requirements. This is to ensure that there is sufficient control over the potential corruption risk and report to the Audit Committee.

5. The appointment of the Audit Committee: In case a committee member receives a complaint and has a lower position than a Managing Director, the Managing Director is responsible to appoint a new member. If the position of the said individual is a Managing Director or a Company Director, the Audit Committee is responsible to appoint a new member.

### Guidelines

1. Company's directors, management, employees at all levels must comply with the company's Anti-Corruption Policy and Code of Conduct by not getting involved with all types of corruption whether direct or indirect.

2. The employees should not careless if aware of fraud or misconduct, or believe there is a serious breach of the Code. It is an employee's duty to report to the Manager or the assigned personnel responsible for monitoring the Code of Conduct through channels set by the company.

3. All reporting will be kept strictly confidential and secure within the law. The person whom cooperating and making the report will be under Complaint Protection and free from personally disadvantaged according to the Whistleblower Policy practices.

4. A person whom commits corrupt should fall into Company unethical action and be considered Disciplinary Actions set forth by the Company. If this action is illegal, a person will be punished by law.

5. The Company recognizes the importance of the dissemination of knowledge and understanding to the third party that associated with the company on the Anti-Corruption Policy which may impact in regards to compliance with the policy against corruption campaign.

6. The company is committed to create and maintain a corporate culture by not accepting any corruption when doing business with government and private sector.

### Terms of Action

1. Anti-Corruption Policy covers Human Resources Administration which includes recruitment or selection of candidates, promotion, demotion, transfers, training, performance evaluation, compensation, suspension and termination. It will be communicated to all levels of employees through their department heads to understand and take ownership of business activities effectively.

2. Any transaction related to the Anti-Corruption practices must follow the company's Code of Conduct and refer to Corporate Governance Policy and Guidelines for stakeholder groups including Company Operation Manual as well as other practices will be set up soon.

3. To be clear of an action plan in regards to corruption prevention, Board of Directors, Executives and employees at all levels must follow the rules and regulation or company guidelines.

3.1 Gift: To provide or accept gifts means items that can be given or received with other companies for advertisement purposes such as: Notebook and Calendar, but the company has announced a policy of no longer accepting various gift baskets. For entertainment refers to meals in the various banquet and conference can be organized and obtained as appropriate.

3.2 Donations to Charity or Sponsorship: The Company does not have a policy to accept donations but to make donation or sponsorship must be transparent and legitimate.

3.3 Business Relationships and Government Procurement Do not offer or accept bribes for the purpose of obtaining or retaining business. In contacting with government must be transparent, honest and proceed in accordance with the relevant legislation.

3.4 Business Relationships and Purchasing Contract with private sector and affiliates Do not offer or accept bribes for the purpose of obtaining or retaining business. In contacting with private sector and affiliates must be transparent, honest and proceed in accordance with the relevant legislation.

3.5 must comply with the company regulations

3.6 must comply with the company regulations

3.7 must comply with the procurement regulations

3.8 The Company does not have a policy to punish or give negative results against corrupt employees even the action will cause the company to lose business opportunities.

The Company has participated in the Thai Private Sector Collective Action Coalition against Corruption on December 5, 2017. The Company was certified by the Thai Private Sector Collective Action Coalition against Corruption on August 21, 2018.

### Anti-corruption Policy Guidelines Receiving – giving gifts, entertainments or any other benefits (No Gift Policy)

Principles that the Company has established regarding a good corporate governance policy and business ethics for employees shall serve as the guidelines for employees in receiving – giving gifts, entertainments, or any other benefits as specified in the business ethics and shall be adhered to in the same way in accordance with Anti-corruption Policy. These guidelines shall be considered as part of the good corporate governance policy and business ethics of the Group.

#### Guidelines:

##### 1. Gifts, souvenirs or any other benefits

1.1 Giving gifts or souvenirs according to traditions can be done if not interfering with relevant laws and local customs, such as for Thailand, not more than 3,000 Baht per person per occasion according to the announcement of the NCCC Committee and should be given in the form that helps promote the image of the Company and affiliates as follows:

1.1.1 Diary or calendar

1.1.2 Products of the Company and affiliates

1.1.3 Public relations materials for the Company and affiliates (Corporate Logo/Corporate Brand)

1.1.4 Royal Project products, community products in the Company and affiliates operating area, or products for charity or public benefit, or products that support sustainable development.

1.2 Giving gifts and souvenirs should be conducted in the same standard to prevent discrimination.

1.3 No gifts, souvenirs, property or any other benefits shall be given to spouses, children or related

persons of government officials, customers, partners, and contact persons because such conduct is viewed as acting on behalf.

1.4 Giving souvenirs on important business occasions, such as the establishment date or the signing date of business contracts can be done but if the value of the souvenir exceeds 3,000 Baht, it must be approved by the executive of the vice president level or above or top executives of the companies in the group.

\*Normal traditional practice means festivals or important dates which gifts may be given to each other and includes the opportunity to congratulate, thanking opportunity, welcoming, condolence or providing assistance according to the etiquette that is practiced in the community. (According to the regulations of the Prime Minister's Office on giving or receiving gifts of government officials, BE 2544)

## **2. Banquet and entertainment**

2.1 Expenses on business banquet and entertainment such as in the form of food and beverage or sports and other expenses directly related to business practices or as a commercial tradition including providing business insight; all these can be done but must be spending reasonably and not affecting the decision in the operation or causing conflicts of interest.

## **3. Organizing CSR activities with government offices or government officials**

3.1 Organizing CSR activities with government offices or government officials can be done as appropriate which must be done on behalf of the Company with the objectives in accordance with the Company CSR policy and proceed through the procedures set out by the Company and affiliates.

3.2 Organizing the CSR activities or any activities in the name of the Company and affiliates must exclude activities related to supporting the political parties.

## **4. Receiving gifts, souvenirs or any other benefits**

4.1 Personnel of the Company and affiliates do not accept gifts, souvenirs or any other benefits in all cases and have a duty to notify the third party of the policy to refrain from receiving such gifts.

4.2 If there is a need to receive a gift, souvenirs or any other benefits and cannot return, each department shall appoint a responsible person to carry out the collection of such items and make donations to individuals or external offices for charity or public benefit, except:

4.2.1 If it is a consumable item with an expiration date less than 1 month, it shall be under the discretion of the supervisor of the unit that receives the gift for handling.

4.2.2 If it is a diary as a public relations media for the company, employees can receive it as a personal gift.

4.2.3 In the case of receiving gifts or souvenirs, in the name of the organization to the organization such as signing a business contract, it can be done but such gifts or souvenirs must be the property of the Company.

## **5. Accepting offers for meetings, training, seminars and business visits using the suppliers' budget.**

5.1 Accepting offers for meetings, training, seminars and business visits using the suppliers' budget, can be done in accordance with the terms specified in the contract, but must not have passive tourism in the activity. Accepting offers for meetings, training, seminars and business visits using the suppliers' budget but not specified in the contract, can be done if the offer is appropriate and beneficial to the Company and affiliates. This must be approved by the supervisor and in accordance with the Company and affiliates regulations.

5.2 Not accepting proposals for training, seminars that have travel characteristics without the intention of transferring knowledge.

## **6. Supporting travel expenses and other expenses for government officials**

6.1 Supporting travel expenses and other expenses for government officials can be done as appropriate and in accordance with the regulations of the Company and affiliates

## **7. Donation and support to government offices or government officials including charitable organizations**

7.1 Donations and support to any organization must be conducted under the following conditions:

7.1.1 Being a reliable organization and/or has been established legally.

7.1.2 The donation must be done in the name of the Company and affiliates in a transparent, legal manner and according to the regulations of the Company and affiliates.

7.1.3 Do not pay directly to government officials or any other person in the

name of the person, unless there are details specified in the requesting letter and evidence of receipt in writing.

- 7.1.4 There should be a monitoring process to ensure that the donation/ sponsorship has been used for the benefit of the public and/or in accordance with the objectives of such donation/sponsorship.

#### **Category 4 Data disclosure and transparency**

##### **4.1 Data disclosure**

In keeping with the policy to ensure operational and management transparency and accountability, and realizing the importance of accurate, comprehensive and early disclosure of significant data, the company has distributed various data and information via various in-house publications to keep investors and other relevant parties informed. In addition, data is also distributed by various channels of communication and Stock Exchange media, including disclosure of annual operating results (Form 56-1), annual reports (Form 56-2), and disclosure via the company's web-site : [www.kwc.co.th](http://www.kwc.co.th), which is updated on a regular basis.

Disclosure of data which the company deems to be significant shall include financial statements as well as various non-financial data that are required by the Securities and Exchange Commission, the stock Exchange of Thailand, as well as other significant and relevant data, namely, corporate governance policy and implementation, policy on directors' remunerations, directors' profiles, the Board of Directors' duties and performance.

##### **4.1.1 Corporate Governance and implementation policy.**

A written policy on Corporate Governance which has been approved by the meeting of the company's Board of Directors confirms the company's determination to conduct business operations in accordance with the principle of Good Governance, thereby ensuring management transparency, efficiency and efficacy, for the benefit and confidence of every stakeholder group. To ensure thorough understanding and consistent methods of implementation, the Human Resource Department is responsible for organizing training courses. The HR department will also follow-up on actual implementation, evaluation and subsequent adjustments to suit changing conditions. The company's Good Governance policy is also published on web-site:

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

##### **4.1.2 Financial Statements and the Board of Directors' accountability for financial statements**

As the company's Board of Directors is accountable for the company's financial statements and consolidated accounts of the company and its subsidiaries in the annual report, the Board of Directors shall ensure that the abovementioned financial statements are prepared in accordance with generally accepted accounting practices, disclosure of significant data in the Explanatory Note attached to the financial statements is adequate and has been inspected by authorized auditors, and duly audited by the Audit Committee. The Board of Directors has also prepared a Report on the Accountability of the Board of Directors for the financial statements as appears in the Annual Report (Form 56-2) under the section Financial Statements which precedes the Report of the Auditor.

##### **4.1.3 Report on stakeholdings of Director, executives and relevant persons**

The Company's Board of Directors has ruled that Directors, executives and relevant persons shall report their stakeholdings every time that these stakeholdings change, with a view to using such data to follow up on various matters such as interrelated transactions in accordance with the announcement by the Capital Market Commission No. Tor Jor. 2/2552 dated January 26, 2009, which pertains to reporting of stakeholdings by Directors, executives and relevant persons. The first such report undertaken on June 11, 2009 was submitted to the Chairman of the Board and the Audit Committee Chairperson within 7 working days counting from the day that the company received the report. The Board of Directors has ruled that all stakeholdings of Director, executives and relevant persons shall be reported to the Board of Directors meeting on a quarterly basis.

##### **4.1.4 Report of shareholdings of Directors, executives and relevant persons**

The Company's Board of Directors has ruled that Directors and executives shall observe Section 59 of the Act of Securities and Stock Exchange B.E. 2535 regarding mandatory reporting of shareholdings in the company to the Office of the Commission on Securities and stock Exchange Supervision within the required period of time. Directors and executives shall also report such shareholdings to the Board of Directors at each quarterly meeting of the Board.

**Report of shareholdings of Director**

No	Directors		No of Shares held 2019	No of Shares held 2018
1	Mr. Chote	Sophonpanich	*103,632	*103,632
2	Miss Suthawan	Sakkosol	-	-
3	Mr. Amorn	Asvanunt	-	-
4	Mrs. Acharaporn	Hemakom	-	-
5	Mr. Ovar	Phanprechakij	17,350	17,350
6	Mr. Arun	Chirachavala	-	-
7	Mr.Somsak	Jaitrong	-	-
8	Mr. Lau Ting Fai		90,000	90,000
9	Mr.Charnchai	Lamyordmakpol	-	-

\*Including related parties

**Report of shareholdings of Executives**

No	Executives		No of Shares 2019	No of Shares 2018
1	Mr. Charoen	Fongsataporn	-	-
2	Miss Sukanya	Preechaharn	-	-
3	Miss Pawarisa	Kerdphoungaew	-	-

**4.1.5 Remuneration and Payment to Directors and Executives Policy**

To reflect the scope of duties and responsibilities of each director and high level executives, the company has disclosed the remuneration policy for directors and executives. The company also declared the amount of remuneration that each director has received under Clause 5 Accountability of Directors.

**4.1.6 Directors' profiles and performance**

The company has disclosed the list of directors, independent directors and directors of various sub-committees, including the profiles of each director and information relating to the roles, duties and performance of the Board of Directors and sub-committees during the past year, in Clause 5 Accountability of Directors. This data is disclosed to inform shareholders of the directors' experiences, knowledge and capability that will help to support the company's business operations.

In 2019, the Company had a chance to greet the shareholders in business visit of KWC Logistics Company Limited (a subsidiary) on November 20, 2019, and provided the information to the shareholders and investors as follows.

Activity Pattern	Number of Times
Business Visit of the Shareholders	1
Reply of Queries of the Shareholders and Investors (by Phone)	12

#### 4.2 Relationship with investors

Recognizing the importance of accurate, comprehensive and transparent data disclosure, including general data and data that have significant impact on the company's share price, the Board of Directors has distributed the abovementioned data and information to investors and relevant parties via various communication channels provided by the stock Exchange. The company is also in the process of developing an alternative data distribution method by using the company's Web Site to convey important information and news to shareholders and investors. In regard to Investor Relations activities, the company has delegated the duty of communicating with institutional investors, shareholders, analysts and relevant public sector organizations, to the General Administrative Manager, who can be contacted at phone number 02-871-3191 Ext. 229. And : e-mail: [infokwc@kwc.co.th](mailto:infokwc@kwc.co.th)

### Category 5 Accountability of the Board of Directors

#### 5.1 Management Structure

Details are appeared in Management Structure .

#### 5.2 Internal Controls and Risk Management

##### Internal Audit

The Board of Directors requires that every departments, including business units and supporting organizations, prepare written work procedures which shall be regularly audited by the Internal Audit Office to ensure that such procedures are actually implemented. The efficiency and adequacy of internal control shall be evaluated regularly. To ensure the independence and balancing role of the Internal Audit Office, the Board of Directors resolved that the Internal Audit Office shall report directly to the Audit Committee on a regular basis according to set schedules.

#### Risk Management

The Board of Directors has appointed a Risk Management Team to evaluate risk factors that may affect the company's business objectives, analyze events that trigger such risk factors, identify risk management measures while monitoring events that cause such risks, and recommend risk management measures to be included in the annual budget.

#### 5.3 Business ethics

The Board of Directors has prepared the "Ethics Handbook" for business operations, prescribing practices for directors, executives, and employees to adhere to in their operations and has compiled such guidelines to be documented with comprehensive information including treatment to employees, shareholders, customers, business partners, competitors, society and the environment as a whole. The Board makes sure that the ethics are strictly complied with and conducts the review yearly.

The Company has issued procedures of ethics for directors, executives, employees and subsidiaries in writing which are to be applied and followed as follows:

#### The ideology of Krungdhep Sophon Public Co., Ltd.

Krungdhep Sophon Public Co., Ltd. and its subsidiaries, all together are called "Krungdhep Sophon Group", has an ideology of business operation, namely:

##### 1. Committed to fairness

"Krungdhep Sophon Group" intends to conduct business honestly, morally, and ethically, using the best effort to develop the business and create good returns, providing high-quality services at reasonable prices, ensure the stability and profitability of the business operation in order to continuously benefit the shareholders' investment and sustainable for all stakeholders in a fair manner.

##### 2. Striving for excellence and believe in the value of people

"Krungdhep Sophon Group" aims to do everything towards the excellence in human resources. "Krungdhep Sophon Group" considers that employees are a valuable and important resource and therefore always adhering to the selection of those who are able to work and develop themselves to progress with the group, while creating stability and a strong commitment to employees to be confident to work with the group in a longer term.

### 3. Hold on to social responsibility

“Krungdhep Sophon Group” conducts business by taking into account the duties and responsibilities towards the country, society and the environment.

#### **Ethics in doing the business of the Group**

“Krungdhep Sophon Group” has business ethics as follows:

##### **1. Fairness to business stakeholders**

“Krungdhep Sophon Group” treats fairly related to the business stakeholders whether they are buyers, sellers, partners, competitors etc.

##### **2. Exploiting business benefits**

“Krungdhep Sophon Group” does not want directors, executives, employees to receive or offer benefits to anyone that is contrary to ethics and laws.

##### **3. Non-discrimination**

“Krungdhep Sophon Group” treats relevant parties without discriminating against anyone due to differences in race, religion, nationality, gender, age or education background.

#### **Code of Conduct for Directors, Executives, and Employees**

In order to comply with business ideology and ethics, “Krungdhep Sophon Group” therefore sets out the guidelines that uphold morality and honesty as follows:

#### **Policy on compliance with relevant laws and regulations**

The companies in the “Krungdhep Sophon Group” are committed to respecting and complying with relevant laws and regulations wherever they enter the business and have set the policies as follows:

1. Directors, executives and employees must comply with local laws, regulations and respect local customs in the countries in which the company operates.
2. Directors, executives and employees must comply with the requirements of the Stock Exchange of Thailand and the Securities and Exchange Commission.
3. Directors, executives and employees must comply with the Company’s regulations.
4. Directors, executives and employees must not help, support or cooperate, promote the avoidance of compliance with laws or regulations. Directors, executives, and employees must cooperate with the regulatory authorities and report information about violations or non-compliance with laws or regulations to the responsible office.

#### **Responsibility for the Company and property of “Krungdhep Sophon Group”**

The property of “Krungdhep Sophon Group” means all movable and immovable property of “Krungdhep Sophon Group” including technology, academic knowledge, information, documents, rights, copyrights, patents and inventions and the confidentiality of “Krungdhep Sophon Group”. Directors, executives, and employees have the duty and responsibility to use the property of “Krungdhep Sophon Group” to fully benefit and care to prevent loss to “Krungdhep Sophon Group” or not used for the benefit of oneself and others.

**Protecting company assets** The Company encourages directors, executives and employees to use the resources and assets of the company as efficiently as possible to increase competitiveness and provide good service to customers, by defining as follows:

1. Must use the Company’s assets and resources economically and maximize benefits.
2. Must help to prevent any assets of the Company from being damaged or loss.

#### **Computer system usage policy**

1. Krungdhep Sophon Public Co., Ltd. provides computer systems, computers, peripherals and applications in services related to the business only. They are not allowed for use with the work that is not related to the business of Krungdhep Sophon Public Co., Ltd.
2. The rules for using this computer system and internet connection are considered as part of the operational requirements of all employees. If not complying, it shall be considered as a disciplinary offense.
3. Access to the computer system and internet connection of Krungdhep Sophon Public Co., Ltd. must follow the procedures for applying for permission. The direct supervisor of those who request to use the service shall be the applicant and perform according to the process of requesting access as specified by the Company
4. Krungdhep Sophon Public Co., Ltd. does not support or allow the employees to commit the Computer Crime Act BE 2560 and other associated laws.
5. All employees are responsible for keeping computers and accessories in the condition that are able to use. The computers, programs, peripherals, additional information, including the employee password, are the property of Krungdhep Sophon Public Co., Ltd.

6. Users must understand and sign in order to confirm that they will comply with the computer system usage policy and connection to the Internet and if there is a change in this policy, users must study in order to understand and sign in to confirm once a year.

7. Krungdhep Sophon Public Co., Ltd. operates under Thai law. Therefore, the use of computer systems and internet connections shall comply with the Computer Crime Act BE 2560 and other complementary laws.

#### **Conflict of interest and confidential information**

Keeping the interest of “Krungdhep Sophon Group”:

Directors, executives and employees should not do anything against the interests of the “Krungdhep Sophon Group”, such as having any activities or actions that may cause the “Krungdhep Sophon Group” to lose benefits or gain less than they should or to share benefits from “Krungdhep Sophon Group” to others.

1. Directors, executives and employees must not undertake any business or investment which is a competition with the business of “Krungdhep Sophon Group”.

2. Directors, executives and employees must not have or buy shares or become partners of companies or businesses that compete with “Krungdhep Sophon Group”. In the case of directors, executive or employees or family members taking part in or being a shareholder in a business competing with the business of the Company or any business which may cause the conflict of interest, the Managing Director must be notified in writing.

3. Investment or shares that have before joining the Group or acquired by inheritance or giving. In the case that directors and executive and employees have invested or acquired a business that is competitive or may compete with the “Krungdhep Sophon Group”, or have a competitor’s stock before entering the “Krungdhep Sophon Group”, the Group must be notified before joining the Group or in the event that the “Krungdhep Sophon” group has joined that business later, the Group must be informed immediately.

4. Directors, executives and employees holding Company shares must report when there is a movement of a purchase or selling shares of the Company every time to the Managing Director or Company Secretary.

#### **Conflict of interest**

“Krungdhep Sophon Group” considers that it is an important policy not to allow directors, executive or employees to take advantage of their being the directors, executives or employees to seek personal benefit. Therefore prescribing the following practices:

1. Avoid making connected transactions that may cause conflicts of interest with the company.

2. In the event that it is necessary to make such transactions for the benefit of the Company, make the transaction as if doing transactions with third parties. The directors, executive or employees who have an interest in that item must not take part in the approval process.

3. In the case that it is considered a connected transaction under the announcement of the Stock Exchange of Thailand, directors, executive or employees must strictly comply with the rules, procedures and disclosure of connected transactions of listed companies.

4. In the case of directors, executive or employees to be directors, partners or consultants in other companies or business organizations, that position must not be contrary to the interests of the Company and direct duties in the Company.

5. Working other than the work of the Company; the executives, the employees must fully devote themselves and time to the company. In the event of special tasks, executive and employees must get permission in a hierarchy by requesting approval from the Managing Director. For the Managing Director, he must request for the approval from the Board.

#### **Receiving and offering benefits**

1. Receiving benefits and financial involvement with business operators; Executives and employees will not request, receive or consent to receive money, items or other benefits from customers, contractors, consultants, vendors, suppliers of goods and services to the Company or from any other person involved with doing business with the Company. In addition, executives and employees are not involved in financial matters such as joint venture or trade, not lending or borrowing, soliciting, using checks, exchanging cash, buying products, crediting, trading, renting, or creating commitments any financial obligation with these individuals.

2. The executive and employees must not offer any benefits to government officials, customers, trade unions or any other third parties that are motivated to do a wrongful act.

3. The executive and employees should avoid giving or accepting any gifts from partners or those who do business with, except in festivals at a reasonable value and not related to business commitments

4. Executive and employees should avoid giving or accepting banquet and entertainment in a way that is unusual, from the person that the Company does business with.

5. On the occasion of tradition, exchanging gifts to each other is normal. But, if employees receive gifts that are worth more than normal from people doing business with the Company, the employees must report their hierarchical supervisors.

6. Giving and receiving gifts; The executives and employees in the Group should not give gifts to supervisors or receive gifts from subordinates.

#### **Keeping confidential information**

Directors, executives and employees will not benefit themselves or others based on the information of “Krungdhep Sophon Group”. The Company considers that it is the responsibility of directors, executives and employees to strictly keep the confidentiality of the Company, especially inside information that has not been disclosed to the public or information that affects business operations or stock prices. Therefore prescribing the following practices:

1. Directors, executives and employees must not take the opportunity or information obtained from being a director or employee for self-interest or the others in doing business that is competing with the Company's or related businesses.

2. Not use internal information for their own benefit in trading the Company's shares or providing inside information to other people for the purpose of trading the Company's shares.

3. Not disclose the Company's business secrets to outsiders especially the competitor even after being the directors, executive or employees.

4. Directors, executives and employees must not buy company shares before the financial statements being published and 2 days after the financial statements are disclosed.

#### **Political rights**

The Company encourages directors, executives and employees to exercise their rights as good citizens according to the law, but prohibits directors, executives and employees from participating in any activities that may lead to the understanding that the Company is involved or supporting a certain political party. The

Company has defined the practice for the directors, executives and employees as follows:

1. Should exercise their rights as good citizens according to the Constitution and other relevant laws.

2. Have the right to participate in political activities on their own behalf, not in working hours and not on behalf of the Company.

3. Not participate in any activities that may cause understanding that the Company is involved or provides political support to any party or group of forces.

4. Prohibit the use of the Company assets to support a particular party or any power group.

#### **Opinions and interviews with the media**

1. The Company assigns the Managing Director to be the authority in giving interview or answering questions to shareholders, investors, media, and third parties. Other senior executives may provide information by permission from the Managing Director.

2. The Company assigns the investors relations to be responsible for communicating with shareholders, fund managers, investors and financial institutions

#### **Dealing with the stakeholders has 5 areas as follows:**

##### **Policies and dealing with customers**

“Krungdhep Sophon Group” recognizes the importance of customer satisfaction towards the success of the Company's business. Therefore, it has the intention to seek ways to meet the needs of customers more efficiently and effectively at all times and has defined the following policies and practices:

1. Deliver products and provide quality services that meet or exceed the expectations of customers at fair prices.

2. Providing accurate and sufficient information and news in a timely manner for customers about the products and services without any exaggeration that causes customers to misunderstand about the quality, quantity, or conditions of those products or services.

3. Strictly complying with the terms and conditions to the customers. In the case of failing to comply with any conditions, the customer must be notified in order to jointly find a solution.

4. Contact with customers with courtesy, efficiency and reliability.

5. Provide a system and process that allows customers to complain about the quality, quantity, safety of products and services as well as the speed of response or delivery.

6. Keep customers' confidentiality and not use it wrongfully for own benefits or related persons.

7. Provide advice on how to use the product and the Company's services effectively for the maximum benefit of the customers.

#### **Policies and dealing with employees**

The company in the "Krungdhep Sophon Group" recognizes that employees are the key to the success to achieve corporate goals. Therefore, it is the Company's policy to provide fair treatment in terms of opportunities, rewards, appointment, transfer and potential development. In order to comply with the said policy, the Company adheres to the following guidelines as a practice:

1. Treat employees with courtesy and respect for individuality and human dignity.
2. Provide fair compensation to employees
3. Keeping the working environment safe for the life and property of employees.
4. Appointment and transfer including rewarding and punishment the employee in good faith and based on knowledge, capability and suitability of that employee.
5. Give importance to the development of knowledge and competency of the employee by providing thorough and consistent opportunities.
6. Listen to comments and suggestions based on professional knowledge of employees.
7. Strictly comply with various laws and regulations related to employees.
8. Avoid any actions which are unfair and may affect the stability of the employee's job or threaten and create pressure on the mental state of the employee.
9. Allow employees complain in the case that they are not treated fairly in accordance with the system and process specified.
10. Keeping the reputation of the company; Executive and employees have the right to freedom of conduct as personal matters, but should avoid negatively affecting the image of the Company.
11. Executives and employees who are supervisors should behave in a respectful manner for employees and employees should not do any disrespectful to the supervisors.
12. An important factor that makes people work together effectively is discipline, that is, compliance with rules and regulations, whether written or not, and having a conscious mind to behave like that consistently.

#### **Policies and dealing with the shareholders**

"Krungdhep Sophon Group" recognizes that shareholders are the owners of the Company and the

Company is responsible for creating long-term value for shareholders. Therefore, the Company has required the directors, executives and employees to follow these guidelines:

1. Perform duties with honesty, as well as decide to take any action with a pure mind with care, prudence and fairness to major and minor shareholders for the maximum benefit of the shareholders as a whole.
2. Prepare the company status report, performance results, financial and accounting status, and other reports consistently and completely according to reality.
3. Inform all shareholders equally about the future trends of the organization, both positive and negative, based on feasibility, sufficient support and reasoning information.
4. It is prohibited to seek benefits for themselves and others by using any information of the Company which has not been disclosed to the public or taking any action in a manner that may cause conflicts of interest with the organization.

#### **Policies and dealing with suppliers and/or creditors**

"Krungdhep Sophon Group" has a policy that will treat partners and/or creditors equally and fairly by taking into account the best interests of the Company, based on fair compensation to both parties and avoid situations that cause the conflict of interest as well as comply with the covenant, providing true and accurate reports, negotiation, solving problems and finding solutions based on business relationships with the following guidelines.

1. Do not call or accept or pay any dishonest benefits in trading with partners and/or creditors.
2. In the event that there is information on whether to call or receive or pay any dishonest benefits, it must be disclosed to the partner and/or creditors to jointly resolve the problem fairly and quickly.
3. Strictly complying with various agreed conditions In the case of failing to comply with any conditions, the creditors must inform the creditors in advance in order to jointly find a solution.

#### **Policies and social responsibility**

The companies in the "Krungdhep Sophon Group" have the policy to conduct business that is beneficial to the economy and society, local customs that unit of the company is located and is the company policy to be good citizen, complying with all relevant laws and regulations, striving to use continuous efforts to upgrade the quality of society, both by itself and in collaboration with the state and community, to strengthen the policies above.

The companies in the “Krungdhep Sophon Group” have the policy to conduct business that is beneficial to the economy and society, local customs that unit of the company is located and is the company policy to be good citizen, complying with all relevant laws and regulations, striving to use continuous efforts to upgrade the quality of society, both by itself and in collaboration with the state and community, to strengthen the policies above.

The Company will return part of the profits to activities that contribute to society regularly and will instill the consciousness of employees at all levels to be social responsibility minded seriously and continuously in order to remain a good corporate culture in the long run.

#### **Safety, Health and Environment**

The companies in the “Krungdhep Sophon Group” are committed to conducting business based on safety, health and environment with the following guidelines

1. The Company will comply with various laws and regulations in the safety, occupational health and environment of the country in which the company operates
2. The Company will always maintain a safe working environment for the life and property of employees.
3. Executive and employees must seriously pay attention to all activities that will enhance the quality, health and environment.
4. The Company will disclose information directly about the relationship of the Company’s operations to safety, occupational health and the environment.

#### **Ensuring compliance with business ethics**

The companies in the “Krungdhep Sophon Group” define the duties and responsibilities of all directors, executives and employees to understand and follow the policies and practices as set out in this Code of Conduct strictly not complying with voluntary practices and cannot claim for not to being aware of this ethics practice.

Executives at all levels in the organization must take care of and assume that it is important to ensure that employees under their command line understand and follow the ethics manual seriously.

#### **Receiving complaints on corporate governance and business ethics**

The Company has appointed the Chairman of the Audit Committee, which is an independent director, to receive complaints on corporate governance and business ethics. The Company’s employees can submit complaints on corporate governance and business ethics directly to the following address:

By mail

Chairman of the Audit Committee

Krungdhep Sophon Public Co., Ltd.

185 Rat Burana Road, Bang Pakok Sub-district,  
Rat Burana District,

Bangkok 10140

E-mail: infokwc@kwc.co.th

#### **5.4 Vision and Mission Statement**

TOP of MIND is the Vision Statement to the Krungdhep Sophon PCL group of companies:

1. For our Customers - Helping our customers to become effective in cost management and business processes through the design of our Solutions with the usage of best in class technology
2. For our Employees - Accelerating individual capabilities using strength based development programs

**The mission statements are written separately by group of companies as follow:**

1. Krungdhep Sophon PCL - “ Deliver VALUE to our customers by offering Sound Business and Technology Solutions in combination with IT provisions through our Group of Companies and ensuring Optimum Return on Stakeholders Capital” (Krungdhep Sophon PCL stakeholders are: Customers, Employees, Shareholders, Suppliers and Society/Environment)
2. KWC Logistics - “ Specializing in Warehouse and Wharf business to manage our customers businesses with accuracy, efficiency and highest effectiveness”
3. Krungdhep Document - “ As a Business Content Management Expert,KDC will provide Sound Customer Solutions by Delivering outstanding services through our professional employees with customer satisfaction”

#### **The Corporate Core Values:**

The Company upholds 4 new core values that has been cascaded down to all its Employees.

1. Service Excellence: Through the Innovative Use of Technology and Business Solutions Design
  - 1.1 Utilize technology to support working within the organization to reduce cost and to increase the work with efficiency and effectiveness
  - 1.2 Continuously look for ways to get better results
2. Professional Teamwork: Collaboration through “Touch Points”
  - 2.1 Collaborate among all functions to achieve business results.
  - 2.2 Perform as a representative of the company by taking good care of the company visitors.

2.3 Share the work development guidelines and be able to show the improvement in the area of responsibility.

3. Employee Development: Maximize Individual Potential

3.1 Continuously demonstrate self-development

3.2 Maximize the potential by taking different assignments within the work function. Share the work development guidelines and be able to show the improvement in the area of responsibility

4. Customer Orientation: Zero Disappointment

4.1 Provide the service to the customers based on what have been agreed upon.

4.2 Seek for customers' needs and exceed their expectations.

4.3 Continuously develop and improve customer services to maintain the customer loyalty.

### 5.5 Combining or separating executive positions

The Chairman of the Board shall not be the same person as the Managing Director to ensure separation of responsibilities for policy planning, corporate governance and administration, and to prepare training courses for executives development.

## 5.6 Development of directors and executives

### Knowledge and understanding of duties to be performed

Realizing the important role of the Board of Directors in ensuring that the rights of all stakeholder groups are exercised correctly and equitably so as to enhance the confidence of all stakeholder groups and long-term growth prospects of the enterprise, the company has selected knowledgeable and capable people with excellent work experienced to serve as directors on the company's Board of Directors. These directors are responsible for supervising implementation of various rules and regulations, approve business plans and set up standards of corporate governance, determine future direction and strategy's company.

The Company establishes a policy to support its directors and executives to participate in seminar and training of the courses which are useful for the duty performance, organized by the Thai Institute of Directors, the SET, or other independent institutions for the continuous improvement of their operations, and utilization of their knowledge with the Company and the Company's business group accordingly.

In 2019, the Company's director and top executive for two persons participated in training in the courses of the Office of the Securities and Exchange Commission, and Thai Listed Companies Association in Market for Alternative Investment (maiA).

No	List of the Directors and Executives	Couse Title	Course Organizer
1	Mrs. Suthawan Sukkoson	Audit Adjustment	The Office of the Securities and Exchange Commission
2	Mr. Chanchai Lamyordmakpol	CTO Chief Transformation officer	Thai Listed Companies Association in Market for Alternative Investment (maiA).

### Executive's succession and development planning

To prepare for executive positions, the company has prepared an executive development plan by selecting executives from every department on the basis of outstanding performance and potential to accept higher responsibilities. Success of this development plan will be followed up for the purpose of considering annual promotions.

### Training and education

The company encourages directors and executives to participate in training programs and workshop seminars so as to improve their knowledge which can be applied for the benefit of stakeholders in keeping with the Good Governance policy.

### 5.7 The Board of Directors' Meeting

The Company schedules the meeting date and determines the regular meeting agenda for the Board of Directors' Meeting in advance in each year. The Company Secretary will schedule the meeting date and the regular meeting agenda for the meeting year round in advance from the year-end period prior to the meeting in the following years to allow the directors to allocate their time and attend the meeting. Generally, the Board of Directors' Meeting will be organized every 1.5 months on the third Wednesday of the month, and may be changed, or the appointment may be additionally made for the Board of Directors' Meeting as appropriate. Each director must at least attend the Board of Directors' Meeting for 75% of the number of the meetings yearly organized, unless the appropriate reason and necessity.

A quorum of the Board of Directors' Meeting consists of the directors not less than two-third of total directors. The number of the Board of Directors' Meetings shall be consistent with the obligations, duties, and responsibilities of the Board of Directors. However, during last 2019, the Board of Directors convened total of eight meetings and the non-executive directors had an opportunity to convene one meeting without the meeting attendance of the Management on December 11, 2019.

In selecting the issue to be filled as the agenda of the Board of Directors' Meeting, the Chairman of the Board, and the Managing Director shall mutually consider the significance and necessity. However, each director can freely propose the issues to be filled as the agenda of the Board of Directors' Meeting.

The Company Secretary is responsible for holding the meeting and sending the invitation letter for the meeting, meeting agenda, and meeting documentation to the directors at least 5 (five) days in advance prior to the meeting date to allow the directors to have sufficient time for considering the information prior to the meeting attendance, except emergency. Each director can inquire an additional information from the Company Secretary and is independent to propose the issues into the meeting agenda.

### 5.8 Holding of the director office by the director at other companies

The Board of Directors realizes on the significance of the efficient duty performance as the directors of the Company. Therefore, the number of the companies of which each director will hold the office shall be appropriately determined due to the possibility on decrease in the efficiency of duty performance as the director of the Company in case where the number of

the companies of which the director holds the office are excessive as follows

- Each director of the Company (except the executive director) shall hold the director office in other listed companies for not more than five companies without exception.
- An executive director shall hold the director office in other listed companies for not more than two companies.
- In case where any director of the Company holds the director or executive office in other companies, he/she shall notify the Board of Directors for acknowledgement.

The director of the Company is unable to enter as the partner or enter as the director in other private company or public limited company that operates the business of which the business condition is similar to and competitive with the Company's business, unless advance notification to the Shareholders' Meeting prior to the appointment resolution.

Every new entering director must disclose his/her external activities and interests upon assuming the director office. In addition, every director has duty to report his/her activities, and inform the change in the information (if any) relating to the external interests for the Company's acknowledgement.

### 5.9 Performance evaluation of the Board of Directors on individual board basis

The Board of Directors yearly conducts a performance evaluation of the Board of Directors for the whole board, and report an evaluation result to the Board of Directors for acknowledgement whether and how in the past one year period, the operation is complete and suitable under the scope of the authority and in accordance with the Corporate Governance Code. The performance evaluation result shall be used for the improvement and correction in the following year. However, the Company Secretary shall collect and summarize the result for the Board of Directors' acknowledgement.

A performance evaluation form of the Board of Directors on individual board basis has been developed from self-evaluation form of the SET. The evaluation topics are classified into four main categories consisting of: 1) Structure and Qualification of the Board of Directors, 2) Board Meetings, 3) Roles, Duties, and Responsibilities of the Board of Directors, 4) Other Issues. Each category consists of 29 sub-topics under self-evaluation form of the Board of Directors.

The summary on the self-evaluation of the Board of Directors on individual basis for 2019 indicated total average score level of all categories at 96.51%.

#### **5.10 Performance evaluation of the directors and members of the sub-committees on individual person basis.**

In 2019, the Board of Directors conducted a performance evaluation of the directors and the members of the sub-committees on individual person basis, focusing on utilization of the evaluation result for improving the duty performance of the Board of Directors. A self-evaluation was scheduled to be conducted once a year. However, the Company Secretary collected and summarized the result for the Board of Directors' acknowledgement.

The summary on the self-evaluation of the Board of Directors on individual member basis (self-evaluation) for 2019 indicated total average score level of all categories at 98.48%.

#### **5.11 Self-evaluation of the sub-committees**

In 2019, three sets of the sub-committees under the governance of the Board of Directors conducted a self-evaluation on their performance for the whole committee, and reported the evaluation result to the Board of Directors.

The Audit Committee, the Nomination and Remuneration Committee, and the Risk Management Committee used evaluation form to conduct self-evaluation on their performance for the whole sub-committee. The said evaluation form contains the queries which are classified into three categories as follows: 1) Structure and Qualification of the Committee, 2) Sub-Committee Meetings, and 3) Roles, Duties, and Responsibilities of the Sub-Committees. The self-evaluation on their performance for the whole committee of the Audit Committee, the Nomination and Remuneration Committee, and the Risk Management Committee indicated total average score level of all categories at 98.80%, 95.58%, and 99.60%, respectively.

#### **5.12 The evaluation of the Corporate Governance Report of year 2019**

As the Stock Exchange of Thailand supports the Institute of Director to conduct survey and evaluate the good corporate convergence of registered public companies in year 2019, the Company has received a scoring of 81 % which is in the range of Very Good

#### **5.13 Selection criteria for the director of the Company**

In selecting and considering a qualified and suitable candidate to be nominated as the director and from giving the minor shareholders and major shareholders the opportunity to nominate, the said nomination must be passed for the consideration of Board of Directors. The director of the Company must be

qualified consistency with the determined laws and criteria whereas the differences in sex, tribe, race, nationality or native land are not taken to be a qualification limitation. In addition, the Company also gives precedence to the matter of the director's independence, potential conflict of interests with the Company, competency, and expertise of the Company's Board of Directors.

#### **5.14 Orientation of the new director**

The Company organizes a talk from the Managing Director and top executives on the nature of business operation, and a guideline of the business conduct, the relevant regulations and information which is necessary and useful for the duty performance. A Welcome Package for TOP's New Board of Director is prepared as the information which is useful for working and contains the key information, such as schedule of the Board of Directors' Meeting, history and business of the Company, guideline of the business conduct, strategic plan, latest achievements, Corporate Governance Code and Business Code of Conduct Manual, Charter of the Sub-Committees, Independent Director Manual (for independent director), etc.

#### **Independent Directors**

The Independent Director comprises of :

1. Miss Suthawan Sakkosol Independent Director
2. Mr. Ovarit Phanprechakij Independent Director
3. Mr. Amorn Asvanunt Independent Director
4. Mr. Arun Chirachavala Independent Director
5. Mrs. Acharaporn Hemakom Independent Director

The company's Board of Directors has defined the term "independent director" the same as stipulated in the regulations of the Office of the Securities and Securities Exchange Commission (SEC) and Stock Exchange of Thailand (SET), as follows

1. He/she shall not own shares in excess of 1 percent of the total shares with voting rights of the company, the parent company, subsidiary company, joint venture or legal entity that may have conflict of interest. In this regard, shareholdings of parties that are related to the independent director shall be included as shareholding of the independent director.

2. He/she shall not be, or shall not have been, director(s) that had participated in the management, employee, staff, advisor who receive regular monthly wage, or any person authorized to control the company, parent company, subsidiary company, joint venture company, same-level subsidiary, or any legal entity that may have conflict of interest, except in the case that the aforementioned status has been terminated no less than 2 years prior to their appointment.

3. He/she is not related by blood or by legal registration as father, mother, spouse, sibling or offspring, including spouse of offsprings of company executives, major shareholder, or person with authority to control, or person who will be nominated as executive or person with authority to control the company or its subsidiary.

4. He/she shall not have or have had business relationship with the company, parent company, subsidiary company, joint venture or legal entity that may have conflict of interest that may hinder the exercise of free judgment. He/she shall also not be, or have been, a major shareholder, non-independent director or executive of persons that have business relationships with the company, parent company, subsidiary company, joint venture company or legal entity that may have conflict of interest, except in the case that the aforementioned status has been terminated at least 2 years prior to their appointment.

Business relationships stated in Clause 1 shall include trade transactions that arise from normal business activities, renting or leasing real estate, items that relate to assets or services, giving or receiving financial assistance by means of receiving or lending, guaranteeing or giving assets as debt collateral, including other similar behaviors that incur liability of the applicant or the partner to an agreement, whereby payment due to be made by one party to the other is equivalent to at least 3 percent of tangible assets of the applicant or Baht 2 millions, whichever amount is lower. In this connection, calculation of the aforementioned liability shall be based on the method for calculating the value of related items in accordance with the announcement made by the Board of Directors of the Stock Exchange of Thailand with respect to data disclosure and normal practices by listed companies in connection with related items. In calculating the aforementioned liability, any liability that occurs within one year prior to the day when that business relationship with the same person takes effect shall also be included.

5. He/she shall not be, or have been, auditor of the company, parent company, subsidiary, joint venture company or legal entity that may have conflict of interest, except in the case that the aforementioned status has been terminated no less than 2 years prior to the day of their appointment.

6. He/she shall not be, or have been, provider of any professional services, including legal or financial consulting services for which remuneration in excess of Baht 2 million has been paid by the company, parent company, subsidiary, joint venture company or legal entity that may have conflict of interest. In the event that the provider of any professional services is a legal entity, this requirement shall include major shareholder, non-independent director, executive or manager's shareholding by the aforementioned provider of professional services except in the case that the aforementioned status has been terminated no less than 2 years prior to the day of their appointment.

7. He/she shall not be directors that have been appointed to represent the company's director, major shareholder or shareholder that is related to the company's major shareholder.

8. He/she shall not have any other status that may hinder the expression of independent opinion in regard to the company's performance. Subsequent to the appointment as independent director in accordance with the criteria described in 1-8 above, the independent director may be authorized to participate in making a collective decision that concerns the undertakings of the company, parent company, subsidiary, joint venture company or subsidiary company with similar ranking, or legal entity which may have conflict of interest.

### Committees

The 3 Committees appointed by the Board of Directors to assist in overseeing corporate governance are as follows:

- (1) The Audit Committee
- (2) The Risk Management Committee
- (3) The Nomination and Compensation Committee

#### **(1) The Audit Committee**

##### **Composition and qualifications**

The Audit Committee, comprised of 3 directors of the company who have the qualifications to serve as independent directors and have sufficient knowledge and experience to carry out the task of auditing the trustworthiness of financial statements, was appointed by the Board of Directors in accordance with the criteria of the Stock Exchange of Thailand.

## The Audit Committee comprises

No	Name	Position	Year 2019	
			Meeting held	Meeting Attended
1	Miss Suthawan Sakkosol	Chairperson of Audit Committee	5	5
2	Mr. Ovarit Phanprechakij	Audit Committee	5	5
3	Mr. Arun Chirachavala	Audit Committee	5	5

Mr. Arun Chirachavala has appointed as Independent Director and Audit Committee effective April 21, 2017

On May 12, 2017 the Board of Directors appointed the entire Audit Committee which had completed its term of office to act as Audit Directors for another term. The term of office of this Committee is 3 years or no later than the tenure of the Company's Director, starting from May 2017 to May 2020.

### Duties and responsibilities

The audit committee has the scope of duties and responsibilities to the Board of Director on the following matter:

1. to review to ensure that the company's financial reporting process is accurate and adequate;
2. to review to ensure that the company has a suitable and efficient internal control system and internal audit system, including to select, nominate, rotate or terminate the internal audit department head or other department responsible for the internal audit;
3. to review to ensure that the company complies with the securities and exchange law, regulation of the Stock Exchange of Thailand and other laws relation to business of the company;
4. to consider, select and nominate the company's external auditor and to recommend their remuneration including to discuss significant matters with the external auditor once a year without the management team being present;
5. to ensure that the company complies with all related law and rules of the Stock Exchange of Thailand when there is a connected transaction or transaction that may lead to conflict of interest for the company's best interest;
6. to disclose the audit committee's report as part of the company's annual report. The audit committee's report, executed by chairman of the audit committee, should include the following information:

- (a) comments on accuracy, completeness and credibility of the company's financial report,
- (b) comments on adequacy of the company's internal control system,
- (c) comments on the company's compliance with the laws and regulation of the Stock Exchange of Thailand or laws relevant to the company's business,
- (d) comment on suitability of the external auditor,
- (e) comment on transactions that may lead to conflict of interest
- (f) the number of committee meeting and attendance of each member
- (g) other general comments arisen as the audit committee performed its duties as defined in the committee's charter,
- (h) others information which should be made available to shareholders and general investors within the scope of duties and responsibilities assigned by the Board of Director,

7. Other assignments from the Board of Director with the consent of the audit committee.

The Board of Directors Meeting No. 8/2019 on November 11, 2019 approved the Charter of the Audit Committee. The Audit Committee has been reviewed these charters and announced on January 1, 2020 the charter is reviewed regularly and also appointed Company secretary as secretary of the Audit Committee.

## (2) Risk Management Committee

### Composition and qualifications

The Risk Management Committee comprises 3 directors of the company who have been selected and appointed by the company's Board of Directors.

No	Name	Position	Year 2019	
			Meeting held	Meeting Attended
1	Mrs. Acharaporn Hemakom	Chairman of Risk Management Committee	2	2
2	Mr. Amorn Asvanunt	Risk Management Committee	2	2
3	Mr. Ovarit Phanprechakij	Risk Management Committee	2	2

On May 12 2017 the Board of Directors appointed the entire Risk Management Committee which had completed its term of office to resume as members of the Risk Management Committee for another term. The term of office of this Committee is 3 years or no later than the tenure of the Company's Directors, starting from May 2017 to May 2020.

### Duties and responsibilities

1. To consider procedures and methods for managing risks of the company and its subsidiaries;
2. To appoint managers of group companies to participate in the Working Group on Risk Management;
3. To consider action plan and risk management results presented by the Working Group;
4. To report risk management results to the Board of Directors.

The Risk Management Committee has appointed the Working Group on Risk Management comprising of the Managing Director of Krungdhep Sophon PLC, General

Manager of KWc Logistics Co.,Ltd., Managing Director of Krungdhep Document Co.,Ltd. , Senior Manager HR, Senior Manager Internal Audit, Senior Manager IT and Accounting Manager to assume the following responsibilities

1. To study and evaluate risks and risk levels resulting from external factors and/or internal factors that may impact operations, and propose guidelines to prevent and monitor Risks.
2. To implement risk management in accordance with set guidelines;
3. To follow up and report operating results to the Risk Management Committee.

The Steering Group on Risk Management (comprised of the Executive Management team) shall present a summary report to the Risk Management Committee at least twice yearly, for consideration and presentation to the Board of Directors of the company. At present, all the operational units have made joint analysis and evaluation of risks, along with continuous preparation of a risk management action plan. Improvements and developments have also been made to reduce risks that may impact the company's operations.

## (3) Nomination and Compensation Committee

### Components and Qualification of the Committee

The Nomination and Compensation Committee is consisted of 3 members of Board of Directors appointed

No	Name	Position	Year 2019	
			Meeting held	Meeting Attended
1	Mr. Amorn Asvanunt	Chairman of Nomination and Compensation Committee	2	1
2	Mr. Arun Chirachavala	Nomination and Compensation Committee	2	2
3	Mr.Somsak Jaitrong	Nomination and Compensation Committee	2	2

The Board agreed and approved the Nomination and Remuneration Committee Charter, for their duties, responsibilities and practices which the Board of Directors assigned to the Nomination and Remuneration Committee can perform their duties fairly, appropriate and transparent. The principles of good corporate governance provide confidence to all stakeholders.

### Roles and Responsibilities

1. The Policy, rules and procedures for the nomination and remuneration other benefits of Directors Senior/ Executive Management of the Company and group

2. Review and propose Corporate policies on Compensation and Benefit to the board of directors

3. Selection of Important and Strategic Resources that is within accordance to the policy and procedures of the Company to propose the appointment of such resources to the board of directors

- (1). Directors
- (2). Directors within the sub Committees as set up by the board of directors
- (3). Company Secretary
- (4) Executive Management, which are
  - Managing Director of Krungdhep Sophon PCL
  - General Manager of KWc Logistics Co.,Ltd. And Managing Director of Krungdhep Document Co.,Ltd.
  - Senior Manager of Finance and Accounting

The Managing Director of Krungdhep Sophon PCL shall have the prerogative to recommend, and select the General Manager of KWc Logistics Co.,Ltd. And Managing Director of Krungdhep Document Co.,Ltd. and Chief of Finance, to obtain the endorsement from the Nomination & Compensation Committee

4. Propose directors to be elected and replace directors within the regulation of Company

5. Revise the Nomination & Compensation Committee Charter every year that is to suit changing conditions

6. Other scope of responsibilities as assigned by the board of directors

### Oversee of the operations of its subsidiaries

Krungdhep Sophon Public Company Limited has two subsidiary companies mentioned in the General Information Section. Such 2 subsidiary companies are under the business operation control via the Board of Directors of the Company appointed 3 company Director (one is a Managing Director of Krungdhep Sophon Public Company Limited) and 2 Executives being Director of KWc Logistics Company Ltd. and Krungdhep Document Co., Ltd. agree to hold meetings every 1.5 months (or as needed) to help accelerate decision making processes. With reference to the working frame of the Board of Directors, the Board of Directors have full authority to direct the business goals including budget, operation and other transactions of both subsidiaries.

### Control of inside information

The Audit Committee performs the duties to ensure the appropriate and effective control of inside information and internal audit, review the financial report of the company is accurate and reliable, consider the related parties transaction or the transaction that may have the conflict of interest to comply with the law and regulations of the Stock Exchange and relevant laws governing the business. This is to ensure that those transactions are reasonable and beneficial to the Company, inform the Management to correct deficiencies found with the Audit Committee deems appropriate. The internal audit consultant is free to perform their internal audit duties and evaluate the efficiency and sufficiency of internal control. In addition, the company is aimed to encourage the Internal Audit Department conducts the audit in accordance with international standard and use of COSO Internal Control Integrated Framework. The company provided training to its executives and employees and its subsidiary companies' executive and employees in respect to the corporate governance, risk management, internal control, and internal control self evaluation so that the performance and all departments of the company and its subsidiary companies are able to test and evaluate the sufficiency and efficiency of internal control system within the organization. The Board of Directors is to ensure the Internal Audit Department is independent and request any report must be made directly to the Audit Committee.

The company has presented the Audit Committee Report as appeared in the Annual Report.

## Audit Fee

The Audit Fees are as follows:

Name	Year 2019	Year 2018
Krungdhep Sophon Public Company Limited	660,000	635,000
Krungdhep Document Public Co., Ltd	385,000	360,000
KWC Logistics Co., Ltd	310,000	295,000
<b>Total</b>	<b>1,355,000</b>	<b>1,290,000</b>

\* Subject to the consideration and approval of the Shareholders Meeting

### Non Audit fees such as travelling expenses and other related expenses:

Actually paid in 2019, amount 33,050 baht

## Applying good corporate governance principles for listed companies in 2017

In the opinion of the Board of Directors, the Company's current operation has been consistent with all eight clauses of the CG Code Practices. Some sub-practices have not yet been adapted by the Company since the Company has been deemed as inappropriate for taking action at this moment.

# Corporate Social Responsibility

The Company has the policy to cooperate and support the policies and activities of public sector or private sector as appropriate. The company conducts the business or control the practices in compliance with the laws, avoidance in cooperation or support those who commit unlawful acts or impacts to environment as well as promoting and creating the awareness of community responsibility and society among employees and executives at all level continuously. The Company is committed to support sustainable corporate social responsibility and investment programs to the community and society and ingraining such ethics and morale to its employees.

## In 2019

1. Fish House, Crab Bank and Mangrove Crab Nursing Area/Ban Pla Project

Place: Ecotourism Model Community, Dolphin Food Sources (Ban Pla), Khongkharam Temple, Bangpakong Sub-district, Bangpakong District, Chachoengsao Province on 23 November 2019. Details of the activity are as follows:

- Donation of blue water tanks used for repair of Ban Pla Bridge
- Donation of palm tree for strengthening Ban Pla Pier and separating animal sanctuary area in front of Khonkharam Temple
- Planting *Rhizophora mucronata* on Ko Nok, which is a small island on Bangpakong River
- Collecting trash on Ko Nok, which is a small island on Bangpakong River, together with the local representatives

2. Participating and supporting the project, encouraging participation and support of the coastal community mission to conserve and restore marine and coastal resources "4<sup>th</sup> Save Marine for My Life" Organized by Department of Marine and Coastal Resources

Place: Khonkharam Temple, Bangpakong Sub-district, Bangpakong District, Chachoengsao Province on 7 December 2019

3. Scholarship 2019 Project held at Bangpakok School, Rajburana Districtm Bangkok

## In 2018

1. Fish and crab house and repair project

Location : eco-tourism prototype community Dolphin Food (Ban Pla), Khongkharam Temple, Bang Pakong Sub-District, Bang Pakong District, Chachoengsao Province, on December 1<sup>st</sup>, 2018 with the following activities.

- Donated 100 life jackets
- Create knowledge labels 3 mangrove forest ecosystem information
- Donate money to support the construction of garbage pipes from PVC pipes
- Donate money to support fish tents (Nursery fish breeding area)

2. "Scholarship Program for the Year 2018, Wat Bang Pakok School, Rajburana District, Bangkok Metropolis

# Internal Control and Risk Management

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The Company has one Risk Management Committee which has been appointed by the Board of Directors to consider and manage risks of business operation of the Company and the subsidiaries. The Company emphasizes the following 6 major risks which impact its business operation:

## 1. Relationship with external persons:

The Company realizes the importance of communication and knowledge sharing to outsiders including customers, suppliers and general public which may have great influences on the Company's policy on new business. Website will be used most effectively. Seminars will be arranged to share knowledge to customers. Products will be presented in a variety of trade exhibitions. Customer visits will be done to give information to and take requests from customers. meetings will be held to exchange information, needs and possible solutions to problems to support each other's task.

## 2. Strategic Risk:

Each year, the management continually monitors and analyzes the changes cause by external and internal factors affecting the business operations, both short and long term. Also set strategic and business plans including budgets in order to drive business growth and customer demand. These plans will be proposed to the Board of Directors for the Company direction and its subsidiaries. It will be communicated to all employees, customers and stakeholders to ensure the operation is going in the same direction.

## 3. Information Technology:

The Company sees the importance of an Information Technology System. IT system is the key of business driven both internal and external.

- The Company has a great system for customer, which is RSSQL application used for archive management. It can be called for real-time service. Also, we have digital archive system where customers can search documents stored in the Company's digital system very conveniently,

which definitely meets their digital archive requirements. Data is accessible very quickly, accurately and safely. Access has been developed to ensure better security and efficiency.

- The Company has the policy to use IT systems to manage the movement of documents and data within the organization, to reduce paper usage and use more IT systems in order to access information that is necessary for operations to increase efficiency and providing services to customers faster. The subsidiaries have set the standard for the security of customer information with ISO / IEC 27001 standard Which has been continuously certified.

## 4. Natural Disaster and Crisis Prevention System:

The Company has the policy to respond to natural disaster by making emergency response plan and business continuity plan (BCP) to ensure that, in case of natural disaster or crisis, the Company will be able to continue its business operation without problems. This plan has been practiced with customer on regular basis.

## 5. Human resources:

The Company emphasizes development of personnel at all levels. Therefore, annual personnel development plan has been made for all executives and employees by focusing on development according to the duties of each division along with development of skills and knowledge such as IT, English proficiency and team working.

## 6. Safety standard:

The Company focuses on taking care of the places and property of customers as well as work safety. Therefore, we provide personal protective equipment to employees, establish work process safety, implement technology to ensure work safety and determine the workplace according to the importance of customer data and measures to restrict access to each area to enhance safety of customer's property and data.

# Related Parties Transactions

The Company has accounting transactions with its related parties, which are managed by its shareholders or having some shareholders or co-directors managing those business or parties. Such business transactions consist of services and loans of which the rate of services and interest are in accordance with the market price as would be chargeable to a third party and is under the mutually agreed conditions.

Companies	Relationship
Krungdhep Document Company Limited	Subsidiary
KWC Logistics Company Limited	Subsidiary
Bangkok Bank Public Company Limited	Related company by being its shareholder.
Bangkok Insurance Public Company Limited	Related company by being its shareholder.
Bangkok Life Assurance Public Company Limited	Related company by having co-directors.
BBL Asset Management Company Limited	Related company by having co-directors.
Green Spot Company Limited	Related company by having co-directors.
Palang Sophon Company Limited	Related company by having co-directors.
Aioi Bangkok Insurance Public Company Limited	Related company by having co-directors.

The significant related transactions are as follows :

	Transactions in Statements of Financial Position	Baht
1	Cash at bank	
	- Related parties	36,300,905
2	Investments in the Open-end Fund	
	- Related parties	158,825,160
3	Trade receivables	
	- Related parties	5,137,463

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	Transactions in Statements of Income	Baht
1	Storage fees income	
	- Related parties	15,972,517
2	Income from sales	
	- Related parties	49,520
3	Management fee income	
	- Related parties	13,092,370
4	Interest income	
	- Related parties	166,047
5	Cost of sales and services	
	- Related parties	2,483,490
6	Administrative expenses	
	- Related parties	625,483

For the details of Related Parties Transactions which compared those of 2019 and 2018 was shown in the Note to the Financial Statement No.22 and details for the year 2017 could be found in the Company's Website in order to have 3 year comparison.

# Details regarding Directors and Executives

## Mr.Chote Sophonpanich Chairman

77 Years

### Education

- Bachelor Degree of Economics, Sydney University, Australia

### Training Programs

- October 7, 2019  
WMS Asia 2019 (World Marketing Submit) Forget EX-Growth. Focus next growth at Siam Kempinski
- September 11-12, 2019  
Global Business Dialogue 2019 Designing New Growth Model Toward Sustainability at Athene Hotel
- June 12, 2019  
LMO Forum "Dragon Land Penetrating Market" at Victor Club,Rama IV
- March 13, 2019  
Private Event Transforming Sales Executing Through Harnessing the Power of Advanced Analytics at St. Regis Hotel

**Appointed effective on** July 15, 1994

**No. of years as Company Director** 25 Years

**%Shares(as of December 2019)**  
103,632 shares (1.73%)\*

**Position in Listed Companies** -None-

### Position in Non Listed Companies

- Chairman Green Spot Co., Ltd.
- Chairman Watana Chote Co.,Ltd.
- Director Watana Sophonpanich Co.,Ltd.
- Director Mitkorn Development Co., Ltd.
- Director C.R. Holding Co.,Ltd.

**Position in Related parties which may take a Conflict of interest or same business and compete with company**  
-None-

### Working Experience

- Director Bangkok Bank Company Ltd.
- Chairman Patthanasin Securities PCL.

### Attended the Meeting 2019

- Board of Director Meeting 9 out of 9

\*Including related parties

## Miss Suthawan Sakkoson Independent Director

Chairman of the Audit Committee

54 years

### Education

- Master Public Administration Chulalongkorn University
- Bachelor Financial accounting University of the Thai Chamber of Commerce

### Training Programs

- 2019 - Audit Adjustment  
The Office of the Securities and Exchange Commission

**Appointed effective on** Januray 25, 2016

**No. of years as Company Director** 4 years

**%Shares(as of December 2019)** -None-

**Position in Listed Companies** -None-

**Position in Non Listed Companies** -None-

**Position in Related parties which may take a Conflict of interest or same business and compete with company**  
-None-

### Working Experience

- 2016-Present Director Enterprises Development Division 3 State, Enterprise Policy Office
- 2012-2016 Specialist Securities of the State, Enterprise Policy office

### Attended the Meeting 2019

- Board of Director Meeting 9 out of 8
- Board of the Audit Committee Meeting 5 out of 5

### **Mr. Amorn Asvanunt**

Independent Director  
Chairman of the Nomination and  
Compensation Committee  
Member of the risk Management Committee

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**72 years**

#### **Education**

- MBA Bowling Green State University Ohio, U.S.A
- Bachelor of BA (Accountancy) Chulalongkorn University

**Training Programs** -None-

**Appointed effective on** April 26, 2005

**No. of years as Company Director** 14 Years

**%Shares(as of December 2019)** -None-

#### **Position in Listed Companies**

- Member of the Audit Committee Sahacogen (Chonburi) PCL
- Member of the Audit Committee ICC Internstionnal PCL
- Member of the Audit Committee Far East DDB PCL

#### **Position in Non Listed Companies**

- Independent Director BNH Medical Centre Co.,Ltd.

**Position in Related parties which may take a Conflict of interst or sane business and compete with company**  
-None-

#### **Working Experience**

- 2004-2015 Director, Executive Director, Member of the Risk Management Committee  
Member of the Credit Committee TMB PLC

#### **Attended the Meeting 2019**

- Board of Director Meeting 9 out of 7
- Board of Nomination and Compensation Committee Meeting 2 out of 1
- Board of Member of the Risk Management Committee Meeting 2 out of 2

### **Mrs. Acharaporn Hemakom**

Independent Director  
Chairman of the Risk Management Committee

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**65 years**

#### **Education**

- Master of Public and Private Management Program National Institute of Development Administration (NIDA)
- Bachelor of Econimics Chulalongkron University

**Training Programs** -None-

**Appointed effective on:** February 23, 2012

**No. of years as Company Director** 7 years

**%Shares(as of December 2019)** -None-

**Position in Listed Companies** -None-

**Position in Non Listed Companies** -None-

**Position in Related parties which may take a Conflict of interst or sane business and compete with company**  
-None-

#### **Working Experience**

- Analysts Specialist  
State Enterprise Policy Office (SEPO) The Ministry of Finance
- Expert Analyst,responsible for Supervision and Evaluation State Enterprise Policy Office (SEPO) The Ministry
- Specialist in management system development  
State Enterprise Policy Office (SEPO) The Ministry of Finance
- Director Civil Aviation
- Director Zoological Park organization
- Director Settlement tanning organization
- Audit Committee Institute of civil aviation
- Audit Committee Organization of the Zoo

#### **Attended the Meeting 2019**

- Board of Director Meeting 9 out of 8
- Board of Member of the Risk Management Committee Meeting 2 out of 2

**Mr.Arun Chirachavala**  
Independent Director  
Member of the Audit  
Member of the Nomination and  
Compensation Committee

**66 years**

**Education**

- Master Industrial Engineering Stanford University, U.S.A.
- Bachelor Science in Industrial Engineering with Distinction, Stanford University, U.S.A.

**Training Programs -None-**

**Appointed effective on** November 13, 2000

**No. of years as Company Director** 19 years

**%Shares(as of December 2019)** -None-

**Position in Listed Companies**

- Independent Director, Chairman of the Risk Management Committee, Member of the Audit Committee Bangkok Bank PLC.

**Position in Non Listed Companies**

- Director Palang Sophon Co.,Ltd.

**Position in Related parties which may take a Conflict of interest or same business and compete with company**  
-None-

**Working Experience**

- President Siam City Bank PLC.
- Independent Director, Chairman of the Nomination and Compensation Committee, Member of the Audit Committee United Overseas Bank (Thai) PLC.

**Attended the Meeting 2019**

- Board of Director Meeting 9 out of 9
- Board of Member of the Audit Committee Meeting 5 out of 5
- Board of Nomination and Compensation Committee Meeting 2 out of 2

**Mr.Ovart Phanprechakij**

Independent Director  
Member of the Audit  
Member of the Risk Management Committee

**68 years**

**Education**

- MBA (Finance) Roosevelt University, Chicago, U.S.A.
- BBA (Finance & Banking) Thammasat University

**Training Programs -None-**

**Appointed effective on** April 27, 2004

**No. of years as Company Director** 15 years

**%Shares(as of December 2019)**

17,350 shares 0.28%

**Position in Listed Companies** -None-

**Position in Non Listed Companies** -None-

**Position in Related parties which may take a Conflict of interest or same business and compete with company**  
-None-

**Working Experience**

- Vice President and Credit Manager Bangkok First Investment & Trust PCL
- Director BFIT Securities Co.,Ltd.

**Attended the Meeting 2019**

- Board of Director Meeting 9 out of 9
- Board of Member of the Audit Committee Meeting 5 out of 5
- Board of Member of the Risk Management Committee Meeting 2 out of 2

**Mr.Somsak Jaitrong**

Director

Executive Director

Member of the Nomination and  
Compensation Committee

62 years

**Education**

- Master Mechanical Engineering, Lamar University, Texas USA
- Bachelor Mechanical Engineering, KMIT North, Bangkok

Training Programs -None-

Appointed effective on March 6, 2014

No. of years as Company Director 5 years

%Shares(as of December 2019) -None-

Position in Listed Companies -None-

Position in Non Listed Companies -None-

Position in Related parties which may take a Conflict  
of interest or same business and compete with company  
-None-**Working Experience**

- 2011-2012  
Vice President-Consumer Global Manufacturing  
Strategy Deployment Johnson & Johnson
- 2010-2011  
Vice President-Consumer Integrated Manufacturing,  
Asia Pacific Johnson & Johnson
- 2005-2009  
Executive Director-Consumer Integrated  
Manufacturing, Asia Pacific Johnson & Johnson

**Attended the Meeting 2019**

- Board of Director Meeting 9 out of 8
- Board of Nomination and Compensation Committee  
Meeting 2 out of 2

**Mr. Lau Ting Fai**

Director

71 years

**Education**

- Bachelor Assumption University

Training Programs -None-

Appointed effective on July 15, 1994

No. of years as Company Director 25 years

%Shares(as of December 2019) 90,000 shares (1.50%)

Position in Listed Companies -None-

Position in Non Listed Companies

Director Yomix Co., Ltd.

Position in Related parties which may take a Conflict  
of interest or same business and compete with company  
-None-**Working Experience**

- Director Asia Warehouse Co., Ltd.

**Attended the Meeting 2019**

- Board of Director Meeting 9 out of 9

**Mr.Chanchai Lamyordmakpol**

Director

Managing Director Member of the Nomination  
and Compensation Committee

55 years

**Education**

- Masters of Business Administration  
Thammasat University
- Bachelor of Chemical Engineering Faculty of Science  
Chulalongkorn University

**Training Programs**

- 2019 - Chief Transformation Officer: CTO Course  
MAI Listed Companies Association

**Appointed effective on** April 29, 2016**No. of years as Company Director** 3 years**%Shares(as of December 2019)** -None-**Position in Listed Companies** -None-**Position in Non Listed Companies** -None-**Position in Related parties which may take a Conflict  
of interest or same business and compete with company**  
-None-**Working Experience**

- 2014-2016 Director of Operations  
Linfox M Logistics (Thailand) Co.,Ltd.
- 2012-2014 Director of Contract Logistics  
Schenker (Thai) Co.,Ltd.
- 2012 Supply Chain Director Dutch Mill Co.,Ltd.
- 2003-2011 Distribution Operations Director  
Thainamthip Co., Ltd.
- 1997-2003 Senior Manger Johnson & Johnson  
(Thailand) Limited
- 1987-1997 Manager Colgate-Palmolive (Thailand)  
Limited

**Attended the Meeting 2019**

- Board of Director Meeting 9 out of 9
- Board of Nomination and Compensation Committee  
Meeting 2 out of 2

**Mr.Charoen Fongsataporn**

Financial Controller

56 Years

**Education**

- MBA-Marketing, Chulalongkorn University
- Bachelor Degree in Accounting, Chulalongkorn University
- Bachelor Degree in Business Administration,  
Sukhothaimathiratch University

**Training Programs**

- 2019 - Director Certification Program (DCP)  
Thai Institute Of Directors (IOD)
- 2019 - Mini Master Of Management Program  
National Institute of Development Administration  
(NIDA)

**Appointed effective on** -None-**%Shares(as of December 2019)** -None-**Position in Listed Companies** -None-**Position in Non Listed Companies** -None-**Position in Related parties which may take a Conflict  
of interest or same business and compete with company**  
-None-**Working Experience**

- 2558-2559 Chief Financial Officer Kids Edutainment  
Co., Ltd. (Kidzania)
- 2555-2558 Director Tricor Outsourcing (Thailand)  
Co., Ltd.
- 2549-2555 Group-CFO Shriro Holdings  
(Thailand) Co., Ltd.
- 2548-2549 VP-Finance and Accounting  
Amarin Printing Public Co., Ltd.
- 2539-2548 Finance and Accounting Director  
Thai British Security Printing Public Co., Ltd.
- 2538-2539 Corporate Finance & Planning Manager  
First Pacific Land Public Co., Ltd.
- 2535-2538 Deputy Managing Director-Finance  
and Accounting S.M.T.Leasing Co., Ltd and S.M.T.  
Rent-A-Car Co., Ltd.
- 2533-2535 Controller-Southeast Asia Lufthansa  
German Airlines
- 2531-2533 Finance Manager  
Farmitalia Carlo Erba Co., Ltd.
- 2528-2531 Senior Auditor Price Waterhouse

## Miss Sukanya Preechahan

HR Manager

46 Years

### Education

- Bachelor Human Resources Suan Dusit University

### Training Programs

- 2019 - Individual Development Plan  
Judicial Training Institute

Appointed effective on -None-

%Shares(as of December 2019) -None-

Position in Listed Companies -None-

Position in Non Listed Companies -None-

Position in Related parties which may take a Conflict  
of interest or same business and compete with company  
-None-

### Working Experience

- 2010-2016 Human Resources Department Head  
United Motor Works (Siam) Public  
Company Ltd.
- 2008-2009 Human Resources Officer  
Team Consulting Engineering and  
Management Co., Ltd.
- 2007-2008 Human Resources Officer  
Work Point Entertainment Public  
Company Ltd.
- 2006-2007 Human Resources Manager  
Sangthong Auto Partsworld Co., Ltd.
- 2003-2006 Assistant Human Resources Executive  
Mandarin Clothing Co.,Ltd.

## Miss Pawarisa Kerdphoungkaew

Company Secretary

35 years

### Education

- Bachelor in Accounting Sripatum University

### Training Programs

- 2019 - Board Reporting (BRP 29) / Thai Institute Of  
Directors (IOD)
- 2019 - Advances For Corporate Secretaries / Thai Listed  
Companies Association

%Shares(as of December 2019) -None-

Position in Listed Companies -None-

Position in Non Listed Companies -None-

Position in Related parties which may take a Conflict  
of interest or same business and compete with company  
-None-

### Working Experience

- Information and Data Center Coordinator,  
Company Secretary Department, Kiatnakin Bank PLC
- Secretary, Small and Medium Enterprise  
Department, TMB Bank PLC



# Management Discussion and Analysis

## Business Overview

In 2019, the total revenue of the document storage and other services, warehouse rental and wharf service business with continuous growth Compared to the year 2017-2018, the company has a business plan. Focusing on increasing revenue and profits from core businesses and control operating costs appropriately. The important events List by business as follows

### Document Storage and other services

Revenue and expense management are in line with the business plan and have better performance in 2019 than in 2018, with revenue generating more revenue from both the main business and new businesses by 32.3%. Has exceeded 300 million baht in just 3 years after making more than 200 million baht, with important events in the year 2019:

1. Total document storage space are full in all 3 buildings since the beginning of the year 2019, causing the company to rent a temporary document storage area of 3,750 sqm. with storage capacity 75,000 boxes in order to support the increasing volume of documents.
2. Obtaining outsource service project work for inspecting and recording data in order to inspect and record information of the Retail Credit Approval Bureau, Government Savings Bank Project value of 168 million-baht, duration of 2 years beginning in July 2019
3. Received a resolution from the Board of Directors to build a document storage building (warehouse 4) with an area of 10,000 sqm to accommodate the increasing amount of document storage by beginning construction in January 2020. The project will be completed and ready for service to keep documents in the beginning of the 4th quarter. Project value 207 million baht

### Warehouse rental and Wharf service business

1. In year 2019, there was a 96% occupancy rate and 82% usage rate of the both services, which is higher than that of 2018, This is resulting in increased revenue in this section

2. There is a renovation of the roof of the warehouse building from tiles to metal sheet material, which can be done by keeping customers to rent space continuously. The company does not lose revenue. In 2019 is completed at 67% of the area and will continue in 2020.

3. Wharf side There is a survey of underwater structures that are still strong and safe. For the surface of the dock the company has continuously repaired flooring for security purposes and is able to continue operating docks.

Total revenue is 371.0 million baht, an increase of 80.5 million baht or 27.7 percent and a net profit of 102.2 million baht, an increase of 10.4 million baht or 11.3 percent.

## Financial Analysis Report

### 1. Financial Statement Analysis

#### 1.1 Total Assets

The company has total assets amounted of 743.0 Million Baht which increased from last year 7.9%. There is a return on total assets equivalent to 13.76% increase from last year 0.42% with a return on fixed assets equal to 23.3% increase from last year 0.8%.

#### 1.2 Total Liabilities

The company has total liabilities of 80.8 Million Baht, increased from last year at 10.2% because there are Provision for Long Term Employee Benefits, accrued corporate income tax and other current liabilities increased.

The company has a debt-free status. The company has a debt ratio per equity equal to 0.1 times in the same level of those of previous year.

#### 1.3 Company Shareholders' Equity

The company has shareholders' equity amounted 662.1 Million Baht increased from previous year 7.6% and a Book Value per share 110.3 Baht increased from last year 7.8 Baht per share. The Earning per share is equal to 17.04 Baht increased from last year at 1.73 Baht per share.

## 2. Liquidity

### 2.1 Cash Flow

The company has cash and cash equivalents amount of 40.5 Million Baht. Receiving from Operating Activities amount of 125.2 Million Baht, spending on Investment Activities -75.2 Million Baht and on Fund Raising Activities -54.2 Million Baht which mainly due to dividend 54 million Baht paid to shareholders. Net cash decreased 4.2 Million Baht added on the balance brought forward 44.7 Million Baht, then cash and cash equivalents at end of the year was equal to 40.5 Million Baht.

### 2.2 Current Ratio

The company has a Current Ratio equals to 6.3 times increase from last year 0.5 times and Quick Ratio equals to 4.8 times increase from last year 0.3 times. Current Assets was increase mainly due to more trade account receivable which related to sales growth and more investment in open fund when compared to those of previous year then total current assets at end of the year increase 15.7 Million Baht. For total current liabilities was in the same level of last year.

### 2.3 Capital Expenditure

The company spent cash on Fixed Assets investment of 38.5 Million Baht. The main capital expenditure such as VAS Building, Computer Hardware and Software, Warehouse improvement (Roof and Gate) and utility improvement.

### 2.4 Source of Funds

The company uses the source of funds from Company Retained Earnings itself. This is in the form of Securities or Funds generating the return and ready to be converted into cash or funds when needed without borrowing from external sources.

#### (1) Appropriate Funding Structure

The company has the suitable capital structure due to the ability to allocate the existing funds from internal sources in accordance with the requirements on cash spending including dividend payment to shareholders without affecting the liquidity. However, the limits of existing Financial Institutions will be used particularly on investments related to core business of the Company and its subsidiaries only.

#### (2) Current Liabilities

The company has a low debt almost all existing liabilities as current liabilities from operations. There are no liabilities on long-term loan that requires the repayment of principal and interest.

# Report of the Board of Directors' Responsibilities for Financial Reports

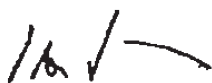
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The Board of Directors is responsible for consolidated financial statements of the Company and its subsidiaries and financial information that appears in the annual report. Such financial statements are prepared in accordance with accounting standards generally accepted in Thailand using appropriate and consistent accounting policies as well as careful judgment and best estimates in the preparation including sufficient disclosure of important information in the notes to financial statements.

The Board has provided and maintained an effective internal control system in order to reasonably ensure that the recording of accounting data is correct, complete and sufficient to maintain the property and to identify weaknesses in order to prevent fraud or abnormal operation significantly.

The Board of Directors has appointed Audit Committee to be responsible for financial reports quality and internal control systems and the opinion of Audit Committee regarding this matter shall appear in the report of Audit Committee which is shown in the annual report.

The Board of Directors sees that overall internal control system of the company is at a satisfactory level and able to create reasonable confidence in reliability of the financial statements of the company and its subsidiaries as of December 31, 2019.



**(Mr. Chote Sophonpanich)**  
Chairman



**(Mr. Chanchai Lamyordmakpol)**  
Managing Director

# Auditor's Report

## To The Shareholders of Krungdhep Sophon Public Company Limited Opinion

I have audited the accompanying consolidated financial statements of Krungdhep Sophon Public Company Limited and its subsidiaries, which comprise the consolidated statements of financial position as at December 31, 2019, the related consolidated statements of income, statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Krungdhep Sophon Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Krungdhep Sophon Public Company Limited and its subsidiaries and of Krungdhep Sophon Public Company Limited as at December 31, 2019, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my

audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

#### Transactions with related parties.

The Group companies have accounting transactions with several related parties, as described in Note 22 to the financial statements. The Group companies have to determine how to gather information to be disclosed in the notes to the financial statements with completeness and accuracy, and the pricing policy is based on the normal business.

I have assessed and testing the effectiveness of the internal control and procedure of gathering information about transactions with related parties. I have audited by sampling the transactions with related parties, business transactions, relationships, documentation for the revenue recognition from related parties, pricing policy, and analytical of unusual materiality items.

Based on our testing, in my opinion, transactions with related parties are free from material misstatement.

#### Storage fee income recognition

The Group companies have revenues from storage fee which is the core income of the group with high and significant value amount of Baht 290.98 million for the year ended December 31, 2019, which might not be properly recorded and complete in the accounting period.

I have assessed and testing revenues recognition system, accounts receivable and receiving, examined the billing system, cut-off and examine the accuracy and completeness of the revenues recognition from storage fee.

Based on our testing, in my opinion, the revenues from storage fee are properly recorded and complete.

### Other Information

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

report is expected to be made available to me after the date of this auditor's report.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

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

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

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

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

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

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will

always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

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

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

report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit.

I remain solely responsible for our audit opinion.

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

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

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



(Dr. Preecha Suan)

Certified Public Accountant Registration No. 6718



KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED

# CONSOLIDATED FINANCIAL STATEMENTS AND SEPARATE FINANCIAL STATEMENTS

DECEMBER 31, 2019

KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

# STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

		ASSETS			
		BAHT			
NOTES	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS		
	DECEMBER 31,	DECEMBER 31,	DECEMBER 31,	DECEMBER 31,	
	2019	2018	2019	2018	
<b>Current Assets</b>					
Cash and cash equivalents	3.2 and 4	40,463,735	44,687,192	8,849,553	8,735,002
Temporary investments					
Marketable securities-available for sale	3.3 and 5	4,593,950	4,924,450	4,593,950	4,924,450
Investments in Open-end Fund	3.4 and 6	158,825,160	142,384,366	40,976,708	54,417,120
Trade and other receivables	3.5 and 7	60,639,116	56,205,581	13,375,309	13,385,598
Other short-term loans	3.5 and 7	-	-	-	-
Non-current assets as held for sale	3.6 and 8	-	19,131	-	-
Other current assets		1,367,362	1,996,966	309,606	227,140
<b>Total Current Assets</b>		<b>265,889,323</b>	<b>250,217,686</b>	<b>68,105,126</b>	<b>81,689,310</b>
<b>Non-current Assets</b>					
Investments in subsidiaries	3.7 and 9	-	-	112,162,535	112,162,535
Investments property	3.8 and 10	33,021,283	25,088,481	151,459,333	132,570,268
Property, plant and equipment	3.9 and 11	438,930,894	409,057,577	3,585,526	5,094,236
Intangible assets	3.10 and 12	4,697,261	3,864,351	1,055,902	1,478,299
Deferred income tax assets	3.11 and 20	-	-	1,346,594	771,501
Other non-current assets		438,246	431,538	16,350	16,350
<b>Total Non-current Assets</b>		<b>477,087,684</b>	<b>438,441,947</b>	<b>269,626,240</b>	<b>252,093,189</b>
<b>TOTAL ASSETS</b>		<b>742,977,007</b>	<b>688,659,633</b>	<b>337,731,366</b>	<b>333,782,499</b>

Notes to the financial statements form an integral part of these statements.

KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

# STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

**LIABILITIES AND SHAREHOLDERS' EQUITY**

	NOTES	BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		DECEMBER 31, 2019	DECEMBER 31, 2018	DECEMBER 31, 2019	DECEMBER 31, 2018
Current Liabilities					
Trade and other payables	13	27,826,234	31,507,139	9,669,567	10,741,050
Current portion of long-term liabilities	3.12 and 14	217,153	212,030	217,153	212,030
Accrued corporate income tax		6,460,575	5,988,223	-	311,900
Other current liabilities		7,785,603	5,044,799	2,527,330	1,456,346
Total Current Liabilities		42,289,565	42,752,191	12,414,050	12,721,326
Non-current Liabilities					
Liabilities under financial leases	3.12 and 14	738,304	938,952	738,304	938,952
Deferred income tax liabilities	3.11 and 20	1,643,468	2,105,668	-	-
Provision for long-term employee benefits	3.13 and 15	19,537,890	11,994,714	6,191,895	3,527,336
Other non-current liabilities		16,645,174	15,467,309	7,016,080	7,016,080
Total Non-current Liabilities		38,564,836	30,506,643	13,946,279	11,482,368
TOTAL LIABILITIES		80,854,401	73,258,834	26,360,329	24,203,694
Shareholders' Equity					
Share capital					
Authorized share capital					
6,000,000 common stocks of Baht 10 par value		60,000,000	60,000,000	60,000,000	60,000,000
Issued and paid-up share capital					
6,000,000 common stocks at Baht 10 each		60,000,000	60,000,000	60,000,000	60,000,000
Premium on common stocks		96,000,000	96,000,000	96,000,000	96,000,000
Retained earnings					
Appropriated					
Legal reserve	16	10,000,000	10,000,000	10,000,000	10,000,000
General reserve	17	59,000,000	59,000,000	59,000,000	59,000,000
Unappropriated		435,336,341	388,350,613	84,589,644	82,533,012
Other components of shareholders' equity		1,781,393	2,045,793	1,781,393	2,045,793
Total Shareholders' Equity of the Parent		662,117,734	615,396,406	311,371,037	309,578,805
Non-controlling interests		4,872	4,393	-	-
Total Shareholders' Equity		662,122,606	615,400,799	311,371,037	309,578,805
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		742,977,007	688,659,633	337,731,366	333,782,499

Notes to the financial statements form an integral part of these statements.

KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

		BAHT			
		CONSOLIDATED		PARATE FINANCIAL STATEMENTS	
	NOTES	2019	2018	2019	2018
Revenues					
Rental income		43,127,573	41,973,802	26,958,660	26,958,660
Storage fees		290,978,756	215,330,764	-	-
Sales		7,903,282	7,126,850	-	-
Wharfage services		11,896,752	9,690,074	-	-
Services income		13,301,620	13,321,609	26,679,600	26,679,600
Other incomes					
Dividend income from investments		148,725	148,725	50,148,249	69,148,032
Interest income		180,593	220,651	51,056	63,808
Others		3,472,546	2,747,395	1,242,522	1,136,866
Total other incomes		3,801,864	3,116,771	51,441,827	70,348,706
Total revenues		371,009,847	290,559,870	105,080,087	123,986,966
Expenses					
Cost of sales and services		172,404,380	113,130,099	7,968,523	6,481,228
Selling expenses		3,930,330	3,493,832	-	-
Administrative expenses		61,831,362	54,627,349	33,813,351	32,218,101
Directors' remuneration	18	4,900,000	4,380,000	4,900,000	4,380,000
Finance costs		24,986	40,754	24,986	29,609
Total expenses	19	243,091,058	175,672,034	46,706,860	43,108,938
Profit before income tax expenses		127,918,789	114,887,836	58,373,227	80,878,028
Income tax expenses	20	25,692,632	23,033,944	1,677,843	2,380,930
Profit for the years		102,226,157	91,853,892	56,695,384	78,497,098
Profit attributable to					
Equity holders of the parent		102,225,197	91,853,054	56,695,384	78,497,098
Non-controlling interests		960	838	-	-
		102,226,157	91,853,892	56,695,384	78,497,098
Earnings per share to equity holders of the parent					
Basic earnings per share	3.14	17.04	15.31	9.45	13.08
The number of 6,000,000 common stocks used in computation					

Notes to the financial statements form an integral part of these statements.

KRUNG DHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019

	NOTES	BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2019	2018	2019	2018
Profit for the years		102,226,157	91,853,892	56,695,384	78,497,098
Other comprehensive income (loss) :					
Recognized gain (loss) on remeasuring					
available-for-sales securities	5	(330,500)	132,200	(330,500)	132,200
Income tax relating to components of other					
comprehensive gain (loss) for the years		66,100	(26,440)	66,100	(26,440)
Recognized gain (loss) on remeasuring					
available-for-sales securities for the years-net of tax		(264,400)	105,760	(264,400)	105,760
Adjusted actuarial gain (loss) from employee benefit plan	15	(1,549,342)	751,956	(798,440)	372,388
Component of income tax		309,868	(150,391)	159,688	(74,478)
Actuarial gain (loss) from employee benefit plan-net of tax		(1,239,474)	601,565	(638,752)	297,910
Other comprehensive income (loss) for the years-net of tax		(1,503,874)	707,325	(903,152)	403,670
Total comprehensive income for the years		100,722,283	92,561,217	55,792,232	78,900,768
Total comprehensive income attributable to					
Equity holders of the parent		100,721,328	92,560,375	55,792,232	78,900,768
Non-controlling interests		955	842	-	-
		100,722,283	92,561,217	55,792,232	78,900,768

Notes to the financial statements form an integral part of these statements.

# KRUNGDEEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

CONSOLIDATED

BAHT

	Equity holders of the parent										
	NOTES	Issued and paid-up share capital	Premium on common stocks	Retained earnings			Other components of shareholders' equity			Non-controlling interests	Total
				Appropriated		Unappropriated	Other comprehensive income (loss)	Available-for-sales investments	Total equity holders of the parent		
				Legal reserve	General reserve						
<b>Year 2018</b>											
		60,000,000	96,000,000	10,000,000	59,000,000	403,895,998	1,940,033	630,836,031	4,244	630,840,275	
		-	-	-	-	91,853,054	105,760	91,958,814	838	91,959,652	
		-	-	-	-	601,561	-	601,561	4	601,565	
		-	-	-	-	92,454,615	105,760	92,560,375	842	92,561,217	
18		-	-	-	-	(108,000,000)	-	(108,000,000)	-	(108,000,000)	
		-	-	-	-	-	-	-	(693)	(693)	
		60,000,000	96,000,000	10,000,000	59,000,000	388,350,613	2,045,793	615,396,406	4,393	615,400,799	
<b>Year 2019</b>											
		60,000,000	96,000,000	10,000,000	59,000,000	388,350,613	2,045,793	615,396,406	4,393	615,400,799	
		-	-	-	-	102,225,197	(264,400)	101,960,797	960	101,961,757	
		-	-	-	-	(1,239,469)	-	(1,239,469)	(5)	(1,239,474)	
		-	-	-	-	100,985,728	(264,400)	100,721,328	955	100,722,283	
18		-	-	-	-	(54,000,000)	-	(54,000,000)	-	(54,000,000)	
		-	-	-	-	-	-	-	(476)	(476)	
		60,000,000	96,000,000	10,000,000	59,000,000	435,336,341	1,781,393	662,117,734	4,872	662,122,606	

Notes to the financial statements form an integral part of these statements.

# KRUNGDPHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CHANGE IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019

### SEPARATE FINANCIAL STATEMENTS

	NOTES	BAHT						
		Issued and paid-up share capital	Premium on common stocks	Retained earnings		Other components of shareholders' equity		
				Appropriated		Unappropriated	Other comprehensive income (loss)	
				Legal reserve	General reserve			Available-for-sales investments
Year 2018								
Beginning balances as at January 1, 2018		60,000,000	96,000,000	10,000,000	59,000,000	111,738,004	1,940,033	338,678,037
Comprehensive income for the year		-	-	-	-	78,497,098	105,760	78,602,858
Actuarial gain from employee benefit plan-net of tax		-	-	-	-	297,910	-	297,910
Comprehensive income for the year 2018		-	-	-	-	78,795,008	105,760	78,900,768
Dividend payment	18	-	-	-	-	(108,000,000)	-	(108,000,000)
Ending balances as at December 31, 2018		60,000,000	96,000,000	10,000,000	59,000,000	82,533,012	2,045,793	309,578,805
Year 2019								
Beginning balances as at January 1, 2019		60,000,000	96,000,000	10,000,000	59,000,000	82,533,012	2,045,793	309,578,805
Comprehensive income for the year		-	-	-	-	56,695,384	(264,400)	56,430,984
Actuarial loss from employee benefit plan-net of tax		-	-	-	-	(638,752)	-	(638,752)
Comprehensive income for the year 2019		-	-	-	-	56,056,632	(264,400)	55,792,232
Dividend payment	18	-	-	-	-	(54,000,000)	-	(54,000,000)
Ending balances as at December 31, 2019		60,000,000	96,000,000	10,000,000	59,000,000	84,589,644	1,781,393	311,371,037

Notes to the financial statements form an integral part of these statements.



KRUNG DHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

# STATEMENTS OF CASH FLOWS (1/2)

FOR THE YEAR ENDED DECEMBER 31, 2019

	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
PROFIT BEFORE INCOME TAX EXPENSES	127,918,789	114,887,836	58,373,227	80,878,028
ADJUSTMENT TO RECONCILE PROFIT BEFORE INCOME TAX				
EXPENSES TO CASH PROVIDED FROM (USED IN) OPERATION :				
Unrealized (gain) loss on investments in Open-end Fund	(574,710)	20,532	(117,000)	(78,597)
Realized gain on disposal of investments in Open-end Fund	(866,084)	(1,155,604)	(442,588)	(535,238)
Doubtful debt	512,487	(101,583)	-	-
Unrealized gain on exchange rates	-	(3,695)	-	-
(Gain) loss on disposal of non-current assets as held for sale	18,944	(1,194)	-	-
Bad debt	-	83,477	-	-
Dividend income from investments	(148,725)	(148,725)	(50,148,249)	(69,148,032)
Depreciation - investments property	2,797,389	1,970,540	3,223,759	2,355,272
Depreciation - plant and equipment	24,166,808	21,530,608	1,013,748	728,915
Intangible assets amortization	1,316,894	1,214,626	512,718	552,447
Loss on unused investments property	1	-	1	-
Loss on unused equipment	27,075	12,430	2,253	466
Loss on unused intangible assets	171	891	35	851
Gain on disposal of investments property	(194,202)	(25,311)	(191,547)	(25,311)
(Gain) loss on disposal equipment	3,193	35,683	(476)	(440)
Long-term employee benefits expenses	5,993,834	2,146,977	1,866,119	1,060,763
Interest income	(180,593)	(220,651)	(51,056)	(63,808)
Interest expenses	24,986	40,754	24,986	29,609
Profit from operation before changes in				
operating assets and liabilities items	160,816,257	140,287,591	14,065,930	15,754,925
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS				
Trade and other receivables	(4,946,022)	(4,786,162)	10,289	132,860
Other current assets	697,984	(28,719)	(14,086)	36,013
Other non-current assets	(28,500)	7,118,144	-	-
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS				
Trade and other payables	(9,079,248)	(4,501,846)	(2,447,743)	1,372,754
Other current liabilities	1,927,909	(501,712)	258,089	(753,271)
Other non-current liabilities	1,177,865	2,578,862	-	-
CASH PROVIDED FROM OPERATION	150,566,245	140,166,158	11,872,479	16,543,281
Income tax expenses paid	(25,374,891)	(21,848,125)	(2,407,428)	(3,265,610)
Income tax refund	21,791	1,326,750	-	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	125,213,145	119,644,783	9,465,051	13,277,671

Notes to the financial statements form an integral part of these statements.



KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED AND SUBSIDIARIES

# STATEMENTS OF CASH FLOWS (2/2)

FOR THE YEAR ENDED DECEMBER 31, 2019

	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
CASH FLOWS FROM INVESTING ACTIVITIES				
(Increase) decrease in investments in Open-end Fund	(15,000,000)	22,500,000	14,000,000	33,500,000
Dividend income from other investments	148,725	148,725	148,725	148,725
Dividend income from subsidiary	-	-	49,999,524	68,999,307
Proceeds from interest	180,593	220,651	51,056	63,808
Proceeds from disposal of non-current assets as held for sale	187	1,203	-	-
Increase in investments property	(9,585,193)	(5,050,294)	(19,030,545)	(4,915,431)
Increase in plant and equipment	(49,652,826)	(24,930,852)	(418,141)	(1,154,297)
Increase in intangible assets	(1,518,101)	(825,196)	(90,356)	(469,772)
Proceeds from disposal equipment	6,813	5,186	5,374	827
Proceeds from disposal investments property	204,187	27,145	204,374	27,145
NET CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES	(75,215,615)	(7,903,432)	44,870,011	96,200,312
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment for liabilities under financial leases	(195,525)	(275,117)	(195,525)	(190,910)
Dividend payment	(54,000,000)	(108,000,000)	(54,000,000)	(108,000,000)
Subsidiary dividend paid to non-controlling interests	(476)	(693)	-	-
Interest expenses paid	(24,986)	(40,754)	(24,986)	(29,609)
NET CASH USED IN FINANCING ACTIVITIES	(54,220,987)	(108,316,564)	(54,220,511)	(108,220,519)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,223,457)	3,424,787	114,551	1,257,464
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	44,687,192	41,262,405	8,735,002	7,477,538
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	40,463,735	44,687,192	8,849,553	8,735,002
ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS				
NON-CASH FLOWS ITEMS COMPRISE:				
Recognized gain (loss) on remeasuring available-for-sale securities	(330,500)	132,200	(330,500)	132,200
Increase in other current assets from assets payable	-	497,355	-	-
Increase in investments property from assets payable and retention	1,154,984	71,980	1,154,984	168,280
Increase in plant and equipment from assets payable and retention	3,611,485	8,953,025	221,276	1,975,629
Decrease in equipment from termination of liabilities under financial leases	-	(695,500)	-	-
Transferring plant and equipment to investments property	-	175,593	1,127,228	-
Transferring intangible assets to plant and equipment	-	807,209	-	-
Increase in intangible assets from assets payable	631,874	830,016	-	139,528
Increase in non-current assets from transferring withholding tax	-	19,318	-	-
Increase in property, plant and equipment from other current liabilities	812,895	-	-	-
Increase in investments property from other current liabilities	-	-	812,895	-
Effect from adjusted estimation of employee benefit				
(Increase) decrease in deferred income tax assets	(309,868)	150,391	(159,688)	74,478
Increase (decrease) in provision for long-term employee benefits	1,549,342	(751,956)	798,440	(372,388)
Increase (decrease) in retained earnings	(1,239,474)	601,565	(638,752)	297,910

Notes to the financial statements form an integral part of these statements.

## NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

### 1. GENERAL INFORMATION

1.1 Company status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
1.2 Company location	185 Rasburana Road, Kwaeng Bangpakok, Khet Rasburana, Bangkok 10140, Thailand.
1.3 Type of business	(1) Developing and leasing property. (2) Invest in subsidiaries which operate business according to Note 9 to the financial statements. (3) Invest in listed securities on the Stock Exchange of Thailand. (4) To service management consulting.

### 2. BASIS FOR FINANCIAL STATEMENT PRESENTATION

2.1 These financial statements are prepared in accordance with the Accounting Standards and Financial Reporting Standards issued by the Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004), and the Accounting Act, B.E. 2543 (2000), and the Notification of the Office of Securities and Exchange Commission.

2.2 Financial reporting standards and financial reporting standard interpretations that became effective in the current accounting year are as follow:

#### Thai Accounting Standards (TAS)

- |                          |   |
|--------------------------|---|
| 1. TAS 1 (revised 2018)  | Presentation of Financial Statements                            |
| 2. TAS 2 (revised 2018)  | Inventories   |
| 3. TAS 7 (revised 2018)  | Statement of Cash Flows   |
| 4. TAS 8 (revised 2018)  | Accounting Policies, Changes in Accounting Estimates and Errors |
| 5. TAS 10 (revised 2018) | Events after the Reporting Period                               |
| 6. TAS 12 (revised 2018) | Income Taxes  |
| 7. TAS 16 (revised 2018) | Property, Plant and Equipment                                   |

8. TAS 17 (revised 2018)	Leases
9. TAS 19 (revised 2018)	Employee Benefits
10. TAS 20 (revised 2018)	Accounting for Government Grants and Disclosure of Government Assistance
11. TAS 21 (revised 2018)	The Effects of Changes in Foreign Exchange Rates
12. TAS 23 (revised 2018)	Borrowing Costs
13. TAS 24 (revised 2018)	Related Party Disclosures
14. TAS 26 (revised 2018)	Accounting and Reporting by Retirement Benefit Plans
15. TAS 27 (revised 2018)	Separate Financial Statements
16. TAS 28 (revised 2018)	Investments in Associates and Joint Ventures
17. TAS 29 (revised 2018)	Financial Reporting in Hyperinflationary Economies
18. TAS 33 (revised 2018)	Earnings per Share
19. TAS 34 (revised 2018)	Interim Financial Reporting
20. TAS 36 (revised 2018)	Impairment of Assets
21. TAS 37 (revised 2018)	Provisions, Contingent Liabilities and Contingent Assets
22. TAS 38 (revised 2018)	Intangible Assets
23. TAS 40 (revised 2018)	Investment Property
24. TAS 41 (revised 2018)	Agriculture

#### **Thai Financial Reporting Standards (TFRS)**

25. TFRS 1	First-time Adoption of Thai Financial Reporting Standards
26. TFRS 2 (revised 2018)	Share-based Payment
27. TFRS 3 (revised 2018)	Business Combinations
28. TFRS 4 (revised 2018)	Insurance Contracts
29. TFRS 5 (revised 2018)	Non-current Assets Held for Sales and Discontinued Operations
30. TFRS 6 (revised 2018)	Exploration for and Evaluation of Mineral Resources
31. TFRS 8 (revised 2018)	Operating Segments
32. TFRS 10 (revised 2018)	Consolidated Financial Statements
33. TFRS 11 (revised 2018)	Joint Arrangements
34. TFRS 12 (revised 2018)	Disclosure of Interests in Other Entities
35. TFRS 13 (revised 2018)	Fair Value Measurement
36. TFRS 15	Revenue from Contracts with Customers



### **Thai Accounting Standard Interpretations (TSIC)**

- 37. TSIC 10 (revised 2018) Government Assistance - No Specific Relation to Operating Activities
- 38. TSIC 15 (revised 2018) Operating Leases - Incentives
- 39. TSIC 25 (revised 2018) Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders
- 40. TSIC 27 (revised 2018) Evaluating the Substance of Transactions Involving the Legal Form of a Lease
- 41. TSIC 29 (revised 2018) Service Concession Arrangements: Disclosures
- 42. TSIC 32 (revised 2018) Intangible Assets - Web Site Costs

### **Thai Financial Reporting Standard Interpretations (TFRIC)**

- 43. TFRIC 1 (revised 2018) Changes in Existing Decommissioning, Restoration and Similar Liabilities
- 44. TFRIC 4 (revised 2018) Determining Whether an Arrangement Contains a Lease
- 45. TFRIC 5 (revised 2018) Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
- 46. TFRIC 7 (revised 2018) Applying the Restatement Approach under TAS 29 (revised 2018) Financial Reporting in Hyperinflationary Economies
- 47. TFRIC 10 (revised 2018) Interim Financial Reporting and Impairment
- 48. TFRIC 12 (revised 2018) Service Concession Arrangements
- 49. TFRIC 14 (revised 2018) TAS 19 (revised 2018) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
- 50. TFRIC 17 (revised 2018) Distributions of Non-cash Assets to Owners
- 51. TFRIC 20 (revised 2018) Stripping Costs in the Production Phase of a Surface Mine
- 52. TFRIC 21 (revised 2018) Levies
- 53. TFRIC 22 Foreign Currency Transactions and Advance Consideration

These financial reporting standards and financial reporting standard interpretations do not have any significant impact on the financial statements.

**2.3** The Federation of Accounting Professions has issued the new and revised financial reporting standards and financial reporting standard interpretations.

Effective for fiscal years beginning on or after January 1, 2020, financial reporting standards and financial reporting standard interpretations adopted at the first time on 7 revised standards.

**Thai Accounting Standards (TAS)**

- |     |                          |  |
|-----|--------------------------|--|
| 1.  | TAS 1                    | Presentation of Financial Statements                                     |
| 2.  | TAS 2                    | Inventories  |
| 3.  | TAS 7                    | Statement of Cash Flows  |
| 4.  | TAS 8                    | Accounting Policies, Changes in Accounting Estimates and Errors          |
| 5.  | TAS 10                   | Events after the Reporting Period  |
| 6.  | TAS 12                   | Income Taxes   |
| 7.  | TAS 16                   | Property, Plant and Equipment  |
| 8.  | TAS 19                   | Employee Benefits  |
| 9.  | TAS 20                   | Accounting for Government Grants and Disclosure of Government Assistance |
| 10. | TAS 21                   | The Effects of Changes in Foreign Exchange Rates                         |
| 11. | TAS 23                   | Borrowing Costs  |
| 12. | TAS 24                   | Related Party Disclosures  |
| 13. | TAS 26                   | Accounting and Reporting by Retirement Benefit Plans                     |
| 14. | TAS 27                   | Separate Financial Statements  |
| 15. | TAS 28                   | Investments in Associates and Joint Ventures                             |
| 16. | TAS 29                   | Financial Reporting in Hyperinflationary Economies                       |
| 17. | TAS 32 (adopted in 2020) | Financial Instruments: Presentation                                      |
| 18. | TAS 33                   | Earnings per Share   |
| 19. | TAS 34                   | Interim Financial Reporting  |
| 20. | TAS 36                   | Impairment of Assets   |
| 21. | TAS 37                   | Provisions, Contingent Liabilities and Contingent Assets                 |
| 22. | TAS 38                   | Intangible Assets  |
| 23. | TAS 40                   | Investment Property  |
| 24. | TAS 41                   | Agriculture  |

### **Thai Financial Reporting Standards (TFRS)**

25. TFRS 1	First-time Adoption of Thai Financial Reporting Standards
26. TFRS 2	Share-based Payment
27. TFRS 3	Business Combinations
28. TFRS 4	Insurance Contracts
29. TFRS 5	Non-current Assets Held for Sale and Discontinued Operations
30. TFRS 6	Exploration for and Evaluation of Mineral Resources
31. TFRS 7 (adopted in 2020)	Financial Instruments: Disclosures
32. TFRS 8	Operating Segments
33. TFRS 9 (adopted in 2020)	Financial Instruments
34. TFRS 10	Consolidated Financial Statements
35. TFRS 11	Joint Arrangements
36. TFRS 12	Disclosure of Interests in Other Entities
37. TFRS 13	Fair Value Measurement
38. TFRS 15	Revenue from Contracts with Customers
39. TFRS 16 (adopted in 2020)	Leases

### **Thai Accounting Standard Interpretations (TSIC)**

40. TSIC 10	Government Assistance - No Specific Relation to Operating Activities
41. TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or Its Shareholders
42. TSIC 29	Service Concession Arrangements: Disclosures
43. TSIC 32	Intangible Assets - Web Site Costs

### **Thai Financial Reporting Standard Interpretations (TFRIC)**

44. TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
45. TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
46. TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting Hyperinflationary Economies

- 47. TFRIC 10 Interim Financial Reporting and Impairment
- 48. TFRIC 12 Service Concession Arrangements
- 49. TFRIC 14 TAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
- 50. TFRIC 16 (adopted in 2020) Hedges of a Net Investment in a Foreign Operation
- 51. TFRIC 17 Distributions of Non-cash Assets to Owners
- 52. TFRIC 19 (adopted in 2020) Extinguishing Financial Liabilities with Equity Instruments
- 53. TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine
- 54. TFRIC 21 Levies
- 55. TFRIC 22 Foreign Currency Transactions and Advance Consideration
- 56. TFRIC 23 (adopted in 2020) Uncertainty over Income Tax Treatments

The Company's management is evaluating the impact of such financial reporting standards and financial reporting standard interpretations on the financial statements in the year when they are adopted.

- 2.4 These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.
- 2.5 These consolidated financial statements included the financial statements of Krungdhep Sophon Public Company Limited and its subsidiaries as follows:

SUBSIDIARY COMPANIES	% HOLDING	Established in
KWC Logistics Company Limited	99.9996	THAILAND
Krungdhep Document Company Limited	99.9989	THAILAND

The financial statements of the subsidiaries are presented with same accounting policies of the parent company.

- 2.6 Inter-company balances and transactions of the Company and subsidiaries have been eliminated in the consolidated financial statements.

### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### 3.1 Revenues and expenses recognition

The Company and subsidiaries recognized revenues and expenses from the following basis:

Revenues from sales of goods are recognized when the control of the goods have been transferred to the buyer. Sales are the invoiced value, excluding value added tax after deducting discounts.

Rental income is recorded over the lease period.

Service income is recorded over the service period.

Dividend income is recorded when the right to receive the dividends is established.

Other revenues and expenses recognized on an accrual basis, except for the six-month past due interest receivable from loan with uncoverable collateral will be recorded as revenue when collected.

### **3.2 Cash and cash equivalents**

Cash and cash equivalents are cash on hand, deposits in bank and all highly liquid investments due not more than 3 months from the date of acquisition with no obligation.

### **3.3 Marketable securities**

Marketable securities classified as available-for-sale securities are stated at fair value. The Company recognized revaluation on available-for-sale securities as separate item in the statements of comprehensive income under unrealized gain (loss) on investment revaluation.

Cost of the disposed marketable securities is based on the average cost of each security at the date of disposal.

### **3.4 Investments in Open-end Fund**

Investments in Open-end Fund are considered as trading securities, stated at fair value.

### **3.5 Allowance for doubtful accounts**

The Company and subsidiaries recorded allowance for doubtful accounts when receivable overdue more than 6 months or receivable which are expected to be uncollectible.

### **3.6 Non-current assets held for sale**

Non-current assets classified as held for sale are unused assets in the Company's operation which held for sale. Such non-current assets classified as held for sale are presented by book value less allowance for impairment.

### **3.7 Investments in subsidiary companies**

Subsidiary companies mean the companies in which the parent company in the group companies, directly or indirectly, has power more than one half of the total voting rights or

power to govern the financial and operating policies of subsidiaries. Investments in subsidiaries are presented by cost method in the separate financial statements.

### 3.8 Investments property

Investments property consist of land, building, warehouse and improvement stated at cost. Depreciation of building, warehouse and improvement is calculated by the straight-line method with the estimated useful life of 5-20 years.

### 3.9 Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method over the estimated useful life of the following assets:

PARTICULARS	YEARS OF USEFUL LIFE	
	Start Jan. 1, 2012	Before Jan. 1, 2012
Wharf, dam and improvement	5-20	5-20
Building, warehouse and improvement	5-50	5-20
Other structures	5-20	5-20
Utility systems	5-50	5-20
Tools and equipment	5	5
Office furniture and equipment	5	5
Vehicles	5	5
Leasehold improvement	5	5

### 3.10 Intangible assets

Intangible assets are computer softwares used in the Company's operation. Such intangible assets are amortized by the straight-line method based on the estimated useful life of 5 years.

### 3.11 Income taxes

#### Deferred tax assets/liabilities

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or addtible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets.

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

### **Income tax expenses**

Income tax expenses from profit/loss for the year consist of current income tax and deferred tax. Income tax expenses recognized in the statements of income unless part of transaction recorded in shareholders' equity recorded directly to equity.

## **3.12 Leases**

### **Operating leases**

Leases where most of substantial risks and benefits of ownership of assets still remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are recognized as expense in the statements of income over the lease term.

### **Financial leases**

Leases which transfer to the Company most of substantial risks and rewards of ownership other than legal title, are accounted for as financial leases. At the inception of the lease, the fair value of assets is recorded together with the obligation, excluding interest element, to pay future rentals. Interest or financial charges are recognized in the statements of income in proportion to the principal balance.

## **3.13 Employee benefits**

### **Short-term employee benefits**

The Company and subsidiaries recognized salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

### **Long-term employee benefits**

#### **Defined contribution plan**

The Company and its subsidiaries provide a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund and managed by the external fund manager. Such provident fund is contributed by payments from employees and the Company. Contributions to the provident fund are charged to the statements of income in the incurred period.

### Defined benefits plan

The provision for employee retirement benefits, the Company and its subsidiaries are recognized as an expense of operations over the employee's service periods. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

### **3.14 Earnings per share**

Basic earnings per share is calculated by dividing the annual net profit by the weighted average number of common stocks held by outsiders during the year.

### **3.15 Foreign currency transactions**

Foreign currency transactions are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities at the statements of financial position date are converted to Baht at the rate of exchange in effect on that date. Gains or losses on exchange rate are credited or charged to current operations of each year.

### **3.16 Significant accounting judgments and estimates**

In preparation of financial statements in accordance with generally accepted accounting principles requires management to use judgments on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including the disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to allowance for doubtful accounts, allowance for impairment of non-current assets held for sale, depreciation of investments property, depreciation of plant and equipment, amortization of intangible assets and provision for long-term employee benefits. All other

estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

#### 4. CASH AND CASH EQUIVALENTS

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Cash	120,000	120,000	33,000	33,000
Deposit in banks	40,343,735	44,567,192	8,816,553	8,702,002
Total cash and cash equivalents	40,463,735	44,687,192	8,849,553	8,735,002

#### 5. MARKETABLE SECURITIES - AVAILABLE FOR SALE

PARTICULARS	BAHT	
	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2019	Dec. 31, 2018
Marketable securities - aggregate cost		
Beginning balances	2,367,209	2,367,209
Less Disposal during the years	-	-
Ending balances	2,367,209	2,367,209
Unrealized gain on investment revaluation	2,226,741	2,557,241
Marketable securities - fair value	4,593,950	4,924,450
Gain (loss) in revaluation of investments for the year	(330,500)	132,200

#### 6. INVESTMENTS IN OPEN-END FUND

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Investments in Open-end Fund - Debt securities	156,775,125	140,909,041	39,832,147	53,389,559
Allowance for adjustment investment value in Open-end Fund	2,050,035	1,475,325	1,144,561	1,027,561
Fair value	158,825,160	142,384,366	40,976,708	54,417,120

Investments in Open-end Fund are trading securities. The difference between fair value and cost is shown as allowance for adjustment investment value in Open-end Fund. Gains on investments in Open-end Fund incurred during the year were duly presented in the statements of income as follows:

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Unrealized gain (loss) on investments in Open-end Fund	574,710	(20,532)	117,000	78,597
Realized gain on disposal of investments in Open-end Fund	866,084	1,155,604	442,588	535,238
Gains on investments in Open-end Fund	1,440,794	1,135,072	559,588	613,835

## 7. TRADE AND OTHER RECEIVABLES

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Trade receivables can be classified according to the aging of outstanding as follows :				
Post dated cheques	936,038	651,382	140,875	110,000
Current	24,131,317	26,574,675	12,702,811	12,812,811
Overdue within 3 months	31,147,146	24,711,644	-	-
Over 3 to 6 months	1,112,342	1,423,352	-	-
Over 6 to 12 months	636,546	237,497	-	-
Over 12 months	3,865,350	3,784,208	-	-
Total	61,828,739	57,382,758	12,843,686	12,922,811
Allowance for doubtful accounts	(4,542,831)	(4,030,344)	-	-
Trade receivables-net	57,285,908	53,352,414	12,843,686	12,922,811
Other receivables	3,353,208	2,853,167	531,623	462,787
Total trade and other receivables	60,639,116	56,205,581	13,375,309	13,385,598

### **Other short-term loans**

Other short-term loans which have settlement problems or became default can be classified according to outstanding balances by aging as follows:

AGING	BAHT	
	CONSOLIDATED	
	Dec. 31, 2019	Dec. 31, 2018
Over 12 months	24,719,263	24,719,263
Allowance for doubtful accounts	(24,719,263)	(24,719,263)
Other short-term loans-net	-	-

One trade account receivable and short-term loan which has book value of Baht 3.54 million and Baht 24.72 million, respectively, totalling book value of Baht 28.26 million, the Court had a verdict for bankruptcy on debtor. Therefore, the subsidiary has submitted a request for debt settlement to the official receiver.

### **8. NON-CURRENT ASSETS HELD FOR SALE**

PARTICULARS	BAHT	
	CONSOLIDATED	
	2019	2018
Non-current assets held for sale	-	19,131

### **9. INVESTMENTS IN SUBSIDIARIES**

SUBSIDIARIES	% HOLDING	BAHT	
		COST METHOD	
		Dec. 31, 2019	Dec. 31, 2018
KWC Logistics Co., Ltd.	99.9996	12,163,389	12,163,389
Krungdhep Document Co., Ltd.	99.9989	99,999,146	99,999,146
TOTAL		112,162,535	112,162,535

SUBSIDIARIES	TYPE OF BUSINESS	BAHT			
		PAID – UP CAPITAL		DIVIDENDS	
		Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
KWC Logistics Co., Ltd.	Warehouse and logistics	5,500,000	5,500,000	10,000,000	8,999,967
Krungdhep Document Co., Ltd.	Document storage and data management	100,000,000	100,000,000	39,999,524	59,999,340
TOTAL				49,999,524	68,999,307

## 10. INVESTMENTS PROPERTY

PARTICULARS	BAHT					
	CONSOLIDATED					
	Land and improvement	Wharf, dam and improvement	Building, warehouse and improvement	Other structures	Work in construction	Total
<b>Cost</b>						
January 1, 2018	15,627,815	360,000	65,022,829	23,897,162	-	104,907,806
Purchases	-	-	2,646,414	2,475,860	-	5,122,274
Disposals/unused	-	-	(1,057,655)	-	-	(1,057,655)
Transfer from equipment	-	-	-	175,593	-	175,593
December 31, 2018	15,627,815	360,000	66,611,588	26,548,615	-	109,148,018
Purchases	-	-	9,881,841	729,936	128,400	10,740,177
Disposals/unused	-	-	(5,547,456)	(100,323)	-	(5,647,779)
December 31, 2019	15,627,815	360,000	70,945,973	27,178,228	128,400	114,240,416
<b>Accumulated depreciation</b>						
January 1, 2018	-	340,145	61,144,026	21,660,647	-	83,144,818
Depreciation for the year 2018	-	9,927	1,217,885	742,728	-	1,970,540
Disposals/unused	-	-	(1,055,821)	-	-	(1,055,821)
December 31, 2018	-	350,072	61,306,090	22,403,375	-	84,059,537
Depreciation for the year 2019	-	9,927	2,037,121	750,341	-	2,797,389
Disposals/unused	-	-	(5,537,470)	(100,323)	-	(5,637,793)
December 31, 2019	-	359,999	57,805,741	23,053,393	-	81,219,133
<b>Net book value</b>						
December 31, 2018	15,627,815	9,928	5,305,498	4,145,240	-	25,088,481
December 31, 2019	15,627,815	1	13,140,232	4,124,835	128,400	33,021,283
<b>Fair value</b>						
2018						1,728,767,100
2019						1,728,767,100

PARTICULARS	BAHT					
	SEPARATE FINANCIAL STATEMENTS					
	Land and improvement	Wharf, dam and improvement	Building, warehouse and improvement	Other structures	Work in construction	Total
<b>Cost</b>						
January 1, 2018	122,035,509	18,619,271	67,427,206	23,271,006	175,593	231,528,585
Purchases	-	-	2,514,764	80,158	2,488,789	5,083,711
Disposals/unused	-	-	(1,057,655)	-	-	(1,057,655)
Transfer in (out)	-	-	-	2,571,295	(2,571,295)	-
December 31, 2018	122,035,509	18,619,271	68,884,315	25,922,459	93,087	235,554,641
Purchases	9,258,713	-	9,888,086	729,935	1,121,690	20,998,424
Disposals/unused	-	-	(5,583,744)	(100,323)	-	(5,684,067)
Transfer in (out)	93,087	-	-	-	(93,087)	-
Transfer from property, plant and equipment	-	-	1,127,228	-	-	1,127,228
December 31, 2019	131,387,309	18,619,271	74,315,885	26,552,071	1,121,690	251,996,226
<b>Accumulated depreciation</b>						
January 1, 2018	-	17,090,561	63,559,863	21,034,498	-	101,684,922
Depreciation for the year 2018	-	389,748	1,222,796	742,728	-	2,355,272
Disposals/unused	-	-	(1,055,821)	-	-	(1,055,821)
December 31, 2018	-	17,480,309	63,726,838	21,777,226	-	102,984,373
Depreciation for the year 2019	-	362,344	2,111,074	750,341	-	3,223,759
Disposals/unused	-	-	(5,570,916)	(100,323)	-	(5,671,239)
December 31, 2019	-	17,842,653	60,266,996	22,427,244	-	100,536,893
<b>Net book value</b>						
December 31, 2018	122,035,509	1,138,962	5,157,477	4,145,233	93,087	132,570,268
December 31, 2019	131,387,309	776,618	14,048,889	4,124,827	1,121,690	151,459,333
<b>Fair value</b>						
2018						1,916,070,000
2019						1,916,070,000

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Rental income from investments property	43,127,573	41,973,801	26,958,660	26,958,660
Direct operating expenses that generated rental income	8,167,107	6,759,893	7,254,325	5,835,960

Assets fair value are appraised by independence appraiser as regulated by the Office of Securities and Exchange Commission, Thailand.

In 2018, the independence appraiser evaluated assets by using valuation method, as follows :

1. Market Comparison Approach, the value is derived from comparison of market value of similar properties or nearly substitutes for one another by compare other factors that affect assets valuation.
2. Residual Method of Valuation, the value of property in term of its ability to provide sufficient income subtracted by direct development costs, indirect cost, return on investment and land development interest cost. The residual value is the suitable value for investment or valuation of the property.
3. Income Approach, the estimated income means calculate revenue from present assets then deducting related expenses, the remain is net income for one year, that is the stability net income from assets and convert net income to fix value by using the reasonable return rate.
4. Depreciated Replacement Cost Approach, the value is obtained by estimating the replacement cost of new building and construction based on today's construction cost. The replacement cost subtract by the accrued depreciation of building based on condition and estimated useful life, the value is fair value of building and construction. The market value of the subject property is equal to combine market value of the land and fair value of building and construction.

Independence appraiser and the Company suggest that asset valuation by market comparison approach is the suitable approach for Company's land and construction's appraisal, and replacement cost approach of building for appraisal subsidiary company's construction on the Company's land.

The detail of appraisal assets in 2018

LOCATION	ASSET'S CATEGORY	THOUSAND BAHT	
		CONSOLIDATED	SEPARATE FINANCIAL STATEMENTS
BANGPAKOK	LAND AND CONSTRUCTION	1,547,770	1,547,770
SAPANPUT	LAND AND CONSTRUCTION	53,890	53,890
SAMRAY	LAND AND CONSTRUCTION	126,240	126,240
BANGPAKONG	LAND	-	188,170
SAMRAY (SUBSIDIARY COMPANY)	CONSTRUCTION	867	-
FAIR VALUE		1,728,767	1,916,070

# 11. PROPERTY, PLANT AND EQUIPMENT

BAHT										
PARTICULARS	CONSOLIDATED									
	Land and improvement	Wharf, dam and improvement	Building, warehouse and improvement	Other structures	Utility systems	Tools and equipment	Office furniture and equipment	Vehicles	Work in construction	Total
<b>Cost</b>										
January 1, 2018	106,407,694	18,218,771	374,077,936	28,223,014	61,522,394	25,913,516	40,578,374	3,802,984	295,593	659,040,276
Purchases	-	-	14,205,381	133,211	21,875	622,322	9,237,008	-	9,664,080	33,883,877
Disposals/unused	-	-	-	-	(33,060)	(427,087)	(2,463,571)	(1,716,558)	-	(4,640,276)
Transfer in (out)	-	-	-	-	-	-	-	-	(175,593)	(175,593)
Transfer from intangible asset	-	-	-	-	-	-	813,000	-	-	813,000
December 31, 2018	106,407,694	18,218,771	388,283,317	28,356,225	61,511,209	26,108,751	48,164,811	2,086,426	9,784,080	688,921,284
Purchases	9,258,713	-	13,997,833	514,291	8,192,965	3,269,422	16,942,130	46,740	1,855,112	54,077,206
Disposals/unused	-	-	(53,288)	-	-	(450,059)	(7,020,052)	-	-	(7,523,399)
Transfer in (out)	93,087	-	8,942,783	-	-	-	748,210	-	(9,784,080)	-
December 31, 2019	115,759,494	18,218,771	411,170,645	28,870,516	69,704,174	28,928,114	58,835,099	2,133,166	1,855,112	735,475,091
<b>Accumulated depreciation</b>										
January 1, 2018	-	16,750,416	151,658,292	14,298,688	28,182,633	19,206,602	30,408,259	1,713,895	-	262,218,785
Depreciation for the year 2018	-	379,821	10,880,115	1,104,770	1,654,626	2,510,388	4,765,694	235,194	-	21,530,608
Disposals/unused	-	-	-	-	(2,750)	(419,026)	(2,448,646)	(1,021,055)	-	(3,891,477)
Transfer from intangible asset	-	-	-	-	-	-	5,791	-	-	5,791
December 31, 2018	-	17,130,237	162,538,407	15,403,458	29,834,509	21,297,964	32,731,098	928,034	-	279,863,707
Depreciation for the year 2019	-	352,417	11,496,735	1,118,242	1,747,109	2,062,108	7,179,605	210,592	-	24,166,808
Disposals/unused	-	-	(44,292)	-	-	(435,197)	(7,006,829)	-	-	(7,486,318)
December 31, 2019	-	17,482,654	173,990,850	16,521,700	31,581,618	22,924,875	32,903,874	1,138,626	-	296,544,197
<b>Net book value</b>										
December 31, 2018	106,407,694	1,088,534	225,744,910	12,952,767	31,676,700	4,810,787	15,433,713	1,158,392	9,784,080	409,057,577
December 31, 2019	115,759,494	736,117	237,179,795	12,348,816	38,122,556	6,003,239	25,931,225	994,540	1,855,112	438,930,894



PARTICULARS	BAHT					
	SEPARATE FINANCIAL STATEMENTS					
	Utility systems	Tools and equipment	Office furniture and equipment	Vehicles	Work in construction	Total
<b>Cost</b>						
January 1, 2018	5,352,952	173,387	8,241,751	2,036,375	-	15,804,465
Purchases	-	-	1,254,488	-	1,875,438	3,129,926
Disposals/unused	-	(31,445)	(1,982,744)	-	-	(2,014,189)
December 31, 2018	5,352,952	141,942	7,513,495	2,036,375	1,875,438	16,920,202
Purchases	-	61,305	553,790	-	24,322	639,417
Disposals/unused	-	-	(2,016,770)	-	-	(2,016,770)
Transfer in (out)	-	-	748,210	-	(748,210)	-
Transfer to investments property	-	-	-	-	(1,127,228)	(1,127,228)
December 31, 2019	5,352,952	203,247	6,798,725	2,036,375	24,322	14,415,621
<b>Accumulated depreciation</b>						
January 1, 2018	5,059,358	166,625	7,170,970	713,434	-	13,110,387
Depreciation for the year 2018	66,253	2,311	467,421	192,930	-	728,915
Disposals/unused	-	(31,445)	(1,981,891)	-	-	(2,013,336)
December 31, 2018	5,125,611	137,491	5,656,500	906,364	-	11,825,966
Depreciation for the year 2019	61,458	6,625	752,735	192,930	-	1,013,748
Disposals/unused	-	-	(2,009,619)	-	-	(2,009,619)
December 31, 2019	5,187,069	144,116	4,399,616	1,099,294	-	10,830,095
<b>Net book value</b>						
December 31, 2018	227,341	4,451	1,856,995	1,130,011	1,875,438	5,094,236
December 31, 2019	165,883	59,131	2,399,109	937,081	24,322	3,585,526

Some plots of lands are expropriated which currently waiting for the Bangkok Metropolitan Administration to inform the Company (see also Note 24).

Krungdhep Document Company Limited's building and warehouse were built on the Company's land under Lease Agreement of 1 year period, which can be renewed until the years 2025. And K.W.C. Logistics Company Limited's warehouse was built on the Company's land under the Lease Agreement with renewal right of every year.

## 12. INTANGIBLE ASSETS

PARTICULARS	BAHT		
	CONSOLIDATED		
	Computer softwares	Softwares during installation	Total
<b>Cost</b>			
January 1, 2018	14,623,510	-	14,623,510
Purchases	1,412,442	242,770	1,655,212
Unused	(269,297)	-	(269,297)
Transfer to plant and equipment	(813,000)	-	(813,000)
December 31, 2018	14,953,655	242,770	15,196,425
Purchases	2,149,975	-	2,149,975
Unused	(2,331,666)	-	(2,331,666)
Transfer in (out)	242,770	(242,770)	-
December 31, 2019	15,014,734	-	15,014,734
<b>Accumulated amortization</b>			
January 1, 2018	10,391,645	-	10,391,645
Amortization for the year 2018	1,214,626	-	1,214,626
Unused	(268,406)	-	(268,406)
Transfer to plant and equipment	(5,791)	-	(5,791)
December 31, 2018	11,332,074	-	11,332,074
Amortization for the year 2019	1,316,894	-	1,316,894
Unused	(2,331,495)	-	(2,331,495)
December 31, 2019	10,317,473	-	10,317,473
<b>Net book value</b>			
December 31, 2018	3,621,581	242,770	3,864,351
December 31, 2019	4,697,261	-	4,697,261

PARTICULARS	BAHT
	SEPARATE FINANCIAL STATEMENTS
	Total
<b>Cost</b>	
January 1, 2018	3,142,058
Purchases	609,300
Unused	(42,702)
December 31, 2018	3,708,656
Purchases	90,356
Unused	(378,093)
December 31, 2019	3,420,919
<b>Accumulated amortization</b>	
January 1, 2018	1,719,761
Amortization for the year 2018	552,447
Unused	(41,851)
December 31, 2018	2,230,357
Amortization for the year 2019	512,718
Unused	(378,058)
December 31, 2019	2,365,017
<b>Net book value</b>	
December 31, 2018	1,478,299
December 31, 2019	1,055,902

### 13. TRADE AND OTHER PAYABLES

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Trade payables	1,173,859	1,350,924	-	-
Other payables	26,652,375	30,156,215	9,669,567	10,741,050
Total trade and other payables	27,826,234	31,507,139	9,669,567	10,741,050

#### 14. LIABILITIES UNDER FINANCIAL LEASES

PARTICULARS	BAHT	
	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2019	Dec. 31, 2018
Within one year	217,153	212,030
Over 1-5 years	738,304	938,952
Total minimum payment	955,457	1,150,982
<u>Less</u> Current portion of financial leases	(217,153)	(212,030)
Liabilities under financial leases-net	738,304	938,952

Financial lease contract liabilities are fixed for monthly payment which will be completed within 2021.

The portion of liabilities under financial leases due within one year was shown under current liabilities.

#### 15. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

FOR THE YEARS ENDED DECEMBER 31,	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<u>Defined benefit obligation</u>				
Beginning balances	11,994,714	10,599,693	3,527,336	2,838,961
<u>Add</u> Current service cost	2,731,711	1,873,259	1,187,013	995,182
Past service cost	2,805,436	-	564,932	-
Interest cost	456,687	273,718	114,174	65,581
Actuarial (gain) loss from employee benefit plan	1,549,342	(751,956)	798,440	(372,388)
Ending balances	19,537,890	11,994,714	6,191,895	3,527,336

The principal assumptions used in determining the employee benefit liabilities are shown as follows:

PARTICULARS	RATES PER ANNUM			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Discount rate	1.57-1.8	2.79-3.28	1.76	2.79
Salary increase rate	6.0-6.5	5.5	6.0	5.5
Staff turnover rate (depending on age)	0-28	0-33	0-18	0-20

On April 5, 2019, the new Labor Protection Act, announced in the Government Gazette, that will become effective 30 days after its publication in the Government Gazette, the new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of 20 years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits. The Company and its subsidiaries have recorded the effect of the change in the year then ended December 31, 2019 by recognizing past service costs as expenses immediately in the consolidated statements of income amount of Baht 2.81 million (separate financial statements amount of Baht 0.56 million).

#### **16. LEGAL RESERVE**

The Company set up legal reserve which duly met 10% of authorized share capital, in compliance with the Public Company Act. This reserve is forbidden for dividend payment.

#### **17. GENERAL RESERVE**

The Company provided general reserve for using in general operation without specific objective.

#### **18. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION**

On April 22, 2019, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay annual dividend and extra dividend at Baht 9.00 per share, respectively to the shareholders of 6 million shares, totalling Baht 54.00 million and directors' remuneration amounting to Baht 5.00 million by fixing the payment date for dividend on May 16, 2019.

On April 23, 2018, the Ordinary General Shareholders' Meeting was held and approved a resolution to pay annual dividend and extra dividend at Baht 8.00 and Baht 10.00 per share,

respectively to the shareholders of 6 million shares, totalling Baht 108.00 million and directors' remuneration amounting to Baht 5.00 million by fixing the payment date for dividend on May 17, 2018.

## 19. EXPENSES BY NATURE

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Consumables used	6,701,087	6,413,181	-	-
Directors and management remuneration	15,920,875	16,568,824	15,920,875	16,568,824
Employee benefit expenses	121,211,589	75,317,986	13,884,761	11,584,270
Depreciation and amortization expenses	28,281,091	24,715,774	4,750,224	3,636,634
Plant and premises expenses	19,188,048	12,872,180	4,934,333	4,186,575
Tools and equipment expenses	8,402,617	7,265,420	915,125	794,257
Doubtful debt	512,487	(101,583)	-	-
Operating expenses	42,848,278	32,579,498	6,276,556	6,308,769
Finance costs	24,986	40,754	24,986	29,609
Total	243,091,058	175,672,034	46,706,860	43,108,938

## 20. INCOME TAX

Corporate income taxes of the Company and subsidiaries for the years ended December 31, 2019 and 2018 are calculated from the accounting profit after adjustment with some other revenues and expenses which are exempted from income tax or being disallowable expenses in corporate income tax computation.

Corporate income tax of the Company and subsidiaries for the years ended December 31, 2019 and 2018 was calculated at 20 percent.

Income tax expenses recognized in statements of income consist:

FOR THE YEARS ENDED DECEMBER 31,	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
The income tax for the years	25,778,863	22,225,623	2,027,148	2,577,767
Amortization of temporary differences	(86,231)	810,321	(349,305)	(196,837)
Income tax expenses	25,692,632	23,035,944	1,677,843	2,380,930

As at December 31, 2019 and 2018, the deferred tax assets (liabilities) arose from the following temporary differences:

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
<b>Accumulated of temporary differences in the statements of income</b>				
Unrealized gain on investments in Open-end Fund	(2,050,035)	(1,475,325)	(1,144,561)	(1,027,561)
Allowance for doubtful accounts receivable	4,542,831	4,030,344	-	-
Allowance for doubtful other short-term loans	24,719,263	24,719,263	-	-
Calculate depreciation difference from tax rate	(56,652,927)	(51,155,070)	-	-
Financial leases	18,379	20,973	18,379	20,973
Provision for long-term employee benefits	17,988,548	12,746,669	5,393,455	3,899,724
Liabilities from accrued land expropriation	3,894,000	3,894,000	3,894,000	3,894,000
Total	(7,539,941)	(7,219,146)	8,161,273	6,787,136
<b>Temporary differences in other comprehensive income</b>				
<b>- Recognized in other components of shareholders' equity</b>				
Unrealized gain on remeasuring available-for-sale securities	(2,226,741)	(2,557,241)	(2,226,741)	(2,557,241)
<b>- Recognized in retained earnings</b>				
Provision for long-term employee benefits	1,549,342	(751,955)	798,440	(372,388)
<b>Total</b>	(8,217,340)	(10,528,342)	6,732,972	3,857,507
<b>Deferred tax assets (liabilities)</b>	(1,643,468)	(2,105,668)	1,346,594	771,501

## 21. FOREIGN CURRENCY TRANSACTIONS

The subsidiary has liabilities denominated in foreign currencies which are not covered by any hedging as follows:

THOUSAND

PARTICULARS	CONSOLIDATED			
	December 31, 2019		December 31, 2018	
	FOREIGN CURRENCY	TRANSLATED TO BAHT	FOREIGN CURRENCY	TRANSLATED TO BAHT
<u>Liabilities</u>				
- PORTION DUE WITHIN ONE YEAR				
USD	0.48	14.41	10.70	348.92

## 22. TRANSACTIONS WITH RELATED PARTIES

The Company has accounting transactions with its related parties, which are related by shareholding or having some shareholders or co-directors. Such business transactions consist of services and loans which the rate of services and interest are in accordance with the market price as same as incurred to the third party and under the mutually agreed conditions.

The following transactions incurred between the Company and following companies:

COMPANIES	RELATIONSHIP
Krungdhep Document Company Limited	Subsidiary (Note 9)
KWC Logistics Company Limited	Subsidiary (Note 9)
Bangkok Bank Public Company Limited	Related company by being its shareholder.
Bangkok Insurance Public Company Limited	Related company by being its shareholder.
Bangkok Life Assurance Public Company Limited	Related company by having co-directors.
BBL Asset Management Company Limited	Related company by having co-directors.
Green Spot Company Limited	Related company by having co-directors.
Palang Sophon Company Limited	Related company by having co-directors.
Aioi Bangkok Insurance Public Company Limited	Related company by having co-directors.

The significant related transactions are as follows :

TRANSACTIONS IN STATEMENTS OF FINANCIAL POSITION	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>1. Cash at bank</b>				
- Related parties	36,300,905	34,664,736	8,560,354	8,573,576
<b>2. Investments in the Open-end Fund</b>				
- Related parties	158,825,160	142,384,366	40,976,708	54,417,120
<b>3. Trade receivables</b>				
- Subsidiaries	-	-	12,670,311	12,670,311
- Related parties	5,137,463	5,283,121	-	-
Total	5,137,463	5,283,121	12,670,311	12,670,311
<b>4. Other receivables</b>				
- Subsidiaries	-	-	42,086	41,254
<b>5. Other payables</b>				
- Subsidiaries	-	-	34,487	21,289
<b>6. Deposit received</b>				
- Subsidiaries	-	-	6,676,080	6,676,080

TRANSACTIONS IN STATEMENTS OF INCOME	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>1. Rental income</b>				
- Subsidiaries (Rental income is calculated on the space occupied at the rate mutually agreed in the contract.)	-	-	25,248,660	25,248,660
<b>2. Storage fees income</b>				
- Related parties (Storage fees income is calculated on the storage quantity at the rate mutually agree in the contract.)	15,972,517	15,805,860	-	-

TRANSACTIONS IN STATEMENTS OF INCOME	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
<b>3. Income from sales</b>				
- Related parties	49,520	38,335	-	-
<b>4. Service income</b>				
- Subsidiaries (Service income is calculated by sharing the Company' s administrative expenses in proportion to the service rendered of group companies and the estimate service rendered of Company' s unit to the group companies.)	-	-	26,679,600	26,679,600
<b>5. Management fee income</b>				
- Related parties (Management fee is calculated on cost plus margin.)	13,092,370	13,122,108	-	-
<b>6. Dividend income</b>				
- Subsidiaries	-	-	49,999,524	68,999,307
<b>7. Interest income</b>				
- Related parties	166,047	216,993	50,382	63,365
<b>8. Other incomes</b>				
- Subsidiaries	-	-	478,114	473,278
<b>9. Cost of sales and services</b>				
- Related parties	2,483,490	2,458,160	191,926	190,508
<b>10. Administrative expenses</b>				
- Subsidiaries	-	-	568,397	577,590
- Related parties	625,483	631,400	298,696	283,742
Total	625,483	631,400	867,093	861,332

## 23. INFORMATION BY SEGMENT

Financial information by business segments.

For the year ended December 31, 2019	BAHT				
	Warehouse Segment	Document Storage Segment	Assets Rental and Other Segments	Eliminated Items	Consolidated Financial Statements
Rental income	41,567,573	-	26,958,660	(25,398,660)	43,127,573
Storage fees	-	291,436,212	-	(457,456)	290,978,756
Sale	-	7,907,902	-	(4,620)	7,903,282
Wharfage services	11,896,752	-	-	-	11,896,752
Services income	209,250	13,092,370	26,679,600	(26,679,600)	13,301,620
Total revenues	53,673,575	312,436,484	53,638,260	(52,540,336)	367,207,983
Cost of sales and services	23,323,657	164,905,741	7,968,523	(23,793,541)	172,404,380
Gross profit	30,349,918	147,530,743	45,669,737	(28,746,795)	194,803,603
Other incomes	1,981,354	1,060,320	51,441,827	(50,681,637)	3,801,864
Selling expenses	-	3,930,330	-	-	3,930,330
Administrative expenses and directors' remuneration	16,028,359	41,449,290	38,713,351	(29,459,638)	66,731,362
Finance costs	-	-	24,986	-	24,986
Income tax expenses	3,278,474	20,736,315	1,677,843	-	25,692,632
Profit for the year					102,226,157
Profit attributable to					
Equity holders of the parent					102,225,197
Non-controlling interests					960
Investments property-net	292,361	-	151,459,333	(118,730,411)	33,021,283
Property, plant and equipment-net	1,255,912	315,672,892	3,585,526	118,416,564	438,930,894
Intangible assets-net	17,099	3,624,260	1,055,902	-	4,697,261

For the year ended December 31, 2018	BAHT				
	Warehouse Segment	Document Storage Segment	Assets Rental and Other Segments	Eliminated Items	Consolidated Financial Statements
Rental income	40,413,802	-	26,958,660	(25,398,660)	41,973,802
Storage fees	-	215,795,638	-	(464,874)	215,330,764
Sale	-	7,132,255	-	(5,405)	7,126,850
Wharfage services	9,690,074	-	-	-	9,690,074
Services income	199,500	13,122,109	26,679,600	(26,679,600)	13,321,609
Total revenues	50,303,376	236,050,002	53,638,260	(52,548,539)	287,443,099
Cost of sales and services	23,073,527	107,370,044	6,481,228	(23,794,700)	113,130,099
Gross profit	27,229,849	128,679,958	47,157,032	(28,753,839)	174,313,000
Other incomes	1,551,503	893,147	70,348,706	(69,676,585)	3,116,771
Selling expenses	-	3,493,832	-	-	3,493,832
Administrative expenses and directors' remuneration	16,926,862	34,944,231	36,598,101	(29,461,845)	59,007,349
Finance costs	-	11,145	29,609	-	40,754
Income tax expenses	2,383,029	18,269,985	2,380,930	-	23,033,944
Profit for the year					91,853,892
Profit attributable to					
Equity holders of the parent					91,853,054
Non-controlling interests					838
Investments property-net	232,275	-	132,570,268	(107,714,062)	25,088,481
Property, plant and equipment-net	1,321,879	295,271,975	5,094,236	107,369,487	409,057,577
Intangible assets-net	21,846	2,364,206	1,478,299	-	3,864,351

## 24. ACCRUED LAND EXPROPRIATION

Part of the Company's land under Title Deeds Numbers 1578, 1582 and 1605 is in the highway expropriated alignment areas under the Municipal Highway Expansion Project for Klong Bangpakok Zone, Rasburana Road, B.E. 2541 (1998) in accordance with a Royal Decree. During 1998, the Company had received the first lot of land compensation from the Bangkok Metropolitan Administration and in accordance with the result of the Court's judgments, the Company must pay back to Bangkok Metropolitan Administration. In 2010, the Company therefore estimated the compensation that was supposed to be paid back to the Bangkok Metropolitan Administration as the liabilities amount of Baht 3.89 million and recorded as expense in the statements of income with the same amount. Currently it is pending to pay back the compensation to Bangkok Metropolitan Administration.

## 25. COMMITMENT

25.1 The Company and subsidiaries have commitment from letters of guarantee issued by commercial banks as follow:

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Letters of Bank guarantee	25,155,764	9,846,122	458,400	458,400

25.2 As at December 31, 2019, the subsidiary has credit facilities as follow :

Particulars	Credit Line (Million Baht)	Collateral
Krungdhep Document Company Limited		
Overdrafts	10	} Guaranteed by Krungdhep Sophon Public Company Limited
Short-term loans	20	
Credit Line Letters of Bank guarantee	25	

25.3 Operating lease commitment and Service Agreement as follows :

The Company and subsidiaries have entered into several lease agreements in respect of the lease of equipment and other services. The terms of the agreements are generally between 1 year to 5 years.

As at December 31, 2019, the Company and its subsidiaries have totally minimum payment to be paid in the future under the operating lease and Service Agreement as follows:

PARTICULARS	BAHT	
	CONSOLIDATED	SEPARATE FINANCIAL STATEMENTS
Within 1 year	5,959,976	698,924
Over 1 year but within 5 years	1,696,588	390,336
Total	7,656,564	1,089,260

#### 25.4 Capital expenditure commitments

As at December 31, 2019, the Company and subsidiary had capital expenditure commitments regarding to the building construction contract and equipment as followings:

PARTICULARS	BAHT	
	CONSOLIDATED	SEPARATE FINANCIAL STATEMENTS
Asset construction contract	2,271,979	1,219,479

## 26. DISCLOSURE OF FINANCIAL INSTRUMENTS

The Company and its subsidiaries have information relating to the financial instruments both in and off statements of financial position, as follows:

### 26.1 Accounting policies

Accounting policies are disclosed in Note 3 to the financial statements.

### 26.2 Risk from breach of contracts

Due to the contracting party does not follow the requirement in the contract which caused damage to the Company and its subsidiaries.

The credit risk with respect to the concentration of trade accounts receivable is limited due to the Company and its subsidiaries have a large number of customers and its credit management and debt collection are efficient. Therefore, the Company and subsidiaries expect no risk to have negative effect.

For financial assets shown in the statements of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the value of risk expecting to be incurred from breach of contracts.

### 26.3 Risk relating to interest rate

Risk from the fluctuation in interest rate may have negative effect to the Company and its subsidiaries for the current and the following years. The Company and its subsidiaries

expect that they can manage the contingent risk, due to the Company has set up a plan and follow up the situation closely.

#### 26.4 Fair value of financial instruments

The following methods and assumptions are used to estimate the fair value of financial instruments.

Financial assets shown at book value which equal to estimated fair value.

Financial liabilities shown at book value which equal to estimated fair value. Loans carrying interest rates close to the market rates.

### 27. CONTRIBUTION TO PROVIDENT FUND

The Company and its subsidiaries have set up and registered provident fund on January 1, 1999, in compliance with the Provident Fund Act B.E. 2530 (1987), in order to be the savings and welfare promotion, as well as the fringe benefits upon resignation or retirement to its employees according to the Company's regulation. The employees contribute one portion and another portion by the Company at 5-10 % of their basic salaries. It has also appointed the Bangkok Capital Asset Management Company Limited to be the fund manager.

Provident fund contributions made by the Company and its subsidiaries for their employees are recorded as expenses in the statements of income for the years ended December 31, 2019 and 2018 as follows:

PARTICULARS	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Krungdhep Sophon Public Company Limited	1,061,566	1,038,217	1,061,566	1,038,217
Krungdhep Document Company Limited	1,844,922	1,763,846	-	-
KWC Logistics Company Limited	344,989	325,116	-	-
Total	3,251,477	3,127,179	1,061,566	1,038,217

### 28. CAPITAL MANAGEMENT

The main objectives of the Company and subsidiaries in capital management are to provide the appropriate financial structure and maintain ability to continue their business as a going concern in order to generate returns for shareholders and benefits for other stakeholders.

The Company and its subsidiaries have debt-to-equity ratios as follows:

PARTICULAR	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2019	2018	2019	2018
Debt-to-equity ratio	0.12 : 1	0.12 : 1	0.08 : 1	0.08 : 1

## 29. EVENTS AFTER THE REPORTING PERIOD

On February 19, 2020, the Board of Directors of the Company Meeting No.1/2020 was held and approved a resolution to pay Annual Dividend to shareholders at Baht 9.50 per share totaling amount Baht 57 million. Such dividend will be proposed for approval in the next Ordinary General Shareholders' Meeting.

## 30. FINANCIAL STATEMENTS APPROVAL

These financial statements were duly approved by the Company's directors on February 19, 2020.



บริษัท กรุงเทพโสภณ จำกัด (มหาชน)  
KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED



## บริษัท กรุงเทพโสภณ จำกัด (มหาชน)

KRUNGDHEP SOPHON PUBLIC COMPANY LIMITED

ที่อยู่ 185 ถนนราชบุรีบูรณะ แขวงบางปะกอก เขตราชบุรีบูรณะ กรุงเทพมหานคร 10140

185 Rajburana Road, Kwaeng Bangpakok, Khet Rajburana, Bangkok 10140

TEL : 0-2427-3374, 0-2427-0963, 0-2871-3191-5

FAX : 0-2427-064

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

